



STATEMENT OF THE G-77 AND CHINA AT THE AT THE TWENTY-SEVENTH SESSION OF THE PROGRAMME AND BUDGET COMMITTEE 11-13 MAY 2011 - DELIVERED BY H.E. AMBASSADOR ALI ASGHAR SOLTANIEH, PERMANENT REPRESENTATIVE OF THE ISLAMIC REPUBLIC OF IRAN

Mr. Chairman, (H.E. Ambassador Ukur Kanacho Yatani, PR of Kenya)

1. On behalf of the Group of 77 and China allow me to congratulate you on your election as the Chair of the 27th session of the UNIDO Programme and Budget Committee as well as other members of the bureau on their election. We are confident that with your wide experience and diplomatic skills, you will steer this session to a successful conclusion.
2. The Group takes this opportunity also to convey special thanks to your predecessor Mr. Alberto Groff of the Permanent Mission of Switzerland capacity as Acting Chairman for the commendable leadership.
3. The Group would like to thank the Director-General, Dr. Kandeh Yumkella for this introductory statement and his dynamic leadership of the Organization. The Group acknowledges the Secretariat's efforts in preparing documents for this PBC meeting.
4. The Group of 77 and China extends its sympathy to the peoples and Governments of Japan and The United States of America, for the terrible disasters that have occurred in the recent past.
5. The Group wishes to comment on Agenda items 3, 4, 5, 6, 7, 9, 10, 11, 12 and 14 in the course of discussion on each item.

**Item 3: Interim report of the External Auditor, including the implementation of the recommendations of the external auditor for the biennium 2008-2009: financial performance report and programme performance report for the biennium 2010-2011**

Mr. Chairman,

1. The Group takes note of document PBC.27/2-IDB. 39/2 on the Interim Report of the External Auditor, including the implementation of the recommendations of the External Auditor for the biennium 2008-2009: financial performance report and programme performance report for the biennium 2010-2011.
2. The Group further notes that the final report of the External Auditor together with the financial performance report for the year 2010 will be issued to the 39th Session of the IDB in due course.
3. The Group also requests the Director-General to continue to monitor and

implement the recommendations of the External Auditor and report to the IDB in its 39th Session.

Thank you Mr Chairman.

#### **Item 4: Financial situation of UNIDO**

Mr. Chairman,

1. The Group of 77 and China takes note of the information provided in the documents PBC.27/14 - IDB. 39/14 and PBC.27/12-IDB.39/12.

The Group is satisfied to note that the biennial regular budget is being implemented as planned and that the rate of implementation of both the regular and operational budgets is comparable with that during the previous year. It is also encouraging to note that the volume of delivery of technical cooperation activities exceeds the corresponding figure for the previous year.

2. The Group takes note that, as of 31 March 2011, a total of 38 Member States including five LDCs have made full payments of their annual contributions. Similarly, Sixty-one Member States including 11 LDCs have made partial payments and or their adjustments have been credited towards their assessed contributions for the year 2011. This figure is comparable to the corresponding figure during previous two years.

3. The Group therefore urges all the Member States to reaffirm their support and commitment to the Organization by meeting their financial obligations so that UNIDO can meet better their demands. The Group further wishes to note that the number of Member States without voting rights this year has decreased compared to the number during the previous year.

4. The Group appeals to all the Member States to fulfill their obligations towards the Organization. It also encourages those Member States in arrears, who have not already done so, to consider submitting payment plans for their outstanding assessed contributions to the Organization. At the same time, the Group calls upon Member States to implement the payment plans submitted by them to the Organization.

5. The Group of 77 and China encourages the Secretariat to continue its efforts to realize full payment of the outstanding amounts and requests the Secretariat to regularly appraise the Member States of its efforts towards effecting payment of outstanding contributions from the former Member States.

Thank you, Mr. Chairman.

#### **Item 5: Programme and Budgets 2012 - 2013**

Mr. Chairman,

1. The Group of 77 and China takes note of the document IDB.39/13.PBC 27/13 on the draft programme of work of the organization for the period 2012-2013.

2. The Group takes note the Secretariat's proposal for the Programme and Budgets for

the next biennium. The Group further notes the efforts of UNIDO in scaling down some of the expenditures that would not be supported by a corresponding increase in revenue. Meanwhile, the Group emphasizes the need to make further investments in the Organization's core competencies within available resources in the future to allow for UNIDO's expanding role.

3. The Group believes that technical cooperation for industrial development constitutes the core activity of UNIDO and the volume of technical cooperation delivery is the main element for the evaluation of its achievement. The Group would like to indicate that it fully supports any kind of activity for the empowerment of the Organization and the enhancement of technical cooperation. In the Budget document, while the component C has been maintained almost at the last biennium level, the component D has been substantially enhanced. The Group expresses its concern over such drastic changes and urges the Director-General to give due attention to programme C as well.

4. The Group would appreciate further explanations regarding component B.5 and its need, considering the current existence of control and accountability procedures within UNIDO and the United Nations system.

5. The Group requests that reference to the principle of equitable geographical distribution be included in Major Programme E, Programme E.1 "Human Resources Management" and stresses the importance of this principle to be considered as a permanent criterion for recruitment of personnel.

6. The Group highlights that North-South and South-South cooperation is a vital and important function in industrial development and poverty reduction through productive activities. Noting the fact that several South-South Cooperation Centres of UNIDO have been put into operation, the Group encourages UNIDO to allocate more resources to related projects and encourages all the Member States to invest and donate more in this field.

7. The Group notes that the total estimated level of technical cooperation in the biennium 2012-2013 amounts to Euro 273,091,700 million excluding RPTC, while the TC delivery in 2010-2011 estimates amounted to Euro 217.7 million as mentioned in the Programme and Budgets 2010-2011, indicating an increase in the budgeted amount proposed by the Secretariat. The Group requests the Secretariat to provide more information to clarify this issue in view of the dwindling resources.

8. The Group would like to request the Secretariat to explore ways for possible savings in the Regular Budget, without impacting the technical cooperation related programmes.

Thank you, Mr. Chairman.

#### **Item 6: Scale of assessments for apportionment of the regular budget expenses for the biennium 2012 - 2013**

Mr. Chairman,

1. The Group of 77 and China takes note of document IDB.39/4-PBC.27/4 regarding

the scale of assessments for the UNIDO regular budget expenditures for the biennium 2012-2013, which has been calculated on the basis of the latest available UN scale of assessments adopted on 24 December 2009 for a 3 year period, in General Assembly Resolution 64/248, and adjusted to the membership of UNIDO.

2. While reiterating its appeal to all Member States to pay their financial dues and assessed contributions in full and on time, the Group encourages the Secretariat to continue its efforts towards improving the organizational membership, so as to minimize the variance between the United Nations and UNIDO scale of assessments.

Thank you, Mr. Chairman.

#### **Item 7: Working Capital Fund for the biennium 2012 - 2013**

Mr. Chairman,

1. The Group of 77 and China takes note of the Director-General's proposal in document PBC.27/3 - IDB.39/3, regarding the Working Capital Fund for the biennium 2012-2013, that the fund should remain at the amount of €7,423,030 in accordance with the previous biennium for the period 2010-2011.

2. The Group of 77 and China requests Member States to fulfill their financial contributions in order to minimize the need to withdraw sums from the fund.

Thank you Mr. Chairman.

#### **Agenda Item 9: Programme for Change and Organizational Renewal (PCOR)**

Mr. Chairman,

The Group takes note of the document IDB.39/9-PBC.27/9 on PCOR and the information made available on the development of PCOR on UNIDO's website. While noting with satisfaction the progress achieved in the implementation of PCOR, the Group hopes to see its expected result in terms of improved technical cooperation delivery capacity of the Organization at an early date along the process of implementation. In this context, the Group urges the Secretariat to keep Member States informed of the progress made.

Thank you, Mr. Chairman.

#### **Item 10: Trust Funds on Food Security and Renewable Energy**

Mr. Chairman,

1. The Group takes note of the document IDB.39/10-PBC.27/10. With regard to the activities and ongoing efforts conducted by the Organization through the Trust Fund on Food Security, targeting agribusiness and agro-industry development, the Group takes note of the progress made on the program conducted on 12 Least Developed Countries (LDCs), and requests UNIDO to continue directing efforts to develop these programs that contribute to reduction of poverty and enhancing food security in different regions.

2. The Group observes that as stated in the 26th session of the Programme and Budget Committee (PBC), the 3ADI programme has yielded a return of 20 times in relation to funds mobilized, and that UNIDO has "secured or identified" over 5 million euros in additional voluntary contributions to this fund. In this regard the group wishes to express its appreciation to the Government of Finland for its contribution to this fund, and invites other donors to participate through voluntary contributions.

3. The Group takes note of the document IDB.39/11-PBC.27/11, especially the expectation expressed in Para 9 that "The activities under the trust fund are expected to result in the finalization of over 10 concrete projects leveraging more than \$25 million in funding from GEF, the European Union and other multi and bilateral partners, and strategic methodologies and tools for promoting private sector involvement in renewable energy projects". The Group would like to know from the Secretariat about the expected timeline of materialization of this optimistic scenario.

4. Finally, the Group of 77 and China would urge the Secretariat to arrange regular briefings on further progress made, as a visibility of such successful initiatives would enhance the possible leverage in the future.

Thank you Mr. Chairman.

#### **Items 11 and 12: Accounting Standards and Financial Regulations**

Mr. Chairman,

1. The Group of 77 and China welcomes the adoption of the International Public Sector Accounting Standards (IPSAS) by UNIDO, effective from January 2010, in accordance with General Conference decision GC.12/14 and documents IDB.38/5 and PBC.26/8.

2. The Group takes note that the financial rules will be reviewed in coordination with the implementation timelines of the Programme for Change and Organizational Renewal (PCOR) in order to ensure the application of best practices offered by the enterprise resource planning (ERP) system.

3. Recalling Industrial Development Board decision (IDB.16/Dec.9), the Group requests the Secretariat to brief Member States on which of the financial regulations would need modifications in order to help the Organization address the difficulties it faces, as well as to use the Unutilized Balances for technical cooperation delivery. This would assist Member States on working further, during the forthcoming session of the Board, on the possibility of re-convening the Informal Open-ended Working Group on Financial Regulations of UNIDO.

Thank you Mr. Chairman.

#### **Agenda item 14: Appointment of an External Auditor**

Mr. Chairman,

1. The Group takes note of the documents PBC.27/5-IDB.39/5 and PBC.27/CRP.3.

2. Recalling the existing practice in UNIDO of appointing the External Auditor for 3/4 two-year terms, and in view of the principles of continuity, equity, equitable geographical distribution and the long-term Organizational interest, the Group supports the re-election of the current incumbent External Auditor, Mr. Tanwir Ali Agha, as the External Auditor of UNIDO for the two-year term starting from 1 July 2012.

3. The Group believes that the Auditor General of Pakistan, Mr. Tanwir Ali Agha has ably demonstrated his commitment and expertise in performing his responsibility as External Auditor of UNIDO. The Group is confident that his re-election as the External Auditor would give the Organization an opportunity to fully benefit from his services. The Group is confident that the Member States will support the re-election of Mr. Tanwir Ali Agha.

Thank you Mr. Chairman.

**13 May 2011 - Informal Consultations - statement delivered by the Chairman of the Group**

Mr. Chairman,

1. The Group of 77 and China can go along with the proposed budget of Euro 153 million, but cannot accept any further cuts, which as explained by the Director-General, would have serious negative consequences on the main activities of UNIDO.

2. The G77 and China is not in a position to support any decision regarding the programme and budget which goes beyond the biennium.

3. The Group supports the establishment of a Working Group, to elaborate on the future of UNIDO.