



VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA AT THE 26TH SESSION OF THE PROGRAMME AND BUDGET COMMITTEE OF UNIDO, 7-8 SEPTEMBER 2010, DELIVERED BY H.E. AMBASSADOR TAOUS FEROUKHI, PERMANENT REPRESENTATIVE OF ALGERIA

Mr. Chairman, (Mr. Eduardo Da Costa Farias, Minister Counsellor, PM of Brazil)

On behalf of the Group of 77 and China allow me to congratulate you on your election as the Chair of the 26th 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 important session to a successful conclusion.

The Group takes this opportunity also to convey special thanks to your predecessor Mr. Oleh Herasymenko, Deputy Permanent Representative of Ukraine and Mr. Ulises Canchola Gutierrez of Mexico, in his capacity as Acting Chairman for the commendable leadership.

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.

The Group of 77 and China extends its sympathy to the peoples and Governments of Chile, China, Guatemala, Pakistan and Russia, for the terrible disasters that have occurred in the recent past.

The Group wishes to comment on Agenda items 3, 4, 5, 6 and 7 in the course of discussion on each item.

Item 3: Report of the External Auditor on the accounts of UNIDO for the financial period 1 January 2008 to 31 December 2009

Mr. Chairman,

The Group of 77 and China is pleased with the External Auditor's finding that revealed no weaknesses or errors considered material to the accuracy, completeness and validity of the Financial Statements of the Organization for the period ending 31 December 2009. At the same time, the Group looks forward to the Secretariat's adequate response to the recommendations of the External Auditor, particularly to those concerning the efficacy and extent of resources committed for Results Based Management (RBM), the submission of reports on the Thematic Programmes, the revaluation of the cost estimates for the selected option for the Change Management Initiative (CMI), and the achievement of the objectives of the RBM and decentralization within the overall framework of the CMI.

The Group also pays special attention to the recommendations made by the External Auditor, regarding the management of the portfolio of projects, and supports these

recommendations; specifically on that in the next Report of Technical Cooperation Execution, substantive information on the level of execution of the projects be included.

Concerning the Change Management Initiative, the observations raised by the External Auditor and, in particular, the suggestion that the Organization would have to make sure that the estimates of the costs by concept of consultants are realistic and they would not have hidden expenses that would come up during or after the commencement of the initiative.

On behalf of the Group, I wish to remind the Plenary that the G-77 and China presented a draft conclusion on agenda item 3, entitled "Report of the External Auditor, financial performance report and programme performance report for the biennium 2008-2009", which has been circulated by the Secretariat for consideration of all delegations.

Thank you, Mr. Chairman.

Item 4: Financial situation of UNIDO

Mr. Chairman,

The Group of 77 and China takes note of the information provided in the document IDB.38/7-PBC.26/7.

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.

The Group takes note that, as of 30 June 2010, the collection rate of 2010 assessed contributions was 55.6%. This figure is comparable to the corresponding figure during previous two years. Nonetheless, bearing in mind the fact that UNIDO's highest collection rate was achieved recently i.e., in the year 2006, the Group urges all the Member States to reaffirm their support and commitment to the Organization and to undertake all the measures to transform UNIDO into an even better performing Organization.

The Group welcomes the information that 72 Member States, including 9 LDCs, have already made full payment for their assessed contributions for the year 2010, while partial payments have been received in respect of another 35 Member States, including 8 LDCs.

On the other hand, the Group notes with grave concern that, over the years, the amount of outstanding contributions has continuously been rising. The number of Member States without voting rights has also been increasing during recent years. At the moment, it is the highest in all the three policy making organs during the three year period ending 30 June 2010.

The Group appeals to all the Member States to fulfil their obligations towards the

Organization. It encourages those Member States in arrears, who have not already done so, to consider submitting payment plans to steadily reduce their outstanding assessed contributions to the Organization. At the same time, the Group calls upon Member States to respect the payment plans submitted by them to the Organization.

The Group of 77 and China requests the Secretariat to regularly appraise the Member States of its efforts towards effecting payment of outstanding contributions from the former Member States. The Group calls upon all the states having financial obligations towards the Organization to promptly take necessary measures to fully settle their obligations. The Group encourages the Secretariat to redouble its efforts to realize full payment of the outstanding amounts.

Thank you, Mr. Chairman.

Item 5: Unutilized balances of appropriations: Programme for Change and Organizational Renewal (change management initiative) and technical cooperation activities

Mr. Chairman,

The Group of 77 and China takes note of the document IDB.38/9.PBC 26/9 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 so far, the Group urges the Director General to ensure cost effective implementation of the ERP system so as to reduce the need to seek more and more funds for the programme from the Member States.

The Group also hopes to see the expected result of PCOR in terms of improved technical cooperation delivery capacity of the organization at an early date. In this context, Group urges the Secretariat to keep Member States informed of the success achieved.

The Group has also taken note of the document IDB.38/9 - PBC 26/10 on trust funds created for the technical cooperation programmes and urges the Director-General to direct the efforts of the divisions concerned to make real the hope expressed in the document at paragraph 4 that these trust funds would result in programmes worth at least ten times the originally invested amount. The Group visualizes more voluntary contributions coming to these funds based on the materialization of this leverage mentioned above. In order to achieve this in a timely manner, the Group proposes that the organization produces three to five model projects under each trust funds focusing of different thrust areas and allocated to different regions not later than the 39th session of the IDB. This would then provide a test case whether such an approach can really attract the attention of the donor community for otherwise neglected areas. The success would pave the way for further strengthening the initiative.

Thank you, Mr. Chairman.

Item 6: Accounting standards

Mr. Chairman,

The Group of 77 and China takes note of the commencement of the IPSAS-compliant process on 11 January 2010 as well as of Document IDB.38/5-PBC.26/5 detailing the tasks completed at UNIDO and the tasks ahead for preparation of the first IPSAS-compliant financial statements for 2010.

The Group also takes note that a comprehensive review of UNIDO Financial Regulations and Rules, taking into account the full requirements of IPSAS Standards and principles, is currently in progress. The Group would like to request for more information on the progress to date of this review.

Thank you, Mr. Chairman.

Item 7: Mobilization of financial resources

Mr. Chairman,

The Group of 77 and China takes note of the document IDB.38/8 PBC26/8 and sees with satisfaction the level of extra-budgetary contributions amounting to the order of US\$ 183, 4 million reached, which according to information is the highest in history.

Despite this achievement, the Group of 77 and China sees with concern that the total international funds available are limited and continues to be concentrated in resources from the Multilateral Funds of the Montreal Protocol, the Global Environmental Facility (GEF) of the World Bank and the European Union. In this sense, the Group would be interested that the Director-General would look for additional fresh resources for the technical cooperation activities in multiples fiduciary funds that are available for developing countries, and with respect to the United Nations System - those special fiduciary funds of welfare organizations dedicated for the progress of developing countries.

Concerning the attention to the three thematic priorities, the Group of 77 and China emphasizes the necessity to maintain the balance of searching for adequate financial for each of them and considers that according to the provided information, the available resources for the creation of commercial capacities do not show the same dynamism as those resources destined for focused projects for poverty reduction and those for environment energies activities.

Concerning the programmatic impulse for biennium 2010-2011, the Group of 77 and China takes note of the priorities indicated, as well as the resource allocation suggested. Nevertheless, provided that the needs of development of Member States are not permanent nor static, it is important not to predetermine the activities to be followed in a way that does not allow Member States, in particular, to make adjustments or appropriate changes to correspond to the diverse demands and priorities that different Member States or regions have.

Thank you Mr. Chairman.