



VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA DURING THE 23RD SESSION OF THE PBC OF UNIDO 2-3 MAY 2007, DELIVERED BY H.E. AMBASSADOR SAYED GALAL E. ELAMIN, PERMANENT REPRESENTATIVE OF SUDAN

Mr. Chairman, (His Excellency, Ambassador Rudolf Schaller, Permanent Representative of Switzerland,

It gives me great pleasure to congratulate you on behalf of the Group of 77 and China on your election as the Chairman of the 23rd Session of the UNIDO Programme and Budget Committee. We are confident that your experience will lead to the success of this session.

I also take this opportunity to congratulate other members of the Bureau on their election, and convey special thanks to your predecessor Her Excellency, Ambassador Kongit SINEGIORGIS, Permanent Representative of Ethiopia, for her commendable leadership of the previous PBC meeting.

The Group acknowledges the efforts of the Secretariat for the preparation of the documents. At the same time encourages the Secretariat to issue documents earlier and in all official languages, to give delegations more time to prepare their active participation.

The G-77 and China expresses its appreciation to the Director-General, Mr. Kandeh Yumkella, for his introductory statement and his dynamic leadership of the Organization. The Group wishes to comment on the agenda items 3 to 9 and I will express the views of the Group on each Item in due time.

Agenda item 3: Interim Report of the External Auditor, financial performance report and programme performance report for the biennium 2004-2005

Mr. Chairman,

The Group of 77 and China takes note of the document IDB.33/8-PBC.23/8.

The Group finds that the External Auditor's report contains several issues of great importance, in particular, points relating to the Status of implementation of recommendations, Results based-management and Governance matters, including the Office of Internal Oversight Services and the Implementation of International Public Sector Accounting Standards. In this respect, we are paying due attention to the recommendations in the report and we will be following the process of their implementation.

Regarding the status of implementation of recommendations, made during the financial period 2004/2005, the Group takes note with satisfaction that most of the recommendations have been implemented by the Organization, including the strengthening of the internal oversight function, improvements in the area of performance management, reconciliations of non/expendable property at headquarters

and field offices, as well as improvements in the procurement function and the general information and communication technology control environment.

4. On the implementation of Results/based management, the Group notes that from several recommendations made by the External Auditor, only some were addressed by the Organization. There is still need to develop a coherent policy framework that governs the institutionalization of the Results Based Management as a "holistic management Strategy".

The Group notes with satisfaction that the rate of collection of assessed contributions for 2006 is 93.7 per cent, the highest collection rate recorded at UNIDO and takes note that the technical cooperation delivery, recorded another impressive performance during the year with an amount of 113.6 million expenditure, which represents an increase of 14.8 million or 15% over the first year of the previous biennium 2004-2005.

Thank you, Mr. Chairman.

Agenda item 4: Financial Situation of UNIDO

Mr. Chairman,

The Group of 77 and China takes note of the document IDB.33/10-PBC.23/10.

Taking note of the information that the collection rate of the assessed contributions during the year 2006 was the highest in UNIDO, the Group commends the Secretariat for its intensive efforts. At the same time however, we note that the collection rate of 2007 does not compare well with the corresponding figure in two previous years. The Group believes that we should aim for the same or even higher figure than that was achieved in 2006.

The Group welcomes the information that 43 Member States, including 5 LDCs, have already made full payment for their assessed contributions for the year 2007, while partial payments have been received in respect of another 49 Member States, including 10 LDCs.

The Group of 77 and China appreciates that the payment plans concluded with some Member States are proceeding smoothly while negotiations with several other Member States are underway to reach such payment plans.

The Group notes that the delivery of technical cooperation activities in 2006 was almost at the same level as in the previous year i.e, US\$113.7million and 112.9million respectively. Similarly there was no major change in the rate of net regular budget spending from 2005 to 2006 as it increased from 81.1% to 81.8% of the total approved net regular budget for respective years.

The Group is concerned that the amount of outstanding contributions has been continuously rising over the previous years. Also the Group notes that the number of Member States (43) without voting rights on 31 March 2007, though lower as compared to the same figure in previous years yet is very high as it constitutes one

quarter of the Organization's membership.

The Group of 77 and China appeals to all Member States to fully and promptly settle their financial obligations towards the Organization. The Group also calls upon the Secretariat to continue its efforts to effect full payment of the outstanding amounts. The Group is of the view that Secretariat's strategy, in this regard, could focus first on the higher amounts and the amounts outstanding since long.

Thank you Mr. Chairman.

Agenda item 5: Programme and Budgets, 2008-2009

Mr. Chairman,

1. The Group of 77 and China takes note of the proposals of the Director-General on Programme and Budgets 2008-2009 as contained in IDB.33/7-PBC.23/27 and corrigendum IDB.33/7/Corr1 - PBC.23/7/Corr.1.

The Group acknowledges the Director General's proposals for the Programme and Budgets 2008-09 within a scenario of zero-real growth for the regular budget, excluding one time expenses. The Group notes the need to make further investments in the Organization's core capacities under the regular budget in the future to allow for UNIDO's expanding role.

Within the scenario of zero-real growth, the Group welcomes that resources allocated to implementing programmes and projects under the thematic priorities have been increased as a share of the overall budget. The Group expresses its satisfaction that the application of results-based management (RBM) principles and practices is being further refined, which would allow for more effective monitoring and reporting on the results achieved by its programmes and activities.

On Public Advocacy, the Group would like to be informed of the steps planned in this regard, in order to increase the effectiveness under this programme. The Group urges the Director-General to ensure optimal use of the resources of other UN agencies and better coordination for concerted effort for public advocacy, as we move towards greater system wide coherence.

On Major Programmes C,D & E, the Group has noted that at 41.5%, the combined share of resources devoted to these three major programmes in the programme and budget proposals for 2008-2009 improves upon the allocation made in these areas in the previous programme and budgets. To meet the challenges set out by the Organization, the Group continues to support UNIDO's efforts aimed at increasing involvement and contributions of donors. The Group would like to encourage Member States to make voluntary contributions for UNIDO to continue to meet growing demands for its services.

The Group supports UNIDO's regional priorities and activities to reduce intra-regional differences. The programme components of UNIDO will indeed help developing countries to seize the opportunities of globalization and prepare for increased competitiveness. The Group would like to commend UNIDO for setting up the first UNIDO Centre for South-South Industrial Cooperation in India in January

2007 and is confident that a similar one will be opened in China soon. The Group expects that these Centres would utilize the lessons learned in the region, which has enjoyed rapid economic growth over the past decades, and replicate success stories throughout the developing world.

Mr. Chairman,

On Human Security issues and policies, while the Group continues to encourage synergies between key stakeholders, private sector and civil society, the Group expects UNIDO to closely consult Member States while establishing the scope of programmes.

The Group supports a stronger decentralization of UNIDO's activities to the field. On UNIDO Desks, including focal points, the G-77 and China would like to be regularly apprised of the joint programmes of technical cooperation, including in the area of private sector development. The Group also expects an independent report on the pilot cost-sharing phase whereby 13 new UNIDO Desks were established in 2005-2006. The Group underlines that establishment of any additional UNIDO Desk should be in accordance with the decisions of the Governing Bodies, in particular, IDB.32/Dec.6.

Mr. Chairman,

As regards the increase in the number of posts, the Group urges the Secretariat to utilize the existing human resources optimally including through reorganization and to inform Member States in detail on the Young Professional programme. Nevertheless the G-77 and China reaffirms the principle of equitable geographical distribution, which should be clearly followed in the recruitment process, besides giving due consideration to suitably qualified personnel, already working in the Organization.

Finally the Group welcomes the budget framework for the biennium 2008-2009 and the elements of revaluation and recosting. The Group supports the work being done by UNIDO and expects the Secretariat to continue to look into avenues for possible savings, without compromising technical cooperation programmes.

Thank you Mr. Chairman.

Agenda item 6: Scale of assessments for appropriation of Regular Budget expenses for the biennium 2008-2009

Mr. Chairman,

The Group of 77 and China takes note of the information furnished by the Secretariat in document IDB.33/3-PBC.23/3.

The Group notes that the scale of assessments for the regular budget for the biennium 2008-2008 has been calculated, in light of UNIDO's constitutional provisions and the decisions of the Governing Bodies, on the basis of latest available UN scale of assessments adopted by the General Assembly.

The Group urges the Secretariat to undertake efforts towards bringing back the former Member States so as to minimise the variance between the UN and UNIDO scale of assessments.

Agenda item 7: Working Capital Fund for the biennium 2008-2009

Mr. Chairman,

The G-77 and China takes note of the proposal of the Director-General regarding the Working Capital Fund for the biennium 2006 - 2007, which proposes that the Fund should remain at the same level and with the same objectives for the biennium 2004 - 2005.

Thank you, Mr. Chairman.

Agenda item 8: International Public Sector Accounting Standards

Mr. Chairman,

The Group of 77 and China takes note of the information contained in the document IDB.33/5-PBC.23/5 concerning the International Public Sector Accounting Standards (IPSAS).

The Group supports the UN system-wide cooperation and UNIDO's active participation in the discussion on implementation of the IPSAS, including Project Steering Committee, Task Force and Vienna Focus Group.

Taking into account UNIDO's specific needs, the Group encourages the Secretariat to continue its participation in such activities with a view to acquire expertise and learn lessons from the experience of other organizations.

Considering changes to the financial regulations, arising as a consequence of the adoption of IPSAS, the Group expects that all necessary amendments to be timely presented to PBC and IDB for approval by the General Conference in 2009.

The Group of 77 and China pursues with special attention the impacts of the IPSAS adoption on the programme and budgets preparation and presentation. Considering the wider implications of IPSAS, the Group expects that a common understanding could be developed for a system-wide approach by the United Nations organizations.

Mr. Chairman,

The Group requests the Secretariat to provide Member States with more detailed information on the distinction between the current accounting system (UNSAS) and IPSAS and the long-term financial implications of the change on the regular budget. The Group believes that the Secretariat should continue to inform Member States of any progress made on the budgeting practices, especially, on a system-wide solution for the unfunded liabilities amounting to approximately €93.9 million.

The Group of 77 and China takes note of the estimated proposed resource requirement for the IPSAS implementation activities in 2008-2009, amounting to EUR 1.219 million. The Group requests the Secretariat to provide Member States with more

detailed information on the breakdown of the expenses for the IPSAS implementation, including the IPSAS consultancy and information and communication technology costs.

The Group encourages the Secretariat to continue its efforts to allocate resources for IPSAS in a more cost-effective way through training and developing its internal expertise capacity.

The Group of 77 and China takes note of the updated information on the Work programme 2007 and the Action plan for 2008-2009 and requests the Secretariat to continue to provide progress reports to Member States on the developments and implementation activities of the Work programme and the Action Plan.

Thank you, Mr. Chairman.

Agenda item 9: Mobilization of Financial Resources

Mr. Chairman,

The Group of 77 and China takes note of documents IDB.33/2-PBC.23/2 and PBC.23/CRP.2 regarding mobilization of financial resources.

The Group believes that there is a direct relationship between fulfilment of UNIDO's mandate and the financial resources available for the purpose. Adequate fund mobilization should form the basis for programme development and technical cooperation activities. In this respect, the Group acknowledges the efforts of the Secretariat towards resource mobilization.

The Group takes note with satisfaction that the funding from governmental sources reached USD 55.1 million in 2006 and funding from organisations such as the Multilateral Fund for the Montreal protocol and the Global Environment Facility amounted USD 49.9 million the same year.

However noting that the volume of the funds mobilized during the year 2006 was almost the same as in the year 2005 and also that funding mobilized for Integrated Programmes (IPs) and Country Service Frameworks (CSFs) was lower than the comparable figure in previous years, the Group calls upon the Secretariat to further strengthen its fund mobilization activity.

The Group takes note of the two major developments mentioned in document IDB.33/2-PBC.23/2 (namely the decision of GEF to allow UNIDO direct access to its funds and the Economic Partnership Agreements of the EU) expected to result in greater funds availability for UNIDO.

The Group encourages the Secretariat to continue its efforts to approach development partners to mobilize financial resources for two other priority areas namely poverty reduction through productive activities and trade capacity-building.

While the Group commends the Secretariat for formulation of a huge portfolio of projects and programmes, yet it feels that availability of a large number of projects by itself cannot lead to inflow of required funds. Rather a concerted effort is essential to

achieve the availability of sufficient funds.

Finally, Mr. Chairman, the Group of 77 and China wishes to express its appreciation for the voluntary contributions made by all the development partners including the emerging donors. The Group would like to encourage them to consider enhancing their voluntary contributions towards the Organization so that the amount of extra-budgetary resources available helps enhancing annual delivery figures besides matching the volume of the ongoing Integrated Programmes (IPs) and Country Service Frameworks (CSFs).

Thank you Mr. Chairman.

Agenda item 10: Appointment of an External Auditor

Mr. Chairman,

The Group of 77 and China takes note of the information contained in documents IDB.33/6-PBC.23/6 and Add.1.

The Group notes that, ever since UNIDO became a UN specialized agency in 1985, only one developing country has held the post of the External Auditor of UNIDO and that too for a shorter term as compared to the tenure of each of the previous two incumbents of the office.

Keeping in view that equitable geographical rotation of high-level posts is a generally accepted principle in the international organizations, the Group believes that an other developing country should hold the office of the External Auditor of UNIDO.

Therefore the Group fully supports the candidature of Mr. Muhammad Yunis Khan, the Auditor General of Pakistan for the post of UNIDO's External Auditor. The information that has been made available to the PBC about Mr. Muhammad Yunis Khan and the Supreme Audit Institution of Pakistan of which he is the head demonstrate his excellent credentials and experience of auditing international organizations, including the United Nations.

The Group looks forward to the valuable support of all the member states for the election of the candidate of the G-77 and China as the External Auditor of the Organization for the term July 2008 -- June 2010.

Thank you Mr. Chairman.