



VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA TO THE 30TH SESSION OF THE UNIDO INDUSTRIAL DEVELOPMENT BOARD (IDB), 20 - 23 JUNE 2005, DELIVERED BY H.E. T.A. SAMODRA SRIWIDJAJA PERMANENT REPRESENTATIVE OF INDONESIA

Mr. President,

1. On behalf of the Group of 77 and China, I would like to congratulate you on your election as the President of the current Industrial Development Board meeting. The Group is confident that you will steer the IDB with great skill. The Group is therefore confident that this session will bear a fruitful conclusion. I also take this opportunity to congratulate other members of the Bureau on their election and would also like to thank your predecessor His Excellency Ambassador Zniber, Permanent Representative of Morocco, for his commendable leadership of the previous IDB.

Mr. President,

It is with deep sadness and sorrow that the Group of 77 and China learned of the tragic and untimely passing away of the Ambassador of South Africa His Excellency Professor Alfred T. Moleah on 28 May 2005. In paying tribute to this dedicated multilateralist we recall the invaluable contribution Professor Moleah made to both the Group of 77 and China and the diplomatic fraternity in Vienna and the VIC. The Group expresses its deepest condolences and sympathy to his family and friends. Ambassador Moleah's contribution to consensus building in Vienna will be greatly missed by us all.

Allow me to express the Group's sincere appreciation for the arrangements of the meeting as well as the provision of the necessary documentation by the Secretariat.

Mr. President,

2. Recognising the important role the Director General has made for our organisation, the Group of 77 and China commends Mr Carlos Magariños for the overwhelming dedication he has shown in shaping the revitalisation and modernisation of UNIDO in the past 8 years. We have found his opening remarks comprehensive and useful. His reflection of UNIDO's success story and past achievements and future challenges leave us with hope and inspiration to move forward the industrial development agenda. The Group expresses its unreserved appreciation to the outstanding contribution the Director General and the Secretariat team has made to our organisation.

3. The Group would be making comments on the Agenda items 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 in the course of discussions on these items. I would restrict my intervention to comment on item 3 for this opening statement.

Item 3: Annual Report by the Director-General for 2004

Mr. President,

1. The Group of 77 and China takes note of the document IDB 30/2 which is the Annual Report for 2004.
2. The high-level of technical cooperation delivery of USD 98.8 million achieved in the year 2004 is commendable. This figure is even higher than the levels reached in 1997 when the regular budget was 20% more than the present level. There is also a significant increase in the technical cooperation delivery per staff member by 28% between 1997 and 2004. Sustained efforts should be made to build on this achievement.
3. The agreement signed with UNDP last year has far reaching implications for the nature of field representation of the organization. This is also expected to improve inter-agency cooperation at the national level and is significant in the context of the UN reform process. The initiative needs careful implementation and regular monitoring to achieve the desired results. UNIDO also started finalization of its strategic long-term vision last year in consultation with its member states. This should help in focusing UNIDO's activities in line with its core strengths and comparative advantages to deliver meaningful technical cooperation.
4. The Group takes note of and welcomes the projects undertaken by UNIDO to promote South-South cooperation.
5. The establishment of the four new Programme Approval Committees and the adoption of thematic and results based approach for the formulation of the programme and budget proposals are important developments. We agree that the concept of Results Based Management (RBM) should be built into integrated programmes and projects during the initial formulation stage. Identification of clear and realistic objectives and outcomes, including result indicators is necessary.
6. We take note of the tabulated summary provided with regard to technical cooperation (TC) delivery in select areas of competitive economy, sound environment and productive employment. The global forum activities of the organization should be carefully focused to complement the technical cooperation projects.
7. The evaluation of UNIDO's programmes in select countries carried out during 2004 should help in refining the technical cooperation guidelines. Appropriate and careful planning, defining clear indicators of performance and results, adequate funds mobilization would further improve delivery.

Item 4: Report of the Programme and Budget Committee - Item 4(f): Security Enhancement

Mr. President,

1. The Group of 77 and China takes note of document IDB. 30/12 /Add.2 and PBC conclusion 2004/6 which referred the matter of the financing of UNIDO's share of the second phase of security enhancement at the VIC to this session of the Board. The Group considers the option of supplementary appropriations as an agreeable way in the biennium 2004-2005 for the financing of the second phase amounting to €1.1 million

as UNIDO's share for security enhancement.

2. However, the Group considers that the two additional projects should be given careful examination by the Board. With regard to window replacement, the group is concerned that the replacement of window with laminated anti shattering glass has started along with the asbestos removal projects while its funding was still not secured. The Group is of the view that the other costs of 2.5 million Euros for window replacement as suggest in document IDB.30/12 can be covered through the available cash in the BMS. The Group does not consider the installation of the radio-frequency ground passes as a priority at this stage.

3. The Group takes note that the funds required for security obligations with regard to window replacement are reduced to the incremental costs of the anti-shattering glass only. Therefore, the Group is of the view that covering the incremental cost of installing amounting to €1.5million should be by supplementary appropriations with a UNIDO share amounting to €0.24 million.

4. The Group is of the view that any future measures with respect to Security Enhancement by the Secretariat should be proposed only after consultations with and by approval of Member States.

Item 5: Programme and Budget 2006-2007

Mr. President,

1. The Group of 77 and China is of the view that in order to achieve the objectives set by Member States in implementing the mandate of the organization, the Secretariat needs to be provided with appropriate human and financial resources, both in terms of ordinary budget and voluntary contributions.

2. The Group of 77 and China believes in the need to increase the resources directly related to Major Programmes C, D, E and F. However, in the spirit of compromise, the Group decided to accept Secretariat proposals despite the reduction of 2% in these programmes.

3. The Group of 77 and China has actively participated in the work of the twenty-first session of the Programme and Budget Committee and it shares the conclusions reached. Therefore, the Group calls upon all Member States to show flexibility to reach a consensus on the figures of the programme and budget 2006-2007.

Item 6: Implementation of the Medium-term Programme Framework 2004-2007

Mr. President,

1. The G-77 and China wishes to commend the strategies put in place by UNIDO towards the implementation of the Medium-Term Programme Framework (MTPF) and especially the realization of the Millennium Development Goals (MDGs). The Group notes with appreciation, the joint UNIDO-UNDP initiative towards the enhancement of private sector development by enlarging UNIDO's field presence in up to 80 countries. It is imperative that the necessary requirements needed to commence the take-off of some of the field offices be put in place as soon as possible

so as to reinforce the joint cooperation and to ensure greater synergies.

2. As regards investment and technology promotion, the implementation of the medium-term programme, the Group acknowledges the vast potential such activities have towards boosting technical cooperation activities aimed at strengthening national capacities directed at attracting foreign direct investment (FDI) through South-South cooperation. The Group is pleased to learn that such undertakings have already led to the extension of assistance to some national Investment Promotion Agencies (IPAs) due to the capacities upgrades through training and establishment of new programmatic areas.

Mr. President,

3. The Group is of the view that greater efforts should be geared towards the enhancement of cooperation activities with diverse multilateral Organizations in order to harness the implementation of MTPF in the area of trade-capacity building through technical cooperation methods that will assist developing countries and transition economies.

4. The Group appreciates UNIDO's efforts in the area of capacity-building training programmes and the extension of support services to the relevant government institution, private sector associations as well as cluster-to-cluster cooperation activities. Such initiatives will definitely enhance the resources of small enterprises that supply mainly the national markets but will invariably grow into export markets. An extension of such services to more developing countries and LDCs will, in the long run, will lead to poverty reduction in such areas.

5. As regards sustainable energy and climate change, UNIDO's energy programmes that aim at providing modern energy services and promoting income-generating activities, quite commendable since efficient use of energy reduces pollution, reduces energy intensity and improves productivity and competitiveness. Such initiatives should be reinforced and given wider coverage in developing countries and LDCs so as to ensure the realization of the laudable objectives of the MDGs. In this connection, efforts should be geared towards the promotion of business partnerships to support energy efficiency and cleaner technologies.

Mr. President,

6. The G-77 and China is fully aware that financing plays a crucial role in carrying out UNIDO's projects in various fields. The Group notes with satisfaction that UNIDO is making progress with the mobilization of funds for projects in the field of sustainable energy and climate change. It encourages UNIDO to finalise the negotiations with potential donors such as Austria, Italy and Japan for funding projects under the Clean Development Mechanism (CDM) in Algeria, Cameroon, China, Côte d'Ivoire, Morocco, South Africa and Vietnam. At the same time, the Group requests the Secretariat to double its efforts in exploring more financing channels for all service modules.

Item 7: Implementation of the Recommendations of the External Auditor

Mr. President,

1. The G-77 and China takes note of annex to document IDB.30/8, PBC.21/8, which presents the follow up of the recommendations of the External Auditor contained in his report on UNIDO accounts for the biennium 2002-2003.
2. The Group also notes with satisfaction that implementation of some recommendations is at different stages of completion. The G-77 and China encourages the Secretariat to intensify its efforts for fully implementing, as early as possible, all the remaining recommendations.

Mr. President,

3. The G-77 and China, in line with the External Auditor's recommendation would like to emphasize on a need for an objective analysis of the skills and resources for OCG functions. The Group would like the results of the requested analysis to be shared with the Member States as soon as possible.

Item 8: Implementation of the Cooperation Agreement with UNDP

Mr. President,

1. The G-77 and China takes note of the document IDB.30/17, the progress report by the Director General on the implementation of the UNIDO-UNDP Cooperation Agreement.
2. The Group notes that for the purpose of identifying the locations of the UNIDO desks (UDs) for the pilot phase of the Agreement, the Secretariat has applied the criteria defined and the indicators developed in November 2004. The G-77 and China, however, understands that the future placement of UD's would be guided not only by these criteria but also the improvements suggested to them by the G-77 and China, as well as the experience gained so far in this field. Needless to mention that location/conversion of a UNIDO Country Office to a UD in a country would take place in close consultation with the concerned country.
3. The G-77 and China is encouraged by the projected figure of opening of 14 UD's by this session so as to increase UNIDO field representation by almost 50% what it was before the conclusion of the Cooperation Agreement. The Group hopes that greater field representation leads to greater fulfilment of UNIDO mandate.
4. The Group appreciates the information that UNIDO-UNDP joint programme development has progressed well and in a constructive spirit, with a positive feedback from all stakeholders. The G-77 and China notes that three programmes have been fully formulated while a number of them are at various stages of development. It is hoped that once the process gains momentum and practices and procedures are evolved, the pace of project formulation/implementation will rise considerably.
5. The G-77 and China is encouraged by the fact that the UNIDO-UNDP Agreement has attracted the attention of various donor agencies. The Group hopes that UNIDO will work towards translating this interest into greater fund availability for the Organization. The G-77 and China notes the mention of other UN agencies joining

the initiative, and requests the Secretariat for provision of additional information on this point.

6. The Group also takes note that eight UD's were operational by mid-May 2005, while opening procedures for another twelve were at different stages. However, the Group notes that The eight UD's are operational without having a clear project to implement and therefore requests the Secretariat to develop program documents related to the joint UNIDO-UNDP technical cooperation projects as soon as possible in order to allow a proper functioning of the UD's. The Group considers holding of the training sessions and preparation of operational guideline an important step towards implementation of the Agreement.

7. To capitalise upon the strengths and successes of the Organization and to ensure continuation of the same in the long term, the G-77 and China would request the Secretariat to draw comprehensive future plans keeping in view the scenario expected after pilot phase and the completion of the Agreement. This would ensure a smooth transformation.

8. The G-77 and China looks forward to the assessment of the pilot phase.

Item 9: Medium-term Programme Framework 2006-2009

Mr. President,

1. The Group of 77 and China takes note of the document IDB 29/6-PBC 20/6 which contain the proposals of the Director General with regard to the Medium term Programme Framework (MTPF) 2006-2009.

2. We note that the MTPF for the years 2006-2009 is expected to evolve from and maintain broad continuity with the current MTPF. There is an overlap period of two years between the two MTPFs which should help in maintaining this broad continuity. We hope that the MTPF 2006-2009 would conform closely to the Strategic Long Term Vision Statement presently under finalisation.

Thank you Mr. President.

Item 10: UNIDO strategic long-term vision

Mr. President,

1. The Group of 77 and China has carefully examined document IDB.30/23 and appreciates the efforts made by the Secretariat in drafting the Long-term Vision Statement. However, the Group still considers that further amendments should be taken into consideration.

2. The Group believes that the following aspects should also be given consideration in the preparation of the LTVS: § Sharpening of the focus area "poverty alleviation through productive activities in non-farm sector" into three more specific areas mainly agro-industries, technology diffusion and transfer and SME development, which will allow UNIDO to further focus its activities. § Implementation of UNIDO services in line with national priorities and defining, when required, of new focus

areas keeping in view the changes taking place. § Various mechanisms for enhancement of South-South cooperation including establishment of a special unit on South-South cooperation, identification of focal points, setting up of a special fund, etc. § Formulation of achievable targets and the ways to assess Organizations' performance against achievement of these targets § The shape of field structure after completion of pilot phase/cooperation agreement with UNDP § Finding new and reliable avenues of funding § Expansion in the membership, recovery of arrears, mechanisms to avoid such situation in the future, etc. § Administrative/management efficiency e.g. optimal utilization of human and financial resources, enhancement of the capacities of professional staff

3. The Group is of the view current draft may be submitted as a zero draft to the General Conference with a note that a strategic long-term vision statement still under preparation with the assistance of Member States.

Item 11: Activities of the Joint Inspection Unit

Mr. President,

1. The G-77 and China takes note of the document IDB.30/14, the report by the Director General on the Activities of the Joint Inspection Unit (JIU).
2. The Group appreciates that most of the recommendations, contained in the reports of relevance to UNIDO issued by the JIU since 28th IDB last year, are either already in practice at UNIDO or being addressed by the Secretariat.
3. The G-77 and China notes with satisfaction Secretariat's comment on the JIU 'Report on the Review of Headquarters Agreements' that the majority of the recommendations contained in this report are supported by the provisions in the UNIDO's Headquarters Agreement and have long been practised. The Group is sympathetic to the introduction in Vienna of the remaining recommendations and the good practices of other UN stations and requests their consideration by the host government.
4. The G-77 and China is of the view that the recommendations of the Series of JIU 'Reports on Managing for Results in the UN System' is of direct relevance and use for the UNIDO since it is also working towards Result based Management.
5. The Group considers the JIU 'Report on Procurement Practices within the UN System' and the 'Report on Harmonization of the Conditions of Travel throughout the UN System' to be of great benefit to UNIDO particularly the former as there have been made some observations by the External Auditor on the procurement system of the Organization. The G-77 urges upon the Secretariat to give immediate attention to this matter.
6. The G-77 and China looks forward to the information on compliance with JIU recommendations and the follow up thereon currently being compiled by the JIU.

Agenda item 12: Personnel Matters

Mr. President,

1. With reference to item 12 of the Agenda, the G-77 and China take note of the document IDB.30/15 referred to Personnel Matters. This document provides clear information about the strategy of the Organization in reference to recruitment and emphasizes its impact in the work of the Secretariat. For this reason it is recommended to keep with the process of specialization of the UNIDO's staff.
2. The G-77 and China encourages the Secretariat to continue its commitment to Human Resources Management Framework aimed at creating a leaner institution with management excellence and greater professionalism. The G-77 and China acknowledges that the effects of introduction of HRM Framework have already started appearing.
3. The G-77 and China notes that, one of the results of the HRM Framework is that the average education level of the staff joining the Organization has risen upwards. The Group expects that this higher level of academic qualification will translate into greater specialization in the areas of competence of the Organization.
4. The Group appreciates another outcome of HRM Framework, the increase in the female representation at the senior level post from 5% to 21%. The G-77 and China also considers useful the initiative of extension of advertising coverage, with the aim of achieving gender balance, to the relevant associations of the professional women throughout the world.
5. The G-77 and China welcomes the recruitment from all the regions for professional level regular appointments during the period May 2001- March 2005. Yet it would like to draw Secretariat's attention to further improvements in the recruitment process so as to achieve a fair balance among various regional groups and also with respect to gender ratio of the staff composition. The Group feels that there is a need for greater emphasis on recruitment from countries un- or under-represented.
6. The G-77 and China would urge the Secretariat to continue according, in the recruitment policy, due regard to merit and efficiency as well.
7. The Group is of the view that to attain higher degree of technical cooperation and to reflect adequate regional equity, it is necessary to make optimal use of all human resources. Therefore the Group of 77 and China requests the Secretariat to consider as soon as possible the designation of the Director for the Latin American Regional Bureau. Thank you, Mr. President.

Item 14. Recommendation of a candidate for the post of Director-General

Mr. President,
Distinguished delegates,
The Designate Director General, Dr. Kandeh Yumkella,

On behalf of the G-77 and China, I would like to warmly congratulate Dr. Kandeh Yumkella for having been elected as the new Director-General of UNIDO. The Group strongly believes that with your excellent qualification and long-term commitment to this Organization, you certainly deserve having this prestigious position. We are

gratified that the election process went so smoothly, which can be taken as a sign of the broad support you enjoy.

After having examined your vision and mission last week in the G-77 plenary meeting and after having clearly listened to your presentation just now, I am very pleased with your strong courage to undertake this more and more challenging job in assisting the industrial development of developing countries. The Group is looking forward to cooperating closely with you in our future efforts.

Once again congratulation Dr. Yumkella!
Thank you Mr. President.