



## VIENNA CHAPTER

STATEMENT OF THE G-77 AND CHINA DURING THE 35TH SESSION OF THE UNIDO INDUSTRIAL DEVELOPMENT BOARD (IDB), 2-4 DECEMBER 2008, DELIVERED BY H.E. AMBASSADOR SHAHBAZ, PERMANENT REPRESENTATIVE OF PAKISTAN

Mr. President, (H.E. Ambassador Horacio Bazoberry, PR of Bolivia)

It gives me great pleasure, on behalf of the Group of 77 and China, to see you again presiding over this meeting. The Group is confident that your experience and diplomatic skills will lead to a successful and fruitful conclusion of this session.

The Group would like to condemn the terror activity perpetuated in Mumbai, India last week and expresses its condolences to the government and people of India and, in particular, its deepest sympathies to the families of the deceased and the injured.

The Group has listened with great interest to the statement by Dr. Kandeh Yumkella, Director-General of UNIDO. The Group would like to express its appreciation for his contribution during the last three years and is confident that under his leadership the Organization will be strengthened further. The Group would also like to express its appreciation for the timely provision of the necessary documentation by the Secretariat.

The Group will be making comments on Agenda items 2, 3, 4, 5, 6,7, 8, 9, 10 and 11 in the course of discussions on these items. I would restrict my intervention to comment on item 2 for this opening statement.

### **Agenda item 2: Report of the Programme and Budget Committee**

Mr. President,

The Group would like to reiterate its position as stated in the 24th session of the PBC. Nonetheless the Group would like to make special mention of the following:

### **Agenda item 2: (a) Report of the External Auditor, financial performance report and programme performance report for the biennium 2006-2007**

Mr President,

The Group of 77 and China takes note of the detailed information provided in the documents IDB.35/3-PBC.24/3, IDB.35/4-PBC.24/4, and IDB.34/2-PBC.24/2.

The Group is pleased to note the External Auditor's assurance that the Secretariat's financial records are generally reliable and well maintained and urges the Secretariat to continue taking corrective measures in line with the recommendations of the External Auditor.

In relation to the financial performance during the biennium 2006-2007, the Group

expresses its concern on the 8.3% net underutilization of the regular budget but expresses its satisfaction over the increase of technical cooperation delivery to the amount of US\$231.0 million expenditure during the biennium.

**Agenda item 2: (b) Financial Situation of UNIDO**

Mr. President,

The Group of 77 and China takes note of the document IDB.35/5-PBC.24/5 on the financial situation of UNIDO and calls upon the Secretariat to continue its efforts to effect full payment of the outstanding amounts and would like to be regularly apprised of such efforts, in particular with regard to the former Member States.

**Agenda item 2 (c): Accounting Standards**

Mr. President,

The Group of 77 and China takes note of document IDB.35/6-PBC.24/6, containing a progress report on the Implementation of the International Public Sector Accounting Standards (IPSAS) in UNIDO.

While reiterating its support for effectiveness and cost efficiency in the implementation process, the Group hopes for IPSAS adoption in UNIDO by the timelines set in Director-General's Programme and Budgets Proposal 2008-2009.

The Group, requests to be kept informed of developments with respect to the adoption of IPSAS by UNIDO.

**Agenda item 2 (d): Mobilization of financial resources**

Mr. President,

The Group of 77 and China takes note of the information provided by the Secretariat in documents IDB.35/7-PBC.24/7 and PBC.24/CRP.2 as well as in the relevant section of the Annual Report for 2007.

The Group reiterates its satisfaction that the level of fund mobilization in UNIDO was the highest level in the history of the Organization, ensuring the highest overall level of new funds for technical cooperation. However, with regard to the technical cooperation, the Group expected a higher figure in 2007. Therefore it requests the Director-General to strengthen the Organization's capabilities to use the higher available funds.

The Group is concerned that the thematic priority of poverty alleviation through productive activities continues to receive the least funding in comparison with other two thematic priorities. In this regard, the Group urges the donor community to consider providing adequate funding for this thematic priority area, which is the core of UNIDO's work in promoting industrial development in developing countries, enabling countries to attain the Millennium Development Goals (MDGs).

While expressing its appreciation for voluntary contributions made by development partners, the Group urges them to consider enhancing their contributions towards the

organizational activity with respect to various Integrated Programmes (IPs) and Country Service Frameworks (CSFs).

With regard to the programming thrust for the biennium 2008-2009, the Group expects the Organization to give special attention to the formulation of regional, sub-regional and inter-regional programmes, and to intensify its efforts towards implementing such programmes.

### **Agenda Item 2 (e): Medium-term programme framework, 2010-2013**

Mr. President,

The Group welcomes the comprehensive proposals of the Director-General on the Medium-term programme framework 2010-2013, contained in document IDB.35/8/Add.1, and would like to commend the Organization for its initiative in structuring the MTPF in a new format. It also takes note with interest of the identification, within each of the thematic priorities, of expected policy and institutional outcomes at the country-level, as well as of the streamlining of the different thematic programme components in conformity with those outcomes.

The Group welcomes the proposed MTPF, 2010-2013 and is satisfied that it is based on results-based management approach with clarification of the programmatic results, indicators, and impacts at the overall thematic levels.

The Group also notes with appreciation that the implementation of the MTPF continues to focus on the three thematic priorities and associated cross-cutting issues, as reflected in UNIDO's Long Term Vision Statement and further welcomes the focus on issues of resource mobilization, programme coordination, programme support and management, and the regional dimensions of programme implementation, which significantly impact on the implementation of its programmatic activities.

While acknowledging the new features of MTPF 2010-2013, the Group finds it important for the Organization to transform the implementation of MTPF 2008-2011, in particular the overlapping period of 2010-2011, into the newly introduced format. Furthermore, the Group also requests the Secretariat to pursue its efforts towards a full alignment of the medium-term programme framework with the successive biennial programmes and budgets of the Organization.

However, the Group expresses its concern regarding the use of the concept of Human Security as a programme component of UNIDO. The Group is aware that the United Nations General Assembly has not reached a consensual agreement regarding this concept. Realizing the importance of UNIDO's activities in countries emerging from crisis, and at the same time, bearing in mind its mandate, the Group urges UNIDO to refer to the programme component as post-crisis industrial rehabilitation, as contained in GC.10/Res.6.

Thank you Mr. President.

### **Agenda item 3: Implementation of the medium-term programme framework, 2008-2011**

Mr. President,

The Group takes note of progress achieved on the implementation of the medium-term programme framework 2008-2011, as contained in document IDB.35/14, which includes areas of South-South cooperation, the regional programme for Latin America and the Caribbean, as well as UNIDO's access to the Global Environment Facility.

With regard to technical cooperation activities, and in order to increase the work of UNIDO on the thematic priority of poverty alleviation, the Group encourages the Organization to continue promoting private sector development (PSD), agro-industries, transfer, diffusion and promotion of modern technologies, investment promotion and access to energy to enhance industrialisation efforts in developing countries.

In the area of trade capacity-building the Group encourages UNIDO to continue the development of "Aid for Trade initiative, and increase its activities to promote local value addition, sector based industrial upgrading and the achievement of compliance with international standards.

In the thematic area of environment and energy, the Group takes note of the completion early this year of the evaluation of the national cleaner production centres and the development of a strategy by UNIDO, in partnership with UNEP and other donors to enhance joint activities in the area of cleaner production. The Group welcomes the partnership between UNIDO and the International Organization of Standardization (ISO) to develop an international energy management standard.

The Group also welcomes the hosting by the Philippines, in collaboration with UNIDO, UNEP, UNESCAP and ADB, of the International Conference on the Green Industry in Asia on 9-11 September 2009, which will focus on how Asian countries can effectively manage the transition to resource-efficient and low carbon industries.

The Group notes UNIDO's activities in promoting transfer and diffusion of new technologies as well as post-crisis interventions.

### **South-South cooperation**

Mr. President,

The Group notes with appreciation the progress achieved with respect to the establishments of UNIDO's Centres for South-South Industrial Cooperation (UCSSICs) in India and China and encourages the Secretariat to continue following this initiative with respect to other interested countries.

The Group commends UNIDO for the excellent preparation of the LDC Ministerial Conference, "Aid for Trade: An Industrial Agenda for Least Developed Countries" held in Cambodia from 19 to 20 November 2008, co-hosted together with the World Trade Organization and looks forward to the follow-up action on the Ministerial Declaration adopted on that occasion.

### **Regional programme for Latin America and the Caribbean**

Mr. President,

The Group takes note of the steps taken to implement the Regional programme for Latin America and the Caribbean, such as UNIDO Industrial Knowledge Bank, which has become operational as a triangular South-South cooperation platform, aiming to promote the exchange of industrial expertise and knowledge within the region. However, the Group is concerned about the limited progress in the implementation of the Industrial Knowledge Bank project, as well as the lack of references in the report to the second component of the Regional Programme, that is, the Observatory for Renewable Energy.

The Group also appreciates the event organized jointly by UNIDO and Brazil on the Global Renewable Energy Forum, held in Brazil in May 2008, to discuss various aspects of developing renewable energy programmes. In concurrence with this event, the Group welcomes the establishment of a South-South cooperation initiative between Africa and the Latin American and the Caribbean region, within the framework of UNIDO, and encourages the Organization to extend this initiative to other regions.

#### **UNIDO access to the Global Environment Facility (GEF)**

Mr. President,

The Group recognizes UNIDO's effort in gaining direct access to GEF funding and encourages the continuation of such effort towards increased implementation of environmental programmes.

The Group appreciates UNIDO's leadership role in GEF's focal area for persistent organic pollutants (POPs) and the development of the energy component of the GEF Strategic Programme for West Africa. The Group requests the Secretariat to keep the Member States informed of progress in this regard.

Thank you Mr. President.

#### **Agenda Item 4: Cooperation Agreement with United Nations Development Programme**

Mr. President,

The Group of 77 and China has carefully examined the document IDB.35/11 entitled Progress Report by the Director-General on "Cooperation Agreement with United Nations Development Programme".

The Group is pleased to note that the Agreement has contributed to promoting UNIDO's field presence with thirteen UNIDO Desks being operational in all five programme regions at the end of 2007. The Group notes that with 3 additional Desks to be set up soon, UNIDO will have 16 Desks operational in the five programme regions in the course of 2009. The Group urges the UNIDO Secretariat to bring these Desks into full operation.

The Group notes that UNIDO now provides full funding for all the 13 desks from its

regular budget after the 2-year pilot phase ended. The Group also notes that the document does not contain information on the performance of the UNIDO Desks in terms of technical cooperation delivery and has apprehensions about the financial sustainability of the UNIDO Desks and its impact on the Organization. The Group requests the Secretariat to keep the Member States informed of the operations and financial situations of the UNIDO Desks.

Mr. President,

The Group of 77 and China takes note with satisfaction of the tangible results achieved so far in the joint UNIDO/UNDP private sector development co-operations, and welcomes similar joint programmes in the near future.

Last but not the least, the Group looks forward to a full and independent evaluation on the implementation of the Cooperation Agreement with UNDP in 2009. The Group requests the UNIDO Secretariat to keep the Member States informed of the findings from the evaluation in a timely manner.

I thank you, Mr. President.

#### **Agenda Item 5: Global food crisis: UNIDO's response**

Mr. President,

The Group of 77 and China welcomes with interest the Report presented by the Director-General, in compliance with decision IDB.34/Dec.6, on UNIDO's response to the global food crisis (document IDB.35/9).

The Group is convinced that UNIDO has a strategic role, both by its mandate and its expertise, to offer effective support, mainly through its thematic priority of poverty alleviation through productive activities, in the implementation of the various measures identified for the medium and longer terms by the United Nations system to promote food security.

The Group stresses that the actions undertaken by UNIDO on this issue support and complement the Comprehensive Framework for Action (CFA) established by the High-level Task Force on the Global Food Security Crisis, chaired by the UN Secretary-General, particularly in the area of technical cooperation and policy advisory services to increase agricultural production and productivity.

The Group notes with disappointment that UNIDO's technical cooperation delivery in the agro-industrial sector, despite showing an increasing trend since 2004, only accounts for 15 per cent of the Organization's total delivery and that the major factor hampering an expansion of UNIDO's activities in agro-industrial and agribusiness development is the non-availability of adequate financial resources. Therefore, the Group appeals to the international community, particularly the development partners, to enhance their support to UNIDO in this particular area, for sustainable development.

Thank you, Mr. President,

## **Agenda Item 6: United Nations system-wide coherence**

Mr. President,

The Group of 77 and China takes note of document IDB.35/12 on United Nations system-wide coherence. The Group would like to express its thanks to the Director-General for the useful information contained therein.

The Group welcomes UNIDO's efforts to contribute towards increasing coherence in the development activities of the United Nations system, in line with the decisions taken by the policymaking organs of the Organization.

The Group is aware that the consultations on system-wide coherence at the General Assembly have so far not produced intergovernmental consensus and that the Joint Coordinating Committee of the Group of 77 and China and the Non-Aligned Movement (JCC) in New York suggested continuing the consideration of this matter during the 63rd session of the General Assembly.

The Group reaffirms that the implementation of recommendations contained in the High-Level Panel's Report should follow intergovernmental consideration and agreement by the General Assembly and there should be no a priori decision with regard to when decisions will be made on the report because this should flow from the consultations.

Thank you Mr. President.

## **Agenda Item 7: Personnel matters**

Mr. President,

The Group of 77 and China takes note of the document IDB.35/13 entitled Personnel Matters.

The Group commends the Director-General for his efforts towards improving staff morale and professionalism. The Group is confident that the Human Resource policy reforms, instituted by the Director General since he assumed office, will impact positively on the overall performance of the Organization.

The Group believes in the important role that field offices play in the fulfilment of UNIDO's mandate. The Group also believes that the 43 percent increase in the Professional field staff since the launch of the field mobility policy in 2006 would result in the enhancement of both the quality and quantity of UNIDO's technical cooperation delivery.

The Group also takes note of the introduction of the management development programme, various training events for UNIDO staff and other such initiatives. With regard to the mandatory procurement training programme, the Group hopes that it would not only contribute towards better and transparent procurement procedures and policies, but also would address the weaknesses in the Organization's procurement policy pointed out by the External Auditor in his recent audit reports.

With regard to various training activities for UNIDO staff, the Group encourages the Secretariat to develop online programmes/courses for the benefit of all the field staff.

Mr. President,

As regards the recruitment process and the human resources policy, as a matter of principle, the Group would like to stress on the observance of the principles of transparency, equitable geographical distribution and gender balance.

While the Group of 77 and China takes note of the various amendments made in the staff regulations, as contained in the document IDB.35/13, it looks forward to be updated on matters like the geographical distribution of staff, the gender balance, changes in staff strength/composition resulting from the implementation of the Budget for the biennium 2008/2009 and number of posts particularly those at the high levels and in the field lying vacant.

Thank you Mr. President.

**Agenda item 8: Matters related to intergovernmental, non-governmental, governmental and other organizations**

Mr. President,

The Group of 77 and China takes note of the document IDB.35/10 providing information on matters related to intergovernmental, non-governmental, governmental and other organizations.

The Group would be interested to be apprised of the status of the bilateral relationship between UNIDO and various intergovernmental, non-governmental, governmental organizations, which established consultative status with UNIDO particularly with reference to the extent of contribution towards the accomplishment of UNIDO's objectives.

The Group would like the Secretariat to also consider the possibility of various organizations, having entered into relationship agreement with UNIDO, contributing towards enhancing the visibility of UNIDO.

Thank you Mr. President

**Agenda Item 9: Conclusion of Standard Basic Cooperation Agreements between UNIDO and Member States**

Mr. President,

The Group of 77 and China takes note of the document IDB.35/15 namely Conclusion of Standard Basic Cooperation Agreements between UNIDO and Member States.

The Group takes note of the information provided in the document that a total of 32 agreements have been signed to date. The Group of 77 and China encourages the Secretariat to intensify its efforts for negotiating with the governments that have yet to conclude appropriate bilateral cooperation agreements.



Thank you Mr. President.

### **Agenda Item 10: Number and duration of sessions**

Mr. President,

The Group of 77 and China recalls documents IDB.32/9 and IDB.33/11 as well as the discussions on this agenda item during previous IDB sessions.

On this agenda item, the Group would like to reiterate its position as stated earlier in the previous sessions of the Board.

Bearing in mind the ownership of all Member States on the Organization and the importance of the sessions of the Governing Bodies to keep track of the development of the Organization and at the same time provide guidance to the Secretariat, the Group does not see the contradiction between efficiencies and economies with the existing arrangements of the sessions.

The Group believes that the IDB decision (IDB.18/Dec.17) providing for current arrangements with respect to the number and duration of sessions has certainly led to dividends as evident from organizational turn-around since then. The necessity of continuation of the current practice, thus, stands justified.

The Group would like also to draw Member States' attention to the fact that rapid changes and happenings taking place around us require: (i) a constant overview by the Member States of Organizational activities, and (ii) guidance by Member States to the Secretariat where appropriate. These changes include: (a) the prevailing Global Financial and Food Crises; (b) the Ongoing pilot phase of One UN Project; (c) the term of the UNIDO-UNDP Cooperation Agreements approaching its end; and (d) the process of the Adoption of the IPSAS at UNIDO.

The Group is also aware of the fact that the duration/number of governing bodies' sessions of UNIDO is already lower than those of other international organizations.

While the Group would like to reaffirm its support to the underlying concept of introduction of efficiencies and economies at the UNIDO Governing Bodies' sessions, at the same time, it feels the inclusion of this item in the agenda of the IDB for the fourth consecutive session to be unfortunate and not consonant with the proposition of efficiency and economies which all of us wish to achieve at these session.

Therefore, the Group of 77 and China would like to stress that it does not see, at this moment of time, any need for change in the current arrangements with respect to the number and duration of the IDB and PBC sessions. Nonetheless, the Group expresses its willingness to engage constructively in negotiations, if proposed, on the rationalization of the agenda of the sessions.

Thank you, Mr. President.

### **Agenda Item 11: Preparatory arrangements for the thirteenth session of the General Conference**

Mr. President,

The Group of 77 and China takes note of the information contained in document IDB.35/16 on the Federal Government of Nigeria's decision, keeping in view the global financial crisis, to defer its kind offer to host the forthcoming session of the General Conference in Abuja, Nigeria to a later opportune time.

The Group would like to express solidarity with the Federal Government of Nigeria as well as to appreciate the Secretariat efforts, in pursuance of the Industrial Development Board's decision IDB.34/Dec.5.

The Group upholds the right of the Member States to host a session of the General Conference of UNIDO, as stated in the Rule 4 of the Rules of Procedure of the General Conference.

The Group expresses its willingness for the reconsideration of the Board decision (IDB.34/Dec.9) to hold the 13th session of the General Conference in Vienna.

Thank you Mr. President.