



STATEMENT OF THE G-77 AND CHINA DURING THE UNIDO IDB 33RD SESSION, 25-27 JUNE 2007, DELIVERED BY H.E. AMBASSADOR SAYED G. ELAMIN, PR OF SUDAN

Mr. President,

On behalf of the Group of 77 and China, I would like to congratulate you on your election as President of the current Industrial Development Board session. The Group is confident that you will steer the IDB with great skill. 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 Soltanieh, Permanent Representative of the Islamic Republic of Iran, for his commendable leadership of the previous IDB sessions.

Mr. President,

The Group will be making comments on Agenda items 3, 4, 5, 6, 7, 8, 9, 10, 11 and 13 in the course of discussions on these items. I would restrict my intervention to comment on item 3 and 9 for this opening statement.

### **Agenda Item 3: Annual Report of the Director-General for 2006**

Mr. President,

The Group takes note of document IDB/33/2-PBC 23/2.

As regards the Technical Cooperation Management, the Group takes note of the establishment of the Programme Approval Committee (PAC) that became operational in April 2006 and has the task to facilitate a more consistent and harmonized approach for the approval of TC programmes and projects prepared on the basis of the Guidelines on Technical Cooperation Programmes and Projects. In this matter, the Group emphasises that during 2006, the overall rate of approval for programme and project documents stands at 79 per cent. From 207 programme and project documents, 164 were approved.

The Group also takes note of the important activities of the Quality Advisory Group, that will contribute particularly with regard to the design of programme and project documents, implementation modalities of programmes and projects and the incorporation of mechanisms of evaluation and monitoring.

The Group also highlights the issue of an update of the Guidelines, which in accordance with the Report, will provide extensive guidance on the management of TC programmes and projects while assigning clear responsibilities, authority and accountability throughout all stages of the TC project cycle.

Since TC programmes are the core of the Organization, the Group will continue supporting any improvement to facilitate the better coordination and easy approval of projects, obviating bureaucracy and within the existing resources.

As regards Funds mobilization, the Group highlight that in 2006 the response of the main donors has been positive to the three thematic priorities. Therefore the thematic area of environment and energy attracted the largest share: US\$60.9 million. Trade capacity building attracted US\$27.4 million and poverty reduction, including most of the activities related to human security coordination, US\$13,6 million. Funding mobilized for Integrated programmes and Country Service framework, amounted to US\$21.2 million.

In the environmental field, funding from the Multilateral Fund for the Montreal Protocol amounted to US\$34.7 million and approvals under the Global Environment Facility to US\$15.2 million.

The Group will be following with attention the developments of the mechanisms regarding the National Implementation Plans that could lead to new funding in 2007-2008.

The G-77 and China welcomes that UNIDO has worked on a sharper focus of its services, enhancing its technical capabilities and making its support services and administration more cost-effective.

As regards the field representation the Group takes note with attention of the measures taken by UNIDO to reinforce its field presence, upgrading the technical capacities of field offices, and to fully staffed UNIDO Desks and other representations in the Country offices. The Group supports UNIDO's regional priorities and activities to reduce intra-regional differences.

The Group would like to encourage Member States to make voluntary contributions to continue to meet growing demands for its services.

With regard to the United Nations reform, the contributions of UNIDO have been very significant, and the Group will follow with attention the initiative of One United Nations Country Programme Initiative as far as it could respond efficiently to the needs of the Member States.

Thank you Mr. Chairman.

**Agenda Item 9: Implementation of the medium-term programme framework, 2006-2009, including:**

**(a) South-South Cooperation**

Mr. President,

The Group takes note of the documents IDB.33/2 and IDB. 33/17 on South-South cooperation in the implementation of the medium-term programme framework 2006-2009.

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 Centers

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.

The Group takes note with encouragement that initial discussions are underway with the Governments of Brazil, Egypt, Indonesia, Iran, Morocco and South Africa for establishing similar South-South centers in the near future. In the meantime, the Group welcomes the initiatives taken by UNIDO and Governments of other Member States in exploring ways to further promote South-South cooperation for industrial development.

The Group appreciates UNIDO's efforts in carrying out a comprehensive study on South-South cooperation for industrial development and believes that it forms an important part of a global South-South study.

The Group believes that, in line with the guidance provided by its policy-making organs and United Nations mandates, UNIDO will continue to consolidate and sharpen its activities to promote South-South cooperation, focusing on LDCs, in the future.

#### **(b) Regional programme for Latin America and the Caribbean**

Mr. President,

The Group of 77 and China, would like to refer to the last part of the document IDB.33/17 concerning developments for consolidating the Regional Programme for Latin America and the Caribbean, approved during the 11th GC, Resolution 1. The Group welcomes once again the important conclusions and recommendations of the Expert Group Meeting held in Vienna last November, as we have already said during the last IDB.

The Group would like to remind that during that Expert Group Meeting, consensus on the convenience to constitute a Permanent Consultative Mechanism was reached, as well, a preliminary proposal for the establishment of a Bank of Knowledge was known.

Mr. President,

In this context, the Group recognizes the effort of the Secretariat to articulate and develop a Regional Programme for Latin America and the Caribbean. However, the Regional Programme should have a strategic perspective, and it does not consist in the sum of present activities in the area. In this context we would like to have a complete proposal as soon as is possible.

The Group considers as well, that this document should include important matters that have been conducted by several missions in the recently months, in different countries, such as Guatemala, Nicaragua and Trinidad and Tobago. This information will be very useful, therefore we urge the office in charge to include such activities in this report.

Mr. President,

Concerning the Draft Programme and Budget 2008-2009, the Group considers that the Regional Programme for Latin America and Caribbean should be reflected in a more coherent and integrated manner.

Thank you, Mr. President.

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

Mr. President,

Given the increasingly important connection between development and the protection of global environment, the Group of 77 and China believes that Global Environment Facility (GEF) has a significant role to play in financially supporting technical Cooperation in developing countries.

In this regard, having reviewed document IDB.33/17, the Group highly appreciates that UNIDO will have direct access to the funds of the GEF in areas of comparative advantage. The Group welcomes the decision adopted on December 2006 by the GEF council which is a positive response to the concerns expressed many times by the Group and recently on 8-9 June 2006 at the occasion of "The Fortieth Meeting of the Chairmen/Coordinators of the Group of 77" in Vienna, relating to the continued difficulties that specialized agencies have to obtain direct access to the GEF funds.

Bearing in mind that GEF executing agencies will focus their involvement in GEF project activities within their respective comparative advantages, which will be defined during the consultations and the GEF Council Meeting (11-15 June 2007), the Group of 77 and China urges the Secretariat to keep it informed about the result of these ongoing consultations.

Thank you Mr. President,

### **Agenda Item 4: Report of the Programme and Budget Committee**

Mr. President,

The Group of 77 and China have taken note of the 23rd PBC, which was held during 2-4 May 2007. The Group would like to express its gratitude to H.E. Ambassador Rudolf Schaller, Permanent Representative of Switzerland for taking on the important task of the Chairmanship of the 23rd PBC.

The Group of 77 and China has participated actively and constructively in the work of the twenty-third session of the Programme and Budget Committee and therefore it associated itself with the conclusions reached and contained in document IDB.33/19.

Having said that, the Group, also feels the necessity to make the few following comments.

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.

On the issue of the Financial Situation, 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.

Mr. President,

The Group supports the UN system-wide cooperation and UNIDO's active participation in the discussion on the implementation of the IPSAS, including Project Steering Committee, Task Force and Vienna Focus Group. 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 takes note of 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 other priority areas namely poverty reduction through productive activities, trade capacity-building and South-South cooperation.

Mr. President,

On the issue of an External Auditor for UNIDO, which was also not decided upon at the 23rd session of the Programme and Budget Committee (PBC), the Group of 77 and China wishes to reiterate its support for the candidate of Pakistan, Mr. Muhammad Yunis Khan, for the post of External Auditor.

Thank you Mr. President.

#### **Agenda Item 5: Programme and Budgets, 2008-2009**

Mr. President,

The Group takes note of document IDB.33/7, and the proposed decision on the programme and budgets, 2008-2009.

The Group would like to thank and support the commendable efforts undertaken by the Chairman of the open-ended consultations, as well as the Secretariat for endeavouring to reach a consensus-based agreement regarding the Budget for 2008-2009.

Mr. President,

On different occasions, the Group of 77 and China has already reiterated its views expressed and highlighted in its letter to the Director-General of UNIDO on 5 June 2007.

The Group stresses the need to consider and respond appropriately to the Organization's needs to perform its increasing responsibilities. In this context, the Group believes that it is necessary to assure that adequate resources are available for the Organization, to be able to face raising challenges and demands for technical cooperation activities.

The Group understands the views and concerns of Member States and their national policies, however, it should be underlined that in any debate on budgetary issues one should not only consider the financial aspects, but also the political implication of such decisions. The Group therefore appeals to Member States to continue strongly supporting UNIDO, and not inhibit the Organization's growth and importance to developing countries.

Mr. President,

In the spirit of compromise, accepts the consensus-based agreement on the budget 2008-2009, as contained in document IDB.33/7 and the proposed decision on the programme and budgets, 2008-2009. In this context, the Group stands against the trend of applying ZNG budget in the future and the decision should not be taken as a negative precedent for the Organization.

The Group reaffirms that it has no intention to micromanage the Organization and would like to express its trust to the Secretariat in identifying areas for possible savings, without affecting technical cooperation delivery.

The Group wishes that this agreement accepted by all Member States would permit the management to continue its excellent performance.

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.33/2, the Annual Report of UNIDO 2006, which contains information on promoting United Nations reform and enhancing field level impact.

The Group appreciates UNIDO for actively supporting the United Nations reform agenda and promoting coherent action in the field as well as its efforts to enhance the Organization's contribution to the improvements in delivery by the United Nations system as a whole.

The Group wishes to commend UNIDO's approach to closely following and actively contributing to the debate on UN reform and system-wide coherence and urges the Organization to continue its involvement. The Group concurs with the view of UNIDO expressed in the note entitled United Nations system integration with

specialization, in which outlines the elements of a model for the effective system-wide coherence. In particular, the Group is of the view that UNDP and the Resident Coordinators should maintain impartiality to ensure system-wide coherence and coordination.

With regard to the "Delivering as one" concept of one leader, one programme, one budget, and, where appropriate, one office at a country level, the Group is concerned about the integration of technical cooperation programme for industrial development into and resources allocation to the "One Country Programme". The Group, therefore, urges UNIDO to actively get involved in the 8 "One UN" country pilots in order to test the application of this principle and to keep Member States informed of problems arising in implementing the "One UN" Country Programme concept.

Thank you, Mr. President,

**Agenda Item 7: UNIDO's cooperation with international partner organizations, particularly FAO, ILO and UNEP**

Mr. President,

The Group takes note of the documents IDB.33/2 and IDB.33/20.

The Group of 77 and China welcomes the efforts that the Organization has made in order to develop closer links with other agencies, complementing the efforts and taking advance of the knowledge of each other.

In this regard, the Group takes note that UNIDO has signed a memorandum of understanding with the Food and Agriculture Organization, focusing on TC projects that rely on the complementary activities of the two organizations, which are agro-based industrial processing and commercially competitive biofuel.

The Youth Employment initiative launched by UNIDO at the Director-General's Ministerial Breakfast Roundtable of the ECOSOC will also be followed with interest by the Group, and other initiatives adopted for UNIDO together with the World Trade Organization, the International Atomic Energy Agency, and the United Nations Environment Programme in the framework of the UNEP-UNIDO network of National Cleaner Production Centres under the Clean Development Mechanism of the Kyoto Protocol.

The Group understand that interagency cooperation will increase synergies through partnerships, and a knowledge based Organization as UNIDO could contribute significantly, providing the expertise in the three thematic priorities.

The Group of 77 and China, also welcomes the partnerships established for UNIDO with financial institutions, with regards to cooperation in the field of investment promotion activities, technology transfers and institutional capacity building.

Thank you, Mr. President.

**Agenda Item 8: Implementation of the Cooperation Agreement with UNDP**

Mr. President,

The Group of 77 and China carefully examined both documents IDB.33/16 "Implementation of the Cooperation Agreement with UNDP" and IDB.33/2 "Annual Report 2006" especially Chapter 2, (F) related this item of the agenda.

The Group welcomes the establishment of the joint UNIDO/UNDP task force meeting and takes note of the conclusions of the first meeting held in Vienna on 20 April 2007.

The Group of 77 and China supports the efforts undertaken so far by the Director-General in the implementation of the recommendations contained in decision IDB.32/Dec.6.

Nevertheless, the Group would like to emphasize that the extension of UNIDO DESK network should not be done on the basis of the closure of some of the existing UNIDO Country Offices. Efforts must be undertaken to ensure UNIDO's field presence and should contribute mainly to the increase of technical cooperation delivery.

The Group reiterates the importance of strengthening the capacity of the 13 UNIDO Desks that have been created in the context of the Agreement and that UNIDO's ability to deliver on its core competencies should not be sacrificed by stretching its resources beyond its means.

The Group also likes to emphasize that it is important, in this process, to strengthen the capacity of the Regional Bureau to the needs of effectiveness and efficiency in the execution of the programs and projects in their covered region.

The Group believes that other parallel arrangements should be pursued by UNIDO for the expansion of field representation and added visibility.

Finally, the Group invites the Secretariat to continue reporting on the progresses of the implementation of the Cooperation Agreement and to consult with Member States on a regular basis.

Thank you, Mr. President.

#### **Agenda Item 10: Activities of the Joint Inspection Unit**

Mr. President,

The Group of 77 and China takes note of document IDB.33/15 on the Activities of the Joint Inspection Unit (JIU). The Group considers some of the JIU reports and notes enlisted in the said document to be of great importance to UNIDO e.g., those on result based budgeting and result based management besides the two on Building Management Services and Goodwill Ambassadors.

As regards JIU's report on Common Services in Vienna: Building Management Services, the Group of 77 and China appreciates that various action to improve cooperation and collaboration had already been taken by the Secretariat at the time of



issuance of the report.

In view of JIU's recommendations on particular scrutiny by the Member States of the growing costs of the Building Management Services and adoption of ways to improve transparency and accountability, the Group urges the Secretariat to undertake recommended measures and keep Member States updated on the progress.

In JIU's report entitled Oversight Lacunae in the United Nations System, the Group of 77 and China is not convinced of the need for establishment of an independent external "oversight board" as it could result in duplication of mechanisms. Also this recommendation of the JIU does not fit in well with its other recommendation on consolidation of different functions in the same report.

However, as regards JIU's recommendation on a fixed-term appointment of external auditors and the head of internal oversight functions, the Group considers the fixed tenure for audit and oversight functions to be one of the factors leading to independent views. Keeping in view that a fixed-term is being practiced for the external auditor while it was implemented some time back for the Comptroller General in UNIDO, the Group would encourage the Director General to explore the possibilities of reverting to the same practice.

The Group considers Secretariat's comments on the JIU note entitled Goodwill Ambassadors in the United Nations System to be of general nature. The Group would like to be informed on the line of observations of the JIU and reiterate that the appointment is Honorary Goodwill Ambassadors.

Thank you, Mr. President.

### **Agenda Item 11: Personnel matters**

The Group of 77 and China takes note of document IDB.33/18.

The Group appreciates the progress of the human resource policy reforms instituted by the Director General since he assumed office. The Group commends the Director General for his efforts in improving staff morale and professional advancement in the Organization through various initiatives, including, inter alia, open dialogues, lectures and learning programmes, leadership development, and staff awards. The Group of 77 and China is confident that such human resource programs will impact positively on the overall performance of the Organization. In this regard, the Group would like to be regularly informed about the outcome of these programs and policy reforms.

On the matter of field presence, the Group of 77 and China appreciates the efforts of the Secretariat to fill up the vacancies in a number of States. The Group agrees with the Secretariat on the important role of the field support staff in delivering efficient programme support, and recognizes that UNIDO's field presence is crucial in the effective delivery of technical cooperation programmes. In this regard, the Group encourages the Secretariat to continue its efforts in filling up vacant field posts, especially in those areas where UNIDO has existing field units but without any staff.

On field mobility policy and assessment of candidates for various posts, the Group urges the Secretariat to maintain the principle of transparency in the implementation

of policies, and reiterates the need to further improve equitable geographical distribution and gender balance.

**Agenda Item 13: Number and duration of sessions**

Mr. President,

The Group of 77 and China takes note of document IDB.33/11.

The Group is in agreement with the idea of introducing efficiencies and economies in the conduct of sessions of the Programme and Budget Committee and the Industrial Development Board and believes that other options, than eliminating or shortening the sessions, should be explored.

In that connection, the Group believes that the current arrangements as far as the number and duration of the IDB and PBC are concerned, should be maintained.

Thank you Mr. President.