



STATEMENT OF THE G-77 AND CHINA DURING THE 28TH SESSION OF  
THE UNIDO INDUSTRIAL DEVELOPMENT BOARD 25-27 MAY 2004  
DELIVERED BY H.E. AMBASSADOR TAOUS FEROUKHI, PERMANENT  
REPRESENTATIVE OF ALGERIA

Mr. Chairman,

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 28th session of the UNIDO Industrial Development Board. The Group is confident that your experience and diplomatic skills would lead to a successful and fruitful conclusion of this session. I wish to also avail myself, on behalf of the Group, this opportunity to felicitate the other members of the Bureau on their election. The Group would also like to thank your predecessor H.E. Ambassador Raimundo Alberto Gonzalez Aninat Permanent Representative of Chile for successfully steering the work of the last session of IDB. The Group also extends its appreciation for the excellent arrangements of the meeting as well as the provision of necessary documentation by the Secretariat.

The Group would like to take this opportunity to express its deep sense of grief on the sad demises of H.E. Ambassador Federico Urruela Prado, PR of Guatemala and H.E. Ambassador Tirivafi John Kangai, PR of Zimbabwe and wishes to convey its sympathy to the bereaved families and their respective governments.

The Group of 77 and China welcomes the opening remarks of the Director General Mr. Carlos Magariños and assures him the Group's continued support and cooperation in carrying out the mandate of the UNIDO.

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

**Agenda Item 3: Annual Report of the Director-General for 2003 on the activities of the Organization**

Mr. Chairman,

1. The Annual Report of the Director-General on UNIDO's activities in 2003 can be considered as a good document that summarizes with clarity the effort made by the Organization to fulfill the mandates given by the Member States and their Governmental organs. We are pleased to acknowledge the successful achievements of the Organization in the past year as reflected in the document.

2. We point out as positive in the work of the Organization in the past year of 2003 that UNIDO is making their efforts in gaining strength, maturity and stability in all aspects. This can be ascertained by its renewed financial stability and the much more specialized focus of the cooperation activities towards our countries during the year.

3. The figures of the execution of the technical cooperation programmes in 2003 show a modest increase in comparison with the figures for 2002 and 2001, and are not too

far below the established target, since the execution was 94,6 million USD and the target was 95 million for the year. This figure constitutes an example of the rehabilitation that is still going on within UNIDO, a positive fact that the Member States recognize in the work of the Organization.

4. We consider the adjustment of the modules of integrated services as a positive factor in the internal work of the Organization in the year 2003. Nevertheless, the Group strongly believes that the adjustment should respond to the needs of our countries, in particular the fulfillment of the objectives of the Millennium Development Goals.

5. We acknowledge with satisfaction the fact that in 2003 various technical cooperation projects of UNIDO received prizes for excellence in specialized international events such as the Congress of the World Federation of Chambers of Commerce, the State Organ for Environmental Protection of China and the Ministry of Environment of Egypt, inter-alia.

6. We support UNIDO's Global Forum initiatives such as the Global Biotechnology Forum and we propose the strengthening of UNIDO's role in this matter whenever it brings added value to technical cooperation activities. We consider important the follow-up that the Organization will give to the Forum. The success obtained by the Forum, recently celebrated in Concepción, Chile, demonstrates the level of excellence that UNIDO acquired in different fields of action. This is why we believe that a programme of activities should be drawn, as a follow-up to the Forum that will allow the Organization to materialize it into concrete projects for the benefit of developing countries.

7. The Group of 77 and China takes note with satisfaction that the level of fund mobilization in the Organization was higher than in previous years and that the Industrial Development Fund reached, in 2003, the highest figure since 1993, with a total of 47,4 million USD. In this sense, we are grateful for the voluntary contributions of the main donor countries to this fund such as Austria, Denmark, Egypt, France, India, Italy, Japan, Nigeria, Norway, United Kingdom and Switzerland. In addition, it is important to note that in 2003 the largest figure in the contributions by developing countries was obtained, since 1997. The Group further requests the Secretariat of UNIDO to enhance funds mobilization programmed in collaboration with the Member States and the donor community to speed up the implementation of the agreed Integrated Programmes and Country Service Framework (CSF).

8. We see a significant increase in the contributions received from different International Funds and Programmes that deposit their trust in UNIDO, as an agency of excellence for the execution of their projects and programmes. This is a sign of greater credibility in the work of the Organization. Nevertheless, we note with concern that there seem to be no net approval of funds by the UNDP for UNIDO to execute projects, but there is a clear tendency that these funds be reduced in the future. This leads us to design feasible proposals for funds mobilization including through enhanced Inter-Agency cooperation.

#### **Agenda Item 4: Outcome of the Informal Consultative Groups and Decentralization**

Mr. Chairman,

1. The Group of 77 and China followed with keen interest the work of the Informal Consultative Groups and welcomes the progress made so far. The Group commends the efforts of the Director-General and the Co-chairmen of the Consultative Groups for taking up the mission to explain and underline UNIDO's new structure, performance and recent achievements in TC delivery in order to widen the membership of the organization.
2. The Group took note of the consultations held with the authorities of the USA and notes its recognition of UNIDO's active engagement in a huge and challenging task of facilitating global available energies to developing countries and to least developed countries.
3. However, the Group is disappointed in the context of a radical reform of UNIDO and the streamlining of organizational structure after 1996, the USA is still not considering rejoining UNIDO in a short-term. In this regard, the Group encourages the Director-General to continue consultations and dialogue with former Member States including maintaining contacts with the USA to solicit interest to rejoin the Organization and for non-Member States to seek membership of the UNIDO.
4. The Group also encourages UNIDO to implement the proposals put forward during the consultations by the Co-chairmen of the Informal Consultative Group and prepare the future plans for further discussions with Small Island States. The Group further took note with satisfaction of the interest expressed by UNDP in establishing a permanent table of consultation with UNIDO for sharing information. The Group welcomes readiness by the international financial institutions to start concrete cooperation with UNIDO and hopes that such promising efforts would be sped-up.
5. On Trade Capacity-building, the Group takes note of UNIDO's trade capacity-building activities and cooperation with other International organizations in implementing the initiative on trade and market access facilitation and encourages UNIDO to expand its unique experience in this field in order to solicit greater technical assistance particularly narrowing the gap existing in internationally agreed technical standards for developing countries.
6. The Group takes cognizance of the need to strengthen UNIDO's field operations and concurs with GC.10/Res.2 and encourages the Director-General to continue consultations with Member States on how best decentralization of field operations process could be carried out and is seeking more information about the decentralization and the cooperation with UNDP.

Mr. Chairman,

7. The Group of 77 and China has actively participated in the informal working on decentralisation or field representation. The Group welcomes the recommendations made by the Advisory Group. We believe that this could serve as useful guidelines for the formulation of proposals on this issue. The Group notes with appreciation

endeavours by the Director-General to decentralise UNIDO. The Group is of the view that such decentralisation should, however, be done for efficiency and enhancement of UNIDO's TC delivery. The envisaged alliance with the UN and any other international agencies should maintain UNIDO's homogeneity and its specialisation. New synergies should ensure that UNIDO is placed in a position where it can better implement its Business Plan and the Strategic Guidelines "Toward Improved UNIDO Service Delivery". The Secretariat should further define decentralisation bearing in mind its multi-faceted nature, all inclusiveness and extension not only to the UNDP but to all other sister UN organisations.

8. The Group believes that decentralisation is a key and central issue, which deserves closer attention, scrutiny and should be done well ahead in the spectrum of the currently envisaged reform of the United Nations bodies. There is therefore need for Member States to guide and support the Director General in this regard to ensure that UNIDO takes a lead in the UN reform. Such support should specify the conditions and parameters in which the Director-General should explore decentralisation, proposed alliances and synergies further. The Group therefore encourages the Director-General to continue consultations with Member States on how best decentralization of field operations can be done while maintain the progressive trend of UNIDO interventions, efficiency and its homogeneity.

9. Finally, the Group commends members of the Informal Consultative Groups for exploring and sharing information with Member States and would appreciate further briefings as progress unveils.

#### **Agenda Item 5 (b): South-South Cooperation.**

Mr. Chairman,

1. Even though the Group appreciates the already existing North-South Cooperation, enhancing the South-South Cooperation is of vital importance to developing countries at large.

2. The Group therefore commends UNIDO, and particularly the efforts made by the Director-General, for having active participations in conferences related to this and to enlarge private sector development.

3. The Group of 77 and China is very encouraged by the efforts being done so far to bolster relation between Asia and Africa and would like UNIDO to foster its activities in this area to realize results especially in promoting investment and technology.

4. The G-77 and China would also like to request the Secretariat to create a special facility for the South-South cooperation and to seize this opportunity to call upon other international organizations and donor countries to increase their all types of contributions to UNIDO.

5. Concerning the Bio Technology Forum of March 2004 that has taken place in Concepción, Chile, the Group, expresses its interest in the results of the Forum and would highly appreciate if UNIDO gives special emphasis to the four points indicated on document IDB.28 /8 page 8.

6. Concerning the ongoing activities of UNIDO in the field of sustainable energy for

productive use, such as energy efficiency, bio mass, and small hydropower, the Group would like UNIDO to support the establishment of centers for efficient management and production of energy in other regions. The Group also takes note with satisfaction of the second UNIDO/International Center-Small Hydro Power (SHP) Seminar on Small Hydro Power (SHP) cooperation among developing countries held in Hangzhou, China.

7. Even though the Group is encouraged by the future prospects of UNIDO to work closely with NEPAD, it would be appreciated, if the Director-General reports what has been done so far in this field and in implementing the resolutions "The Role of UNIDO on implementing the Millennium Development Goals" adopted by the last General Conference.

8. The Group strongly supports the cooperation between UNIDO and the Perez Guerrero Trust Fund (PGTF) for Economic and Technical cooperation among developing countries on their first project concerning technology needs assessment. This project represents a valuable example for the implementation of UNIDO's initiatives in general.

#### **Agenda Item 5 (c): UNIDO activities in countries emerging from crisis situation**

Mr. Chairman,

1. The Group of 77 and China takes note with appreciation of the Report by the Director-General as contained in doc IDB.28/5 on UNIDO activities in countries emerging from crisis situation.

2. The Group strongly supports this thematic initiative taken during the 10th General Conference in accordance with its resolution GC.10/Res.6, and with the outcome of the round table that took place on this issue in the sidelines in the same Conference in December 2003, and looks forward to its widespread implementation, where needed, bearing in mind the critical status and vulnerability of people in countries emerging from crisis situations, including countries emerging from conflicts where industrial rehabilitation and reconstruction represents a key element in view with economic recovery.

3. The formulation of appropriate responses to specific industrial development challenges in post-crisis situations should be pursued, and further financial resources should be available to implement approved projects. The Group wishes in this regard to welcome the announcement made in February 2004 by the DG for the creation of UNIDO special Facility for Human Security. In preparing the documents, in particular document IDB.28/CRP.4 and all other related documents, the Group would like to reaffirm that the Secretariat should only use the agreed language as mentioned in GC.10/Res.6.

4. The Group believes that the establishment by the end of 2004 of the Post-crisis and Post-conflict Electronic Support Resource (PPESR) as part of UNIDO's Electronic Data Management System (EDMS) will enhance the efficiency of the UNIDO activities in the targeted countries.

#### **Agenda Item 6: Financial Situation**

Mr. Chairman,

1. The G-77 and China takes note with satisfaction of the document IDB.28/10 on the financial situation of UNIDO. We are encouraged by the continued improvement of the financial situation, though the improvements are neither substantial nor substantive. The Group 77 and China has noted that the regular budget is planned to be implemented with an average allocation of 91% of the 2004 appropriations. The operational budget recorded a surplus of EURO 0.7 million during the first two months of 2004 and the cash resources under the regular budget was EURO 35.3 million. We also note that technical cooperation delivery during 2003 amounted to USD 94.7 million. The Group regards as positive the increase in the delivery of technical cooperation and hopes more voluntary contributions would lead to a further improvement on the level of TC delivery.

2. The G-77 and China takes satisfaction in the fact that the collection rate of assessed contributions for the biennium 2002-2003 has reached 92.5%. It shows favorable trend at the beginning of the biennium 2004-2005. We appreciate that 27 Member States, including 6 least developed countries (LDCs) have made full payments for their assessed contributions for the year 2004. The Group commends that Azerbaijan, Belarus, Lithuania and Ukraine are cooperating closely with the Secretariat in carrying out their payment plans.

3. Mr. President, in spite of the above improvements, UNIDO's financial situation has not fundamentally changed to the satisfaction of its Member States. For instance, there are still 46 Member States having no voting right as of 17 May 2004 owing to accumulation of arrears; Funds for technical cooperation as required by integrated programs and country service framework fall far short of the needs of developing countries in general and least developed countries in particular; And there is still no indication to pay the substantial arrears by some major developed and developing countries. Therefore, we once again strongly urge the Member States that are in arrears to settle their outstanding dues and call on former Member States that are still in arrears to fulfill their constitutional obligations.

### **Agenda Item 13 - Place and date of the next General Conference**

Mr. Chairman,

1. The Group of 77 and China takes note of document IDB.28/11 and welcomes the generous offer made by the Government of Colombia to host the 11th session of the UNIDO General Conference, to be held from 28 November to 2 December 2005 in Cartagena de Indias, which has been declared as a world historic heritage by UNESCO.

2. The Group welcomes this initiative due to the report made by the Secretariat on the results of the official visit made by the Director-General to the Colombian authorities and the commitments accepted by the host Government regarding the assumption of the financial aspects of the extra costs of this event for adequate participation of all Member States and considers this as a great opportunity to strengthen UNIDO's presence in the field, to call the attention of the international community on the sustainable industrial development and to motivate new membership and the return of former members.

