



STATEMENT OF THE G-77 AND CHINA, TO THE 25TH SESSION OF THE IDB
15-16 MAY 2002 DELIVERED BY H.E. AMBASSADOR VICTOR G. GARCIA
III, PERMANENT REPRESENTATIVE OF THE PHILIPPINES

Mr. President, H.E. Ambassador István Horváth,

On behalf of the Group of 77 and China, I would like to congratulate you and the members of your bureau, on your election. I would also like to convey the Group's support in the discharge of your mandate. I also wish to convey our appreciation to H.E. Ambassador Pirooz Hosseini of The Islamic Republic of Iran, for the excellent manner in which he guided the work of the last sessions. We also wish to commend the Director-General, Mr. Carlos Magariños, for his wise leadership and to thank him for his useful opening remarks. We would like to express our satisfaction to the Secretariat for the timely manner they prepared the session's documents.

Mr. President, I would like to express the views of the Group of 77 and China on the following items of our agenda: Item 3, 4, 5, 6 and 7, in due time.

Item 3: Annual Report of the Director General on the activities of the Organization in 2001

The Group of 77 and China takes note of the document IDB.25/2 on the Annual Report of the Director-General and commends the Secretariat for the activities undertaken in 2001 to implement the mandate of UNIDO. While recognizing the relevance of the Global Forum activities, the Group is of the view that these activities should be result-oriented with the view to strengthening and improving the Technical Cooperation Programme. In this regard the Group takes note of the Secretariat's initiative to organize a global forum on biotechnology and welcomes the offer made by the Government of Chile to host this important event at the city of Concepción, in September 2003. In order to achieve the development goals set by the Millennium declaration the Group is of the view that UNIDO should strengthen its cooperation with relevant partners to assist developing countries enhance their industrial capacities.

Mr. President,

South-South cooperation is an important tool for strengthening the economic growth of developing countries and for ensuring their equitable and effective participation in the emerging global economic order. We therefore, commend the Secretariat for its active participation in the tenth meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries, held by the Group at Teheran in August last year, and we urge the Secretariat to ensure the necessary follow-up of the decision adopted therein.

Mr. President,

We note with interest the activities related to Investment Promotion and Institutional Capacity Building because the strengthening of the industrial capacity in developing countries is crucial for combating marginalization and reducing poverty. However, it

is acknowledged that lack of finance remains a major problem for SMEs development. We welcome the Secretariat's initiatives at enhancing close cooperation with the private sector equity funds in order to contribute to bridging the gap between financial services and business development services provided to SMEs.

The G-77 and China notes UNIDO's increased activities in the framework of GEF and other organizations, through which additional funds are available to implement its programmes and projects. We therefore urge UNIDO to continue its efforts in this regard. Moreover, the Group considers that UNIDO should exert sustained efforts to incorporate environmental considerations into industrial policies and programmes.

Concerning UNIDO's sectoral support activities in food, leather, textile, wood and in the agricultural sectors, we urge that these activities be further strengthened so as to yield greater impacts to competitive economy, sound environment and productive employment, greatly espoused by the Organization.

On the issue of effective field representation, the Group is of the view that the current situation of the field offices and their contribution to technical cooperation delivery needs to be more dynamic, aimed at facilitating delivery of integrated programmes/projects in the developing countries. The Group also attaches great importance to coordination between Headquarters and the UNIDO field offices and urges for further improvement in this regard.

Mr. President,

We regard performance management as central to the ability of the Organization to discharge its mandate. The availability of adequate financial resources to UNIDO, unfortunately, still precarious, is the key to the Organization's success. It is only after the Integrated Programmes have been successfully implemented that the Member States would actually benefit from the "new reformed UNIDO". We are concerned that after almost four years since the preparation of the Integrated Programmes with the amount of nearly \$ 257 million only about \$ 81 million has been realized, leaving \$ 175 million still open for funding. We note a slight increase of approvals for the Technical Cooperation Funds from \$ 76.9 million (2000) to \$ 85.6 million (2001). However, the amount is far below the \$ 120 million and \$ 105 million approved for 1996 and 1997 respectively. In this regard the Group of 77 and China wishes to reiterate its call to all Member States to provide the necessary funds for the Organization to implement the approved and ongoing Integrated Programmes.

The G-77 and China notes with appreciation the improved collection rates of the assessed contributions and the cost reduction in some areas of expenditure by the Organization. Similarly we also appreciate the efforts of the Organization at modernizing its management practices, which in our view is a welcome development. However, care should be taken to ensure that these efforts translate to increased efficiency and staff confidence. While we recognize the need to continue the efforts at innovation and learning, and improved internal process to enhance performance management, we find the "objective indicators" in figure 13 on page 53 of the English version, requires some improvement.

Item 4: Financial situation

The Group of 77 and China takes note of the information contained in documents IDB.25/6 and IDB.25/2 on the financial situation of UNIDO, and expresses its satisfaction with UNIDO's improved position, as compared to previous years. It is encouraging to note that a better situation today prevails both with regard to the operational budget, which registered a surplus of Euro 1.6 million and the regular budget where the cash resources reached Euro 34.7 million in the first quarter of the current year. Positive growth in collection rate of the assessed contributions has in turn resulted in a higher implementation of the regular budget during the biennium 2000-2001. In this regard, support of Member States and the Secretariat's efforts to maintain financial stability of the Organization are considerable.

We urge the Secretariat to continue its endeavors to recover the long outstanding contributions owed by some Member and Non-Member States. We should not lose sight of the fact that since 13 May 2002, 57 Member States had lost their voting rights owing to non-payment of dues, one of which is one IDB member and a member of the PBC. The Secretariat may start negotiations with those Members to bring them back into the main stream keeping in view the particular circumstances in each case. Cooperation of Member States in arrears would also be required in this regard.

Item 5: Investment and Technology Promotion Offices

The Group of 77 and China notes with interest the activities undertaken by the Investment and Technology Promotion Offices (ITPO), and acknowledges that they have been created to strengthen their capacities in attracting investment for industrial projects. The assistance which these offices can provide to developing countries to assist them in the acquisition of new technologies and in establishing sustainable mechanisms for the promotion of business alliances is most valuable. Bearing in mind these comments the G-77 takes note of the proposed guidelines contained in document IDB.25/4.

Item 6: UNIDO involvement in major international conferences

The Group of 77 and China takes note of document IDB.25/3 on UNIDO involvement in major international conferences and commends the Secretariat for its active participation in the International Conference on Financing for development held in Monterrey in March 2002 and its preparatory process. The Group of 77 and China wishes to benefit in the coming months from the two initiatives proposed by the Secretariat on venture capital and the one on enabling developing countries to participate in international trade by strengthening supply capacity.

The Group also commends the participation of the Secretariat in the preparatory process for the World Summit on Sustainable Development, in particular UNIDO's support to the preparation of 18 national overview reports on the contribution of industry to sustainable development and on programmes facilitating the transfer of environmentally sound technology.

We are of the view that international cooperation on technology transfer is crucial for implementing a successful sustainable development programme, we encourage the Secretariat to continue its activities to assess needs in areas of technology transfer.

Finally, the Group also wishes to underscore the symbiotic relationship between the

outcome of the International Conference on Financing for Development with the upcoming World Summit on Sustainable Development (WSSD) in Johannesburg this August.

Item 7: Joint Inspection Unit activities.

The Group notes with appreciation the efforts undertaken by the Secretariat, concerning the report of the JIU on the United Nations system support for science and technology in Latin America and the Caribbean in document (JIU/REP/2001/2), and evaluates positively the contribution of UNIDO in the field of science and technology for development. The Group of 77 and China is of the view that further strengthening of the UNIDO's internal capacity and mobilization of funds and probably establishment of connection with Global Forum activities could strengthen the position of the Organization. On the basis of the experiences and capacities of UNIDO in setting up of linkage between science and technology with productive sector, it could have a leading role for coordination and integration of the support programmes and services of the United Nations Organization.

Since the Board's approval of the pilot system of UNIDO follow-up to JIU recommendations, report on enhancing governance oversight role in document (JIU/REP/2001/4) represents the first report. Based on the functions of the legislative organs as specified in the Constitution, IDB supported by the PBC which exercises the oversight role, the Group is of the view that the Board's authority is sufficient to carry out effectively its oversight function.

Mr. President, the Group of 77 and China commends the Director-General for the successful transformation of UNIDO and urges the Secretariat to use the newly-won stability of the Organization to implement fully the portfolio of technical cooperation in the line of the medium-term programme adopted during the ninth session of the General Conference.

The Group maintains that the most effective means of reducing global poverty and attaining economic growth and productivity are through Industrialization. Given its comparative advantage over the other UN Organizations, UNIDO is the most relevant and significant institution for assisting developing countries in their efforts to build industrial capacities and meet the challenges of globalization. Finally, the G-77 and China urges all Member States to increase their political commitment and financial resources to the Organization to ensure the implementation of its mandate.
Thank you, Mr. President.