



## VIENNA CHAPTER

STATEMENT OF THE GROUP OF 77 AND CHINA DURING THE 10TH SESSION OF THE UNIDO GENERAL CONFERENCE, VIENNA, 1-5 DECEMBER 2003, DELIVERED BY H.E. AMBASSADOR OSCAR CABELLO SARUBBI, PR OF PARAGUAY ON BEHALF OF H.E. AMBASSADOR ROBERTO ABDENUR, PR OF BRAZIL

Mr. President (H.E. Mr Claudio Moreno, PR of Italy)

It gives me great pleasure to congratulate you on behalf of the Group of 77 and China on your election as the President of the 10th Session of the UNIDO General Conference. The Group is confident that under your able leadership the session would steer through smoothly and reach a fruitful conclusion. I wish also to avail myself, on behalf of the Group, of this opportunity to felicitate the other members of the Bureau on their election. The Group would also like to thank your predecessor H.E. Mr. Juan F. Reyes Lopez (Vice President of Guatemala) for Presiding the 9th session of General Conference in an excellent manner. The Group also extends its appreciation for the arrangements of the meeting as well as provision of necessary documentation by the Secretariat.

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

I would be making comments on the Agenda items 7, 8, 9, 10, 11, 12, 13, and 14 on behalf of the Group of 77 and China.

Mr. President,

### **Agenda Item 7: Annual Report of the Director-General on the activities of the Organization**

The Group of 77 and China endorses UNIDO's efforts to play a key role in defining and implementing the international strategies to alleviate poverty by integrating them with sustainable industrial growth in the developing countries. The Group is of the view that UNIDO's involvement in these activities has helped raise its profile as one of the leading international developmental organization.

In this regard the Group attaches significance to UNIDO's active participation in major international conferences during the year 2002, in particular the International Conference on Financing for Development and the World Summit on Sustainable Development as well as the initiatives undertaken by it during these two major conferences. In our opinion UNIDO could further capitalise on its position as an executing agency of the Global Environmental Facility (GEF), to broaden its financial base, through a more focussed and realistic approach in programme designs, planning and assessment and implementation. Furthermore UNIDO should take into its careful consideration other multilateral fund and international funds resources which could provide UNIDO with new and additional resources.

The Group of 77 and China appreciates the Secretariat for carrying out the global forum activities as called for by the Business Plan to promote the understanding of the industrial development process and disseminate information on industry-related issues. While recognizing the relevance of these activities, they should be made more results-oriented with a view to strengthening and improving the technical cooperation programme.

Mr. President,

South-South cooperation is an important tool for developing countries to strengthen their economic independence and achieve their developmental goals. It is one of the major means for ensuring equitable and effective participation in the emerging global economic orders. The Group hopes UNIDO could enhance its facilitation and provision of its expertise and networking for supporting sustainable industrial cooperation among the developing countries.

UNIDO's sectoral support activities in food, leather, textile, wood and agriculture are very crucial for strengthening the industrial development of developing countries. While appreciating the Organization's role in this respect, the Group is of the view that such activities should be further strengthened to yield greater impacts to generate competitive economy, sound environment and productive employment.

The Group regards performance management as central to the ability of the Organization to discharge its mandate. The Group of 77 and China appreciates further improvements introduced in management of UNIDO to facilitate healthier operational environment, strengthen accountability and efficiency which should be catalyst in achieving its goals.

The Group commends UNIDO for its increased TC delivery per staff member by 8% over 2001 and the increased leverage ratio for TC services for one dollar of regular and operational budget, which, improved by 7% during 2002 to 1.45, the highest since 1996. The Group feels, however, that TC delivery figures and percentages increases still remain low and calls upon UNIDO to redouble its efforts to enhance TC delivery.

Mr. President,

#### **Agenda Item 8: Reports of the IDB 25th, 26th and 27th**

The Group of 77 and China takes note of the observations and recommendations contained in the reports of the IDB 25th, 26th and 27th sessions. The Group would like to express its satisfaction with the assessment made by the auditors that, the general financial situation of UNIDO has improved considerably over the last few years, and has achieved financial stability, improved technical cooperation delivery, and quality of services through more focused activities during the last four years.

The Group of 77 and China welcomes the adopted recommendations contained in the External Auditor's report regarding the performance of the internal Oversight Group and hopes that with the establishment of the Office of the Comptroller-General the internal oversight and control functions of UNIDO would be consolidated and

strengthened.

Mr. President,

**Agenda item 9: The role of industrial development in the achievement of the Millennium Development Goals (forum)**

The G-77 and China views industrial development as very crucial to our attempts in meeting the global challenges set forth for pushing back the barriers of poverty.

The Group welcomes UNIDO's initiative to hold the Industrial Development Forum during this session. While supporting the emphasis that UNIDO puts on the achievement of Millennium Development Goals, the Group wishes to underscore the importance of meeting them in a quantified and time-bound fashion.

The G-77 and China recalls the commitments that 189 Member States made during the Monterrey International Conference on Financing for Development and the Johannesburg World Summit on Sustainable Development. It reaffirms through collective strength and solidarity and in partnership with fellow Member States united under the banner and the auspices of UNIDO to continue to endeavor to remove global poverty and to spread prosperity.

The G-77 and China looks forward to participating in the Industrial Development Forum with the expectation that this forum will be beneficial to the development and implementation of UNIDO's medium- to long-term policy and strategic direction resulting in increased technical co-operation projects and delivery.

In this regard the Group would like to call for the adoption of the draft decision proposed on the role of UNIDO in achieving the Millennium Development Goals.

**Agenda Item 10b: Financial Situation of UNIDO**

The Group takes satisfaction that UNIDO has shown a measurable improvement in its financial situation thus rendering credibility to the Organization. The collection rate of UNIDO's assessed contribution towards regular budget has improved considerably as compared to the past and reaching 93.1% during the year 2002 and 89.5 % by mid-August indicating that high collection rate would also be maintained this year. Further net approvals of voluntary contributions from Government funds as well as multilateral funds have shown good improvement over the years. However, the availability of adequate financial resources to UNIDO, for the Integrated Programmes (IP) and Country Service Frameworks (CSF) unfortunately is still precarious. UNIDO's reform and transformation would reap real benefits for the member states only after the successful and effective implementation of the IPs and CSFs.

The Group appreciates the establishment of the Informal Consultative Group on Voluntary Contribution and non-Members to broaden the financial base of the Organization and to expand its membership. Increase in voluntary contributions is an imperative necessity for effective implementation of the Integrated Programmes and Country Service Frameworks. The Group is of the view that UNIDO should strengthen efforts among all stakeholders i.e. UNIDO, donors and the recipients for this purpose. It is a matter of concern that 49 Member States were still without their

voting rights as of beginning of November 2003, owing to accumulation of arrears. The Group would like to stress the need for timely and full payment of budgetary contributions and encourages the Member States that are in arrears to settle their outstanding dues. It would also call upon the former members that are in arrears with UNIDO to fulfil their constitutional obligations by settling their outstanding dues. We welcome the initiative of Azerbaijan, Belarus and Lithuania to finalize a payment plan with UNIDO for settling their outstanding arrears.

Mr. President,

#### **Agenda Item 11: Implementation of the Medium- term programme framework 2002-2005**

In conformity with the Business Plan and the General Conference resolution on the Medium-term Programme Framework, 2002-2005 (GC.9/Res.2), UNIDO should focus its technical cooperation activities in the areas where it has proven to have greater strength, expertise and experience than other agencies. UNIDO must meet the challenges of the emerging interests and concerns of developing countries, which are facing changing conditions in international trade and as investment as a result of the process of globalization process. In this regard the Group welcomes the establishment of an Informal Consultative Group on Trade Facilitation to outline ways and means to provide technical cooperation to the developing countries in quality control, standardization, metrology and certification etc. This should assist developing countries to build up their institutional industrial capacities to enable them to benefit from improvements in market access thereby promoting the rapid and full integration of these countries into the multilateral trading system, particularly in the light of the new round of WTO trade negotiations. The Group would however, like to emphasize that UNIDO's work in the trade facilitation area should complement the work already undertaken by other international organizations specializing in trade such as WTO and UNCTAD without duplication. In this regard we welcome the Memorandum of Understanding signed between UNIDO and WTO during the Cancun Conference to increase cooperation between the two Organizations.

Guided by concrete and real terms in line with our expectations and bearing in mind its size and capabilities, UNIDO should launch initiatives, which are both sustainable and within its reach and based on best management practice, efficient gains and precision in order to productively utilize the scarce financial resources available for the Implementation of the Medium-term Programme Framework. The Group invites the donor community to fund measures to cushion developing countries from the adverse effects of globalization and UNIDO should act as a channel for effective utilization of these resources.

In this context the G-77 and China welcomes the initiative of the Government of Chile, for organizing the Biotechnology Global Forum in Concepción, in March 2004. The Group would also like to thank UNIDO and Member States for their support given to this initiative especially Brazil, Austria, Kenya and China for hosting the preparatory meeting in this regard.

Mr. President,

#### **Agenda Item 12: Medium-term programme framework 2004-2007**

The Group of 77 and China has taken note of Medium-term programme framework 2004-2007 in document GC.10/14, outlining the UNIDO 'Corporate Strategy' in response to the mandates given by the governing bodies and international conferences/agreements. The Group supports the twin objectives of achieving technology diffusion and capacity building in the developing countries for a better market access. It also supports the maximizing of developmental impact of entrepreneurship and SME on the developing countries and economies in transition. Availability of adequate finances and investment promotion such as Foreign Direct Investment (FDI) holds key to technology diffusion, increase productivity and industrial development and therefore the Group would stress the importance of a more proactive role of the Investment and Technology Promotion Offices. In keeping with its Statute, the Business Plan and Strategic Guidelines, UNIDO should continued to contribute towards acceleration of industrial development in developing countries with particular emphasis on alleviation of poverty and uplift and welfare of women and children. A vibrant private sector is important for development of any economy and UNIDO should therefore continue support to build a strong private industrial sector in developing countries. In order to keep its broad field of activity and financial base UNIDO should continue to benefit from multilateral environmental project funding like Montreal Protocol, GEF and Kyoto Protocol.

UNIDO should revitalize its field representation in order to deliver technical cooperation services in the field. The Group further encourages UNIDO to use local expertise in the delivery of its technical cooperation where this suits best. We look forward to the use of new and innovative technologies by UNIDO in order to further its mandate of achieving sustainable industrial development.

UNIDO must sharpen its thrust in agro-related industries. These industries benefit most population in developing countries and their impact addresses the Millennium Development Goals. Linking industries to agriculture is a key component in starting industrial growth and a must for poverty reduction in developing countries. The Group expresses its concern that UNIDO's involvement in agro-industrial development still remains scanty and in the peripheries of industrial development goals.

The Group commends the efforts by the Director General's in participating as a knowledge partner in the Nordic Partnership (NP) initiative to develop, promote and implement new approach on how to integrate sustainable development into the business model. We encourage UNIDO to explore more partnerships of this nature.

The Group hopes that UNIDO could participate actively at the upcoming High-level Conference on South-South Cooperation to be held in Marrakech, Morocco, 16-19 December 2003. The G-77 and China also urges the Conference to adopt the proposed Draft Decision on promotion of South-South cooperation which in our opinion boosts existing efforts in a more harmonized manner.

The Group supports the strong role of UNIDO in the rehabilitation and reconstruction of countries emerging from crisis situation such as Afghanistan, Côte d' Ivoire, Iraq, Kosovo and Rwanda. Accordingly we call for the adoption of the proposed draft decision on the UNIDO activities in countries emerging from crisis situation with particular emphasis on Iraq.

Mr. President,

**Agenda Item 13: Programme and Budgets, 2004-2005**

The G-77 and China wishes to express its support to the decision taken in the 27th session of the IDB regarding the adoption of the Programme and Budget for 2004-2005.

However it is our concern that the reduction of resources under Major Programmes C and D had to be made due to negative growth projected for the operational budget during next biennium. The Group believes that these programmes are the cutting edge of UNIDO's mandate and core business. The G-77 and China cannot over-emphasize the critical importance of ensuring under the provisions of Major Program C so that developing countries and countries with economies in transition have ready access to knowledge, skills and technology relevant to industrial development and economic transformation.

The Group nonetheless notes with appreciation that the proposals entailed in both Program C & are in line with our guiding documents, i.e. business plan, the medium term program framework 2002-2005, and the strategic guidelines "Towards improved UNIDO program delivery". The Group would like to emphasize the understanding reached during the 19th Session of the PBC that some reduction in the original budget proposal would not affect the level of technical cooperation delivery targets and that the present reduction in the budget would not be treated as a precedent for future budgets.

**Agenda Item 14: Activities of the Joint Inspection Unit - JIU Review of management and administration in UNIDO - IDB 27/19, Add.1. Add.2**

The Group of 77 and China has taken note of the document IDB.27/19/Add.1 on JIU Review of Management and Administration in UNIDO and the document IDB.27/19/Add.2 containing the Director-General's comments thereon and has also participated in the preparatory briefings arranged by the Secretariat for Permanent Missions.

The Group is of the view that the JIU report contains some important recommendations which, if carefully implemented, can help improving the programmatic, financial and managerial efficiency of the activities of the Organization. It is encouraging to note that many of the recommendations in the current report of the JIU had already been taken care of by the time the report was issued indicating a proactive corrective approach within the organization. Action has reportedly been initiated on some of other observations of JIU by the Secretariat. The Group appreciates the comprehensive joint briefing by the Secretariat and the JIU which clarified some aspects mentioned in the report.

The Group strongly feels that the Business Plan, the Medium term Programme Framework and the Strategic Guidelines adopted last year by the IDB provide an adequate basis for the activities of UNIDO in line with its goals and objectives. We have to focus on generating additional funding and requisite expertise to implement the technical cooperation delivery.

The Group welcomes the new programming modality, in the form of thematic initiatives introduced by the Secretariat, we share the view that UNIDO should adopt a pilot approach focusing at a first stage on the first three initiatives, namely market access facilitation, rural energy for productive use and post-crisis industrial rehabilitation, evaluate them before introducing new ones.

The Group of 77 and China welcomes the trend of the improvement in recruitment of professional staff in terms of wider geographical and gender balance and urges that more efforts be made to move further in this direction.

The Group is of the view that the Comptroller General's appointment process or reporting line and the terms of reference have to be set in conformity with the constitution and in a way to assure the necessary independence required by the function in order to assist the organization to achieve its goals. The prevailing practices about terms and conditions of employment of Comptroller General in other organizations may also be compiled in order to identify the best of them.

The Secretariat should inform the Member States in due course about various steps taken in the light of the JIU report and their impact on the Organization's efficiency.

Mr. President,

I would like to conclude by assuring you of the fullest cooperation of the Group of 77 and China in carrying forth the responsibilities of presiding this 10th session of General Conference.

Thank you.