



**G-77 and China Statement during the UNIDO PBC 36th session, 29-30 September 2020,
delivered by H.E. Ambassador Maria Cleofe Natividad, Permanent Representative of the
Philippines**

Mr. Chairman, [H.E. Ambassador Mr. J. Antonio Marcondes, Permanent Representative of Brazil]

1. On behalf of the Group of 77 and China, I would like to congratulate you as the Chairman of this current session and other members for their elections to the bureau of this session. I would like to thank the outgoing Chairman, H.E. Mr. Károly DÁN, Permanent Representative of Hungary and his bureau members for all their outstanding work and contributions at the previous session.
2. Taking into account the very difficult circumstances in times of the COVID-19 pandemic, I wish to thank the Secretariat for the timely issuance of documents and organization of various virtual/hybrid briefings to facilitate the deliberations of Member States on various issues of importance. The Group would like to address other agenda items during this session.

Thank you, Mr. Chairman.

Agenda Item 3: Annual Report of the Director General for 2019

Mr. Chairman,

1. The Group thanks the Director General for his introductory remarks and for the Annual Report for 2019 which offers an overview of the achievements and improvements made, as well as challenges faced by the Organization during the past year. The Group wishes to provide the following remarks on the report.
2. At the outset, the Group welcomes the success of the 18th session of UNIDO General Conference held in Abu Dhabi, United Arab Emirates, in November last year. The Abu Dhabi Declaration adopted at the Conference is a milestone document which outlines the way forward for UNIDO in playing a key role in realisation of the 2030 Development Agenda. The Declaration confirms the Organization's mandate of Inclusive and Sustainable Industrial Development (ISID), in particular in aspects of poverty reduction and climate change mitigation, building upon grounds laid by the Lima Declaration of 2013.
3. The Group reaffirms the high importance it attaches to all initiatives, activities, and programmes implemented or planned by the Organization during the period covered in the report. We encourage the Director General and the Secretariat to continue moving forward to a full implementation of the Organization's mandate, thereby advancing progress of developing countries and economies in transition on the path towards economic and social prosperity.

4. The Group commends the Organization for its technical assistance and capacity-building programmes provided to Member States, particularly developing countries and LDCs. Such efforts must continue with a view to strengthen partnership, cooperation, and knowledge-sharing among Member States and other stakeholders, including through South-South, North-South, and triangular cooperation.

5. The Group appreciates the Organization's and the Director General's active contribution towards the achievement of the Sustainable Development Goals (SDGs) by participating in various activities throughout 2019, such as the SDG Summit and the Climate Action Summit. We are pleased to note the Organization's role in the promotion of low-emission climate-resilient practices in industrial sector has been included in the in-depth review of SDG13 (Climate action) implementation at the 2019 High-Level Political Forum on Sustainable Development (HLPF).

6. The Group notes with satisfaction that the amount of funding secured in the past year from external sources for projects and programmes to be implemented by UNIDO amounts to the unprecedentedly high figure of 586.6 million USD, of which 198.5 million USD has been mobilized and utilized in 2019. This record stands testament to UNIDO's relevance as key player among global development organizations.

7. With regard to the Programme for Country Partnership (PCP), the Group has followed the implementation of PCPs in Ethiopia, Peru, Senegal, Cambodia, Kyrgyzstan, Morocco, Cote d'Ivoire, Egypt, Rwanda, and Zambia, with great interest. We look forward to the expansion of PCP to other members of the Group, upon their request.

8. Last but not least, the Group welcomes significant progress in the implementation of the Medium-Term Programme Framework (MTPF) for 2018-2021 and the application of Integrated Results and Performance Framework (IRPF) in preparation of this report. Such improvement allows for a clearer comparison and analysis of the Organization's achievements both in quantitative and qualitative terms, and therefore should continue in future reports.

9. With these remarks, the Group takes note of the Annual Report of the Director General for 2019 as submitted in document IDB.48/2-PBC.36/2.

Thank you, Mr. Chairman.

Agenda Item 4: Report of the External Auditor for 2019

Mr. Chairman,

1. The Group of 77 and China recognizes and takes note of the Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year starting from 1 January to 31 December 2019, as contained in Document IDB.48/3 PBC.36/3.

2. The Group, while acknowledging UNIDO's efforts to comply with the recommendations of the prior year's audit findings, has observed that there appears to be a slow-down in the rate of compliance compared to 2018: of the 63 recommendations in 2019, the Organization was able to

close 18 items, which represent 29 percent of the issues found, compared to the 41 percent closure in 2018; 37 items, or 59 percent, are undergoing implementation compared to 51 percent in 2018. Furthermore, while the percentage of items that have yet to be implemented remains at 13 percent, the actual number has doubled from four in 2018 to eight in 2019. The Group, therefore, strongly encourages UNIDO to address these recommendations to improve its operational effectiveness and efficiency.

3. The Group positively notes that assessed contributions for 2019 improved slightly from the previous year, standing at 68.36 million Euro, vis-à-vis 68.35 million Euro in 2018, as well as an increase in the rate of collection to 92.6 percent for the 2018-2019 biennium. However, the Group also notes that while the utilization rate increased to 96 percent in 2019 due to the conscious effort by UNIDO to increase utilization, the overall utilization rate for the biennium 2018-2019 continued to drop over time to 90.2 percent. Thus, it remains crucial for Member States to fulfill their financial obligations in full and on time for the Organization to deliver its operations to its full capacity, according to the needs and priorities of Member States.

4. The Group expresses deep concern over the continuing deficit incurred by UNIDO since the last audit year, which stands at 13.64 million Euros in 2019. With the increased contribution to the United Nations Development System reforms and the 13.25 million Euro uncollected voluntary contributions receivables at the end of 2019. It is crucial now, more than ever, for the Organization to strike a balance between its revenue and expenditures by continuing to increase the efficiency of its operations through innovative use of its available resources.

5. The Group likewise notes that while the Organization has not fully rebounded from the decline in its revenue in 2018, it was able to improve slightly from 236.94 million Euro in 2018 to 239.86 million Euro in 2019. The Group strongly encourages UNIDO to move along this path and to continue to find ways to further increase its income moving forward.

6. The Group acknowledges the initiative of the External Auditor to include in their review the Organization's Enterprise Risk Management, Fraud Risk Management and Procurement, with the view to adding value to the management and governance of UNIDO to strengthen its core mandate.

7. The Group continues to note that funding for After Service Health Insurance (ASHI) remains an area of concern as one of the long-term liabilities for the Organization, and takes cognizance of the recommendation of the External Auditors for UNIDO to come up with a time-bound plan to set up partial funding for ASHI comparable with other UN funding models. The Group notes the outcome of the Inter Agency Working Group on ASHI and looks forward to continuing the discussion in the Informal Working Group of the PBC.

8. The Group takes note of the findings of the External Auditor and expresses its support for the twenty-nine recommendations embodied in the report. The Group strongly encourages the Secretariat to implement the various measures identified by the External Auditor to further enhance the transparency and accountability in the Organization that will, in turn, increase the Organization's efficiency and effectiveness.

9. The Group recognizes the challenges that continue to lay ahead for UNIDO, particularly with regard the impact of the COVID-19 virus to both the organization and its Member States. Towards this end, the Group strongly encourages the Organization to carry on with its initiatives that aim to streamline, rationalize, capacitate, and improve UNIDO's management and operation.

10. Before closing this agenda item, the Group expresses its deep appreciation to Mr. Michael Aguinaldo and the Commission of Audit of the Republic of the Philippines for their exemplary contribution and consummate work as the External Auditor of UNIDO for the biennium 2018-2019. The Group also welcomes and looks forward to Mr. Aleksei Kudrin and the Accounts Chamber of the Russian Federation as the Organization's External Auditor for the biennium 2020-2021.

Thank you, Mr. Chairman.

Agenda item 5: Financial situation of UNIDO, including unutilized balances of appropriations

Mr. Chairman,

1. The Group of 77 and China takes note of the report on the Financial Situation of the UNIDO as contained in document IDB.48/5-PBC.36/5. The Group expresses concern on the collection rate of 2020 assessed contributions compared to the rates in previous years, which were more appreciable.

2. The Group is pleased with the establishment of the informal working group on Programme and Budget Committee and progresses made, which allows both Secretariat and Member States to continue to exchange views on possible measures to address the impact of decreased contributions on the operations of the Organization.

3. The Group continues to encourage Member States of timely payment of their contributions in full in order to maintain a healthy and stable financial outlook for the Organization even in face of the pandemic. A sufficient, assured and predictable funding is vital for UNIDO to effectively deliver its core mandate of SDGs 9 (Promotion of inclusive and sustainable industrial development), in safeguarding the environment in developing countries particularly LDCs.

4. The Group requests the Secretariat to inform Member States of the possible measures to address the outstanding arrears. The Group reiterates its stance and urges secretariat to intensify its efforts towards former members to settle their arrears including advances to the Working Capital Fund.

5. The Group wishes to thank and commend Member States who voluntarily relinquished their Unutilized Balances of appropriation to the Organization to finance the funding gap at the 18th Session of the General Conference in Abu Dhabi and appeals for more Member States to support in that regard. It also wishes to acknowledge the efforts of Donor Governments, the EU and other partners for their immense contributions.

6. With these comments, the Group of 77 and China supports the adoption of the draft decision on agenda item 5 as recommended by the 36th session of the Programme and Budget Committee.

Thank you, Mr. Chairman.

Agenda Item 6: Report by the informal working group on Programme and Budget Committee related issues

Mr. Chairman,

1. The Group of 77 and China would like to reiterate its appreciation of the work undertaken by the Informal Working Group (IWG) on Programme and Budget Committee. Indeed, the IWG serves as a good platform for both Secretariat and Member States to explore possible recommendations on important issues. The Group believes that the IWG is a valuable platform for dialogue on how to take UNIDO forward and support its work, and that it has the potential to be expanded to a platform within the Organization for discussions on global issues concerning industrialization.

2. The Group acknowledges the work and discussion on relevant topics that include Facilitating the full and timely collection of assessed contributions and improving the financial situation of UNIDO, After-Service Health Insurance (ASHI) and the results of the Full Cost Recovery (FCR), Technical Cooperation challenges, assessed contributions and the Working Capital Fund (WCF).

3. The Group looks forward to further discussions in the IWG about improving the timely and full collection of assessed contributions, considering the circumstances that may hinder the ability of Member States to meet their financial obligations.

4. The Group of 77 and China is particularly grateful for the dedication and leadership of the co-chairs of the Islamic Republic of Iran and Switzerland.

Thank you, Mr. Chairman.

Agenda item 7: Mobilization of Financial Resources

Mr. Chairman,

1. The Group of 77 and China takes note of the Director-General's report on mobilization of financial resources as contained in IDB.48/7- PBC.36/7.

2. The Group attaches great importance for the Organization to have a sufficient and predictable funding to enable UNIDO to fully and effectively deliver its core mandate and activities.

3. The Group encourages all donors to consider contributing programmable funds, specifically to enable UNIDO to respond rapidly to requests for assistance and develop and implement its programmatic activities in a prompt and coordinated manner.

4. The Group appeals to Member States to further consider contributing to UNIDO to enable the Organization to work with funding sources that require co-funding, either through contributing to the dedicated trust funds or by special purpose funding at country, regional or global level.

5. The Group welcomes the on-going efforts of the Secretariat to address the financial constraints of the Organization through the establishment of Partnership Trust Fund as well as the Special Account of Voluntary Contributions for Core Activities (SAVCCA) and the Major Capital Investment Fund (MCIF).

6. The Group therefore supports the adoption of the draft decision on this agenda item 7 with the above comments.

Thank you, Mr. Chairman.

Agenda Item 9: Third Industrial Development Decade for Africa

Mr. Chairman,

1. The Group of G77 and China has taken note – with appreciation - of the Report on the Third Industrial Development Decade for Africa (IDDA III) and we have the following points to make:

2. The Group would like to see a further expansion of the Programme Country Partnerships (PCPs) and Country Programmes (CPs) in the African continent and it believes that it is necessary that the Secretariat would indicate more clearly about the targeted African countries where it intends to expand its activities to, in comparison with the existing number. This expansion would certainly provide more support to the African countries that do not have at the moment CPs and are not included in the PCPs.

3. Furthermore, the Group would also highly appreciate if the Secretariat could provide more information about the application plans and the next steps for the recommendations resulting from the comprehensive overview of the programmes and projects that have been mapped using the data collection tool in the nearest time possible. Such plans and strategies are of the utmost importance and the Group would highly encourage the Secretariat of UNIDO to pursue this matter with the urgency it deserves.

4. The Group is convinced that the operationalization of the IDDA III Secretariat is of significant importance as its role in the implementation of the various strategies and policies related to Africa will be vital in the success of the plans connected with the IDDA III.

Thank you, Mr. Chairman.

Agenda Item 11: UNIDO's response to the COVID-19 pandemic

Mr. Chairman,

1. The Group of 77 and China has taken note of the report of the Director General on UNIDO's response to the COVID-19 pandemic and it highly appreciates the efforts exerted by the Director General and the Secretariat of UNIDO in this respect, especially that they have a tangible role in mitigating the negative impacts and repercussions of COVID-19 worldwide.

Mr. Chairman,

2. The Group is certainly looking forward to the continued efforts of UNIDO, and the other United Nations and international organizations and institutions, in assisting the countries that were affected the most by the impact of COVID-19 and is looking forward to receiving frequent reports about the progress of these efforts.

3. Additionally, the Group would like to encourage the Secretariat to intensify its efforts, in collaboration with other UN organizations and agencies, to make sure that the most vulnerable and affected countries by the virus are provided with the capacity and the opportunities to have a continued access to: the Personal Protective Equipment (PPEs), which are needed for the sustained operation of their vital services and for the daily life activities; the means to dispose of the consumed medical items safely after usage; and the provision of additional equipment needed to deal with the various aspects of handling the medical issues related to COVID-19, including the means for the production and fair distribution of the expected vaccine of COVID-19.

4. Finally, the Group of 77 and China invites the Secretariat to expand its contacts with the International Financial Institutions, including those which belong to the private sector, in order to provide additional support, on an equal and fair manner, for its efforts aiming at mitigating the impact of COVID-19 on the Inclusive and Sustainable Industrial Development, and to facilitate the recovery of the industrial sector, especially in the countries that were affected the most.

Thank you, Mr. Chairman.