



**G-77 and China Statement during the UNIDO PBC 37<sup>th</sup> session, 26-28 May 2021,  
delivered by H.E. Ambassador Alejandro Solano Ortiz,  
Permanent Representative of Costa Rica**

Madam Chairperson, [H.E. Madam Faouzia Mebarki, Ambassador, Permanent Representative of Algeria]

**Agenda item 3: Annual Report of the Director General for 2020**

Madam Chairperson,

1. On behalf of the Group of 77 and China, allow me, to congratulate you, your Excellency Madam Faouzia Mebarki, on your election as the Chair of this very important Committee within the UNIDO functional system. Let me also congratulate the other Members of the Bureau. We are confident that under your able leadership, we will have fruitful deliberations during this session.
2. Rest assured of our full cooperation and active participation during the Session. We endeavour to make your work easier, by contribution meaningfully on matters pertinent to the Group.
3. The Group would like to pay tribute to H.E. Ambassador Antonio Marcondes, Permanent Representative of Brazil and members of his Bureau, during the 36<sup>th</sup> session of the Programme and Budget Committee, for the sterling work done at that Session, despite the challenges faced as a result of the COVID-19 pandemic.
4. I would be remiss if I did not thank the Director General, LI Yong for his tireless efforts, dedication and demonstrated leadership to the service of the Organisation.

Madam Chairperson,

5. The Group takes note of the annual report of the Director General and commends him and the Secretariat for having been able to continue with industrial development programmes, despite the many challenges brought about by the COVID-19 pandemic. As can be deduced from the report, the Organisation has navigated its work in a professional way, and, despite those challenges.
6. The report highlighted very important key areas, which are all guided by the Lima Declaration of 2013, which called on UNIDO to assist Member States towards the goal of inclusive and sustainable industrial development, to expand and enhance domestic entrepreneurial and technological capabilities, the inclusion and adoption of Goal 9 of the SDG into the activities of UNIDO programmes in the 2030 Agenda for Sustainable Industrial Development in 2015 and the Abu Dhabi Declaration of 2019.
7. The Group notes that the COVID-19 pandemic has affected all countries of the world, in areas of financial stability, people losing their jobs, industries absorbed shocks as manufacturing took a big hit and the global value chains were disrupted as a result.
8. As correctly stated, the Abu Dhabi Declaration of 2019 have added impetus to the work of the organization to enable it to navigate its activities in order to achieve Inclusive and Sustainable Industrial Development.

9. The Group notes with satisfaction, UNIDO support and commitment to the policy of Inclusive and Sustainable Industrial Development, which is at the core of the aspiration of the developing countries.

10. The Group calls for increased support from international donors to assist the developing countries achieve their developmental objectives and request the Director General to continue to strengthen partnerships as well as South-South, North-South and triangular cooperation.

I thank you, Madam Chairperson.

#### **Agenda item 4: Report of the External Auditor**

Madam Chairperson,

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 2020, as contained in Document IDB.49/3 PBC.37/3 and thank Mr. Alexei Kudrin and the Accounts Chamber of the Russian Federation for this report.

2. The Group welcomes the approach taken by the External Auditor to focus on three main areas of audit for UNIDO, namely, financial statements audit, performance audit and IT audit, with the last including IT general controls and cybersecurity assessment.

3. We appreciate that the External Auditor has taken into account the 73 recommendations of the previous External Auditor, which provides continuity to the audit process for UNIDO, and we note that the Organization managed to improve its rate of compliance from 29 percent in 2019 to 51 percent in 2020, while reducing ongoing recommendations from 59 percent to 30 percent and unimplemented recommendations from 13 percent to 12 percent, year on year. We encourage UNIDO to close these gaps further moving forward.

4. We take note of the 34 audit observations made for 2020 and, in this regard, also welcome the creation of a classification system for these observations, which categorize them as critical, high, medium, or low priority in terms of action to be undertaken. We view this system as a useful guide for UNIDO's planning and implementation methodology.

5. We also note that of these 34 audit observations, 12 are considered critical or high priority, representing 35 percent of the observations; 16, or 47 percent, are of medium priority; and 6, or 18 percent, are deemed low priority. While acknowledging that UNIDO had already resolved two of the high priority findings, we encourage the Organization to continue working on the partially resolved observations and to address the still-open issues in the report, regardless of their identified priority rankings.

6. We express concern over the findings of the External Auditor that there are weaknesses in the information security technical controls and processes of UNIDO that could make it vulnerable to cyber attacks, and that gaps are also present in the Organization's IT general controls that may affect the reliability and integrity of key applications used by UNIDO. We strongly urge the Organization to apply measures to strengthen its IT infrastructure and close the gaps in its systems to protect valuable information and data of all its stakeholders.

7. We are likewise concerned that the timely collection of Assessed Contributions, as well as other receivables, remains a challenge, and that this situation continues to have an adverse impact on the effective and efficient utilization of UNIDO's budget. Thus, it is 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.

8. We continue to note that funding for After Service Health Insurance, or ASHI, remains an area of concern as one of the long-term liabilities for the Organization, and we look forward to continuing the discussion in the Informal Working Group of the PBC with the view to arriving at a viable solution to this issue.

9. The Group acknowledges that the difficulties brought about by the COVID-19 virus to both the Organization and its Member States since 2020 continue to follow us in 2021, and perhaps even into the near future. 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.

Thank you, Madam Chairperson.

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

Madam Chairperson,

1. The Group of 77 and China takes note of the report on the Financial Situation of UNIDO as contained in document IDB.49/4-PBC.37/4.

2. The Group expresses its concern over the financial situation of the Organization, which may have repercussions on the Secretariat's operations and major programme activities and ultimately on an effective and efficient execution of UNIDO's mandate.

3. The Group appreciates the improved collection rate of 2021 assessed contributions as compared to the 2020 and 2019. To this end, the Group commends those Member States, which paid their assessed contributions on time.

4. The Group continues to encourage Member States for 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).

5. The Group also appreciates slight improvement in the rate of collection of prior years' arrears. In this regard, the Group encourages the Members States in arrears to consider concluding multi-year payment plans to settle outstanding assessed contributions.

6. The Group notes with appreciation that the amount of €18,205 in unspent balances of appropriations had been renounced to help finance the budgetary gap. The Group appreciates those Member States which renounced their share of unutilized balances to finance the budgetary gap and appeals to more Member States to follow suit.

7. The Group appreciates the efforts of the Director General to reach out to former Member States to settle their arrears including advances to the Working Capital Fund, and urges him to continue his efforts to improve the financial situation of the Organization.

8. The Group wishes to acknowledge the efforts of Donor Governments, the EU, the international financial institutions and other partners from the donor community for their immense contributions.

9. With these comments, the Group of 77 and China supports the adoption of the draft decision on agenda item 5 as recommended by the 37<sup>th</sup> session of the Programme and Budget Committee.

Thank you, Madam Chairperson.

## **Agenda item 6: Report of the informal working group on Programme and Budget Committee-related issues**

Madam Chairperson,

1. The Group of 77 and China continues to appreciate the work undertaken by the Informal Working Group on Programme and Budget Committee and is particularly grateful for the dedication and leadership of the co-chairs from the Islamic Republic of Iran and Poland, whom we warmly welcome. We also take this opportunity to thank Switzerland for the exemplary work as previous co-chair of the IWG.
2. Indeed, the IWG serves as a good platform for both Secretariat and Member States to explore possible recommendations on important issues and the Group believes that the IWG is a valuable venue 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 future discussions on industrialization, including the fourth industrial revolution and circular economy.
3. The Group acknowledges the work and discussion in the IWG over the last several weeks, particularly on the UNIDO Programme and Budget for the biennium 2022-2023, as well as on the Working Capital Fund (WCF).
4. The Group notes that the prevailing situation brought about by COVID-19 has greatly affected the number of meetings of the IWG since 2020. Nonetheless, we look forward to future discussions in the IWG on matters of importance to Member States, including the After-Service Health Insurance, technical cooperation challenges, and 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.

Thank you, Madam Chairperson.

## **Agenda item 7: Programme and budgets, 2022-2023**

Madam Chairperson,

1. The Group takes note of the proposed Programme and Budgets 2022-2023 as presented in document PBC.37/5-IDB.47/5, which contains the proposals of the Director General for the biennium 2022-2023.
2. The Group takes note of the effort of UNIDO to comply with decision GC.18/Dec.14 of the 18th General Conference in 2019 to draft the 2022-2023 budget according to results-based budgeting principles and its response to calls from Member States to present a zero-growth programme for the next biennium.
3. The Group recognizes the challenges working within limited resources, balancing savings and income with expenditures and obligations, and coping with shifting demands due to unforeseen circumstances, such as the prevailing COVID-19 pandemic, which has negatively impacted many Member States. We therefore strongly urge UNIDO to come up with a genuine zero-growth budget without sacrificing the quality of service delivered to stakeholders, particularly in the area of technical cooperation.
4. The Group encourages UNIDO to find a solution to ensure that the Organization is responsibly flexible in terms of moving resources between objects of expenditure to deal with future exigencies.
5. While the Group welcomes the continuation of UNIDO's initiatives towards improving the human resources management and gender mainstreaming, it also continues to convey its

request for the Director General to enhance the efforts to recruit and promote professionals from under-represented regions, especially in higher management positions.

Thank you, Madam Chairperson.

### **Agenda item 15: UNIDO's response to the COVID-19 pandemic**

Madam Chairperson,

1. Having taken note of the report by Director General on UNIDO's response to the COVID-19 pandemic, the Group of 77 and China highly appreciates the great efforts of the Director General and the Secretariat of UNIDO to mitigate the impacts of the pandemic. We commend the substantial support of UNIDO to the affected developing countries by the pandemic.

2. The COVID-19 pandemic both devastates and disrupts economic activities, industries and global trade worldwide. It has pushed nearly 131 million additional people into poverty in 2020. The Group of 77 and China alert that the pandemic will cause a delay and jeopardise the achievement of the 2030 Agenda for Sustainable Development. With the different paces of economic recoveries in different countries, the North and the South will further widen their development gap in the near future. This pandemic raises many uncertainties to the world economy and brings instabilities to the noble idea, the applications and the implementation of sustainable development.

3. This pandemic and its socioeconomic consequences has underscored the necessity of strengthening the international cooperation and the multilateral institutions including UNIDO. In this situation, inclusive and sustainable industrial development will remain a key priority for the economic recovery from the pandemic. Towards UNIDO's "build back better" objective, the organization can play a key role within its mandate through its technical expertise in industrial development.

4. As the pandemic continues, challenges and risks in public health, economic developments and social stability remains strenuous to many developing countries. The Group of 77 and China, therefore, propose to the Secretariat to take the pandemic-responsive work as a key priority, and take the following actions:

- a) to continue collaborations with other International Organizations to provide necessary assistance in the production or procurement of Personal Protective Equipment (PPEs), and access to ventilators to all developing countries in need;
- b) to collaborate with other International Organizations directly and effectively so as to provide to developing countries more opportunities to access the vaccines on equitable and fair conditions and assistance for the development and production of vaccines by pharmaceutical companies in developing countries;
- c) to expand its contacts with international donors at the bilateral, regional and global levels to mobilize more financial resources to support the developing countries in their effort to overcome the severe impacts of the COVID-19 pandemic;
- d) to enhance the technical cooperation programs in a way to facilitate the digital transformation in developing countries, and promote industrial development through digital technologies in the process of COVID-19 recovery.

Thank you, Madam Chairperson.

## **Agenda item 16: Third Industrial Development Decade for Africa (IDDA III)**

Madam Chairperson,

1. The Group of 77 and China has taken note of the Report on the Third Industrial Development Decade for Africa (IDDA III) and it would like to thank the Director General of UNIDO and the Secretariat regarding their efforts in relation to this subject.

2. The Group noted also with appreciation the efforts exerted by UNIDO, during the period covered by the report, which aimed at expanding the Programme for Country Partnership (PCP) and Country Programs (CPs) of UNIDO in Africa, considering that their importance is increasingly significant during these challenging times, which are marked by the severe ramifications of the spread of the COVID-19 virus in Africa and elsewhere in the world.

3. The Group believes that UNIDO should continue to intensify and expand its cooperation efforts with more African countries to mitigate the impact of COVID-19 on the inclusive and sustainable industrial development, and to work closely with the African Union and the regional and subregional organizations, as well as the International Financial Institutions, to achieve this goal in the short term and with an expedited pace.

Madam Chairperson,

4. It is the wish of the Group also to express its gratitude to the Secretariat of UNIDO for the expansion of its efforts in terms of the projects implemented in Africa, particularly the work aiming at providing support towards the development of national strategies for implementing the African Continental Free Trade Area (AfCFTA), which will identify opportunities for value addition and expansion of trade; and would create awareness of the current constraints and actions required to take full advantage of national, regional and global markets in the context of the AfCFTA. This is also beside other projects like those aiming at supporting the Pharmaceutical Manufacturing Capacities in Africa; provide more opportunities for the youth; and boosting the digitalization and technology transfer endeavors aiming at modernizing the industrial sectors of the African countries.

5. Finally, the Group continues to look forward to finalizing the structure of the IDDA III Secretariat, noting that it highly appreciates the steps that had been taken during the recent months to assign the staff of the Secretariat and wishes to see the quick initiation of the activities by the new Secretariat before the end of the summer.

Thank you, Madam Chairperson.