



**G-77 and China Statement during the UNIDO PBC 38th session, 21-22 June 2022,
delivered by H.E. Ambassador Azzedine Farhane,
Permanent Representative of Morocco**

Mr. Chair, [H.E. Ambassador Alessandro Cortese, Permanent Representative of Italy]

1. On behalf of the Group of 77 and China, allow me, to congratulate you, Excellency Ambassador Alessandro Cortese, on your election as the Chairperson of this 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, contributing meaningfully on matters pertinent to the Group.
3. The Group would like to commend to H.E. Ambassador Madam Faouzia Mebarki, Permanent Representative of Algeria and members of her Bureau, during the 37th session of the Programme and Budget Committee, despite the COVID-19 pandemic.
4. The Group takes note of Director General Gerd Müller introductory remarks during his first session of the PBC and reassures the Group's support for his efforts in leading this Organization.
5. The Group also wishes to thank the Secretariat for the timely issuance of documents and will address agenda items 3, 4, 5, 6, 7, 10 and 12 of this session.

Agenda item 3: Annual Report of the Director General for 2021

Mr. Chair,

1. The Group expresses its appreciation to the Director General for the Annual Report for 2021, 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 19th session of the UNIDO General Conference held in Vienna, Austria, in November last year and wishes to thank the former Director General Mr. LI Yong for his exemplary work in 2021.
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 to 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, middle-income countries and Least Developed Countries. Such efforts must continue with a view to strengthen partnership, cooperation, and knowledge-sharing among Member States as well as with other stakeholders, including through South-South, North-South, and triangular cooperation.
5. The Group appreciates the Organization's continued contribution towards the achievement of the Sustainable Development Goals (SDGs) by participating in various activities throughout 2021, including in the High-Level Political Forum on Sustainable Development as it reviewed SDGs 1, 2, 3, 8, 10, 12, 13, 16 and 17. We are also pleased that

the Organization through the Industrial Development Board submitted its inputs to the HLPF 2022.

6. The Group notes with satisfaction that UNIDO's portfolio of projects and programmes for future implementation amounted to 575.2 million USD in 2021, with 194.7 million USD mobilized in 2021. This 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 Cambodia, Côte d'Ivoire, Egypt, Ethiopia, Kyrgyzstan, Morocco, Peru, Rwanda, Senegal, Tanzania and Zambia, with great interest. We look forward to the expansion of PCPs to other members of the Group, upon their request. We also attach great importance to the successful implementation of the Country Programmes (CPs) in Member States.

8. Finally, 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 for 2021, as submitted in document IDB.50/2-PBC.38/2.

Thank you, Mr. Chair.

Agenda item 4: Report of the External Auditor for 2021

Mr. Chair,

1. The Group of 77 and China 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 2021, as contained in Document IDB.50/3 PBC.38/3 and thanks Mr. Alexei Kudrin and the Accounts Chamber of the Russian Federation for this report.

2. The Group welcomes the continuation of 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, as well as the inclusion of a section on innovations with optional recommendations to add value to the audit report.

3. We are pleased with the sustained views of the classification system, which categorize the findings as critical, high, medium, or low priority in terms of action to be undertaken. We remain of the view that this methodology is a useful tool to make maximum use of UNIDO's limited resources.

4. We note with concern that of the sixty recommendations from prior years that have been validated by the External Auditor, the current rate of implementation stands at only 40 percent, which is lower than 51 percent rate of implementation in 2020. The situation has resulted in the raise of unimplemented recommendations to 17 percent from just 12 percent in 2020, while ongoing action on recommendations have increased to 43 percent compared to 30 percent in 2020. We therefore encourage UNIDO to strengthen its efforts to further improve its rate of compliance with the recommendations of the External Auditor.

5. We encourage the Organization to continue working on the partially resolved observations and to address the still-open and ongoing issues in the report, regardless of their identified priority rankings.

6. We express concern that the three critical issues identified by the External Auditor continue in the area of Information Technology General Controls, with two of them only partially remediated and one not remediated. We strongly urge the Organization to carry on applying measures to strengthen its IT infrastructure and close the gaps in its systems to protect system integrity and data consistency.

7. 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 on PBC-related issues with the view to arriving at a viable solution to this issue.

Thank you, Mr. Chair.

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

Mr. Chair,

1. The Group of 77 and China takes note of the report on the Financial Situation of UNIDO as contained in document IDB.50/4-PBC.38/4 and welcomes the improved collection rate of 2022 assessed contributions as compared to the 2021 and 2020 and commends those Member States, which paid their assessed contributions on time.

2. The Group encourages Member States to continue timely payments of their contributions in full in order to maintain a healthy and stable financial outlook for the Organization even as countries recover from the impact of the pandemic and other challenges. Predictable, sufficient and assured funding remains vital for UNIDO to effectively deliver its core mandate of SDG 9 (Promotion of inclusive and sustainable industrial development).

3. The Group takes note of the improvement in the rate of collection of prior years' arrears, which is now 3.6 percent, up from 3.3 percent earlier. In this regard, the Group encourages the Members States in arrears to consider concluding multi-year payment plans to settle outstanding assessed contributions.

4. 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. The Group also acknowledges the amount of €1,585,882 in unspent balances of appropriations which have been renounced for various purposes including to help finance the budgetary gap.

5. The Group values 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.

6. The Group also wishes to acknowledge the efforts of Donor Governments, international financial institutions and other partners from the donor community for their contributions and encourage them to continue contributing to the Organization.

7. With these comments, the Group of 77 and China supports the adoption of the draft decision on agenda item 5 as recommended by the 38th session of the Programme and Budget Committee.

I thank you Mr. Chair.

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

Mr. Chair,

1. The Group of 77 and China continues to appreciate the work undertaken by the Informal Working Group on Programme and Budget Committee (IWG) and is particularly grateful for the dedication and leadership of the co-chairs from Poland and India, whom we warmly welcome. We also take this opportunity to thank Iran for the exemplary work as previous co-chair of the IWG.
2. The Group is appreciative of the mandate of the IWG and believes it to be a valuable platform for both Secretariat and Member States to deliberate and explore possible recommendations on important issues, including the programme and budgets of UNIDO. The Group also believes that the IWG's mandate has the potential to be expanded further to include discussions on emergent issues within the overall mandate and objectives of UNIDO. Agreed ad ref.
3. The Group welcomes the topics that have been identified by the IWG for its consideration in 2022. The topics like gender equity and personnel matters; efficiency and effectiveness of the programme and budgets implementation, the financial situation of UNIDO etc. are of deep interest to the Group Member States, who look forward to participate in the discussions on these matters in the IWG.
4. The Group encourages all Member States to continue participating in the meetings of the IWG in the coming months.

I thank you, Mr. Chair.

Agenda item 7: Mobilization of financial resources

Mr. Chair,

1. The Group of 77 and China takes note of the Director-General's report on mobilization of financial resources as contained in IDB.50/7- PBC.38/7.
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, coordinated and equitable 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 takes note of the initiatives of the Secretariat to achieve savings and increase the efficiency of the Organization, and urges the Director General to accelerate and deepen these initiatives for the efficient use of available resources, and invites him, to continue searching for diverse and innovative funding sources.
6. 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).

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

Thank you, Mr. Chair.

Agenda item 10: Third Industrial Development Decade for Africa (IDDA III) (South Africa)

Mr. Chair,

1. The Group of 77 and China, takes note of the report on the Third Industrial Development Decade for Africa (IDDA III) as well as the Report by the Director General (PBC.38/10-IDB.50/10) which also highlights the progress made in the implementation of the Third Industrial Development Decade.

2. The Group reiterates UNIDO's role as the central coordinator of international industrial cooperation towards inclusive and sustainable industrial development in the United Nations system. To this end, the Group expresses its appreciation to the Director General of UNIDO, for preparing the UNIDO Africa Strategy, which will give greater impetus to the IDDA 3.

3. The Group appreciates the efforts taken by UNIDO in the implementation of the Third Industrial Development Decade for Africa, which has firmly anchored Africa on a path towards inclusive and sustainable industrial development.

4. The Group welcomes the African Union Summit on Africa's Industrialization and Economic Diversification scheduled to be held in the Republic of Niger from 20 to 25 November 2022 and hopes it will assist in unlocking the continent's potential by integrating key socio-economic interlinkages and deepen regional integration, as well as interregional cooperation.

5. The Group also acknowledges with appreciation the development assistance provided by UNIDO to enhance the capacities of African countries to benefit from the 4th Industrial Revolution. The Group is confident that UNIDO is uniquely placed to offer strategic support in technology transfer and capacity building through educational and vocational training with enhanced focus on African women and youth.

6. The Group therefore welcomes the expansion of the Programme for Country Partnership (PCP) network on the African continent, which has steadily increased to eleven countries, demonstrating the intrinsic value of the network for the benefit of the region and the continent.

Mr. Chair,

7. In order to further enhance economic growth on the African continent, the Group encourages UNIDO to align with the African Free Trade Agreement (AfCFTA), which also contains targets for sustainable and inclusive growth. The emphasis should be on building systemic resilience through local manufacturing, energy efficiency and through sustainable alternatives, green technology harmonization of standards, and building local and human capacity to respond to both internal and external stresses.

8. The Group stresses the importance of the full implementation of the Joint Road Map and is hopeful that the recruitment process of the IDDA III Secretariat will be finalized to operationalize the IDDA III Joint Roadmap.

9. The Group also encourages UNIDO to continue collaborating with Member States, strategic development partners, other United Nations and inter-governmental agencies, as well as development finance institutions to support the implementation of objectives of the IDDA III. Creating synergies between UNIDO and the African Union would assist in building technical competencies and policy knowledge to develop and implement regional and continental industrial initiatives.

Mr. Chair,

10. To conclude, the Group of 77 and China is confident that UNIDO would contribute to realizing Africa's socio-economic potential through the vehicle of the IDDA III.

Thank you, Mr. Chair.

Agenda item 12: UNIDO's response to the COVID-19 pandemic (Kenya)

Mr. Chair,

1. The Group of 77 and China takes note of the report by Director General on UNIDO's response to the COVID-19 pandemic, and appreciates the great efforts of the Director General and the Secretariat of UNIDO in mitigating the impacts of the pandemic. The Group further commends the substantial support by UNIDO to developing countries affected by the pandemic, particularly the support to Member States to mainstream activities and engagements so as to ensure greater resilience and improved pandemic preparedness.

2. The COVID-19 pandemic which devastated and disrupted global supply chains, had a disproportionately large impact on production, businesses and livelihoods particularly in developing countries and slowed the progress towards the achievement of the 2030 Agenda for Sustainable Development.

3. The Group of 77 and China notes that, through the UNIDO's framework Responding to the crisis: building a better future, the organization responded to the needs of Member States, helping them to manage the pandemic through five areas espoused in the framework, namely: analysis, advice and knowledge sharing; innovation, investment and technology transfer; support to small and medium enterprises; quality standards and local production; and management of medical waste. UNIDO's strategy has contributed to improving methodologies and approaches to COVID-19 recovery towards inclusive and sustainable development.

Mr. Chair,

4. Even though the COVID 19 Pandemic is not over, many countries are opening up albeit cautiously. It is now time to revive socioeconomic sectors through wide-ranging sustainable development strategies. In addition, to jump-start the world economies we need to collectively look at the socioeconomic consequences and lessons learnt, and prioritize investments with large revenue generation and job creation potential to ensure resilient and sustainable recovery.

5. Further, inclusive and sustainable industrial development will remain a key priority for the full economic recovery of economies from the pandemic. In this regard, the Group of 77 and China requests UNIDO to consider the following actions:

a) to continue collaborations and strengthening of international cooperation with other International Organizations to expand its contacts with international donors at the bilateral, regional and global levels, so as to mobilize more financial resources to support developing countries in their effort to recovery from the severe impacts of the COVID-19 pandemic;

b) to enhance the technical cooperation programs including material support, capacity building and training in a way that facilitates the digital transformation in developing countries, and promote industrial development through digital technologies in the process of COVID-19 recovery;

c) to continue its collaboration with other Member States, as well as International Organizations in the provision of opportunities for developing countries to access vaccines on equitable and fair conditions and of assistance for the development and production of vaccines.

Thank you, Mr. Chair.