



**G-77 and China Statement during the 41st session
of the Programme and Budget of UNIDO,
13 – 15 May 2025,
delivered by H.E. Mr. Maurice Makoloo,
Ambassador, Permanent Representative of Kenya**

Agenda item 3: Annual Report of the Director General for 2024

1. On behalf of the Group of 77 and China, I congratulate you, Mr. Jorge Luis Hidalgo, Alternate Permanent Representative of Mexico, on your election as Chair of the Programme and Budget Committee (PBC) of UNIDO, at its 41st session. I also congratulate the other Members of the Bureau on their election.
2. The Group is confident that under your able leadership, this session will lead to fruitful discussions, constructive engagement and productive outcomes that will strengthen the role of UNIDO with the aim of advancing our shared objectives for promoting inclusive and sustainable industrial development.
3. The Group would like to commend His Excellency Ambassador Ferenc Dancs, Permanent Representative of Hungary, and members of his Bureau for the sterling work they carried out during the 40th session of the PBC.
4. The Group takes note of the introductory remarks by Director General Gerd Müller on the activities and achievements of UNIDO as well as his vision, commitments, and efforts for improving the governance of the Organization. We encourage UNIDO to continue working towards full implementation of the Organization's mandate, to further assist developing countries and economies in transition to continue on the path towards economic and social prosperity through industrialization.
5. Regarding the UNIDO Annual Report for 2024, the Group takes note of document PBC.41/2, which presents advancements in fostering inclusive and sustainable industrial development amid global challenges.
6. The Group underscores the great importance it attaches to all the initiatives, activities, and programmes implemented or planned by the Organization during the period covered in the report, as they aim at promoting sustainable industrialization, increasing job opportunities, advancing economic competitiveness and market access, attaining food security, advocating fair and sustainable regional and global supply chains, strengthening regional integration, safeguarding the environment and mitigating climate change-related trade-restrictive measures, including border carbon taxes.
7. In this regard, the Group notes with appreciation UNIDO's efforts in the fields of industrial policy advisory and quality standards services, supporting agro-industrial parks, strengthening SMEs and startups, promoting circular economy, driving clean energy access and climate action and enhancing digitalization and innovation.
8. The Group also takes note of the Global Alliance on Artificial Intelligence for Industry and Manufacturing and recognizes the importance of bridging the digital divide between nations and industries, ensuring that no one is left behind in the AI revolution.

9. The Group acknowledges that funds mobilized by UNIDO in 2024 for technical cooperation reached a total of \$663.6 million and that the technical cooperation delivery increased by 29 per cent compared to 2023, reflecting donors' sustained confidence in UNIDO's capacity to drive sustainable development.
10. The Group encourages UNIDO to strengthen existing and develop new Programme for Country Partnerships (PCPs) with a view to implementing more projects, for example, on agri-food industry, food security, industrial upgrading and adding value to products with high export potential. The Group urges UNIDO to remain resolute in developing concrete and result-oriented partnerships with funding partners and recipient countries to effectively implement national programmes, Country Programmes (CPs) and PCPs.
11. The Group acknowledges the efforts regarding the establishment of 34 new or updated partnerships with the private sector, facilitating collaboration, availing knowledge-sharing, transfer of technology and resource mobilization for impactful projects and underscores the significance of public-private cooperation in advancing sustainable development goals. We also encourage UNIDO to continue strengthening partnerships, cooperation, knowledge-sharing and transfer of technology through North-South, South-South, and triangular cooperation.
12. The Group also reaffirms the importance of guaranteeing predictable, sufficient, and varied funding to support the organization's long-term financial sustainability. We encourage UNIDO to continue exploring innovative and diversified funding sources. In this regard, the Group takes note of the launch of the Transformation Pathways Fund and IFETAA programme, requests further information on the impact, implementation and progress of these initiatives, while stressing the need to expand the scope of beneficiaries.
13. The Group underscores trade and investment restrictive measures that undermine global trade order and global supply chain, diminish the benefits of trade, and weaken competitiveness hamper the efforts of Member States to diversify and modernize their industrial sectors and negatively affect multilateral cooperation.
14. The Group remains strongly convinced that upholding multilateralism, including supporting an effective United Nations development system and avoiding the promulgation and imposition of any unilateral coercive measures and protectionist actions on developing countries not in accordance with international law and the Charter of the United Nations, is essential to improve solidarity and international cooperation framework, safeguard the legitimate interests of all Member States, and reinforce capabilities to attain the Sustainable Development Goals.
15. The Group reiterates its long-standing request for improvements in the equitable geographical distribution of UNIDO personnel, especially at senior and management levels. We again request an update on the impact of structural reforms within the Secretariat, including their influence on staff morale and geographic representation. We believe that equitable distribution is essential to reflect the diversity of Member States and foster greater inclusion.
16. The Group welcomes the ongoing collaboration between the Kingdom of Saudi Arabia and UNIDO regarding the preparations of the twenty-first session on the General Conference to be held in Riyadh from 23 till 27 November 2025.

Thank you, Chair.



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Agenda item 4: Report of the External Auditor for 2024

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 (UNIDO) for the financial year starting from 1 January to 31 December 2024, as contained in Document PBC.41/3 and expresses appreciation to Mr. Ali Rashwan and the Egyptian Accountability State Authority for this report.
2. The Group takes note with appreciation the cooperation extended by UNIDO to the External Auditor, particularly the access to data and information without restrictions and with transparency.
3. The Group welcomes the continuation of the approach by the External Auditor to focus on four main areas of audit, namely, assessing the implementation of the previous external auditors' recommendations, financial audit, performance audit and IT audit, with the aim of providing the best overview of the operations of UNIDO while keeping focus on risks and the interests of key stakeholders.
4. The Group is pleased with the sustained use of the classification system to categorize the findings and recommendations as either critical, high, medium, or low priority in terms of actions to be undertaken. We remain of the view that this methodology is a useful tool to make maximum use of UNIDO's limited resources.
5. In this regard, we note that, 56 of the recommendations by the External Auditor, 18 are considered of high priority, 31 are of medium priority, and 7 are deemed of low priority. The Group notes with appreciation that 11 recommendations have been already implemented, especially regarding the financial statements, and requests the Organization to fully implement all the remaining recommendations on an equal basis.
6. The Group expresses its concerns regarding the findings in the External Auditor report, including those related to:
 - Assets management
 - Lack of administrative authority or responsibility to UNIDO field office managers over the ongoing projects
 - Appointment of new employees from countries that officially withdrew from UNIDO
 - Lack of necessary personnel in field offices
 - Exceeding the annual limit for official travel days and the corresponding United Nations-approved per diem rates
 - Unsettled advance payments to vendors and the non-coordination between the Procurement Department and other departments to review outstanding supplier balances.

- The need for a comprehensive review and update of all IT policies and procedures to align with current operational needs, security requirements, and structural changes within the Organization.

7. The Group further notes with concern that of the 47 recommendations from prior years that have been validated by the External Auditor, only 7 have been implemented, 18 have been partially implemented, while implementation of 14 are ongoing and 8 have not been implemented at all. We call upon UNIDO to strengthen its efforts to improve its rate of compliance with the recommendations of the External Auditor. We urge the Organization to continue working on the partially resolved observations, in particular finalizing the new TC Guidelines and to address the open and ongoing issues in the report, regardless of their identified priority rankings.

8. Concluding, the Group strongly encourages the Organization to carry on all the external and internal auditors recommendations, as it will ultimately contribute to the continuous improvement of the Organization's operations and the sound management of its resources.

Thank you, Chair.



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

Chair,

1. The Group of 77 and China takes note of the report by the Director General on the Financial Situation of UNIDO as contained in document 41/4 and welcomes the marginal improvement in the rate of collection of assessed contributions as at 31 March 2025, compared to those of 2023 and 2024 and commends Member States that have paid their assessed contributions on time.
2. The Group encourages all Member States to pay their assessed contributions in full and on time in order to maintain a healthy and stable financial outlook for the Organization. Predictable, sufficient, and assured funding remains vital for UNIDO to effectively deliver its core mandate of promoting inclusive and sustainable industrial development in Member States, particularly developing countries. In this regard, the Group also recognizes difficulties some Member States experience for reasons beyond their control in paying their full contributions on time.
3. The Group takes note of the rate of collection of prior years' arrears, which is now 0.6 per cent, compared to 2.2 percent in 2024. The Group encourages the Members States in arrears to consider concluding multi-year payment plans to settle outstanding assessed contributions. In this regard, the Group welcomes that nine Member States have expressed their willingness to formalize such payment plans to address their outstanding financial obligations, which amount to a total of €10.8 million as of 31 March 2025.
4. The Group also appreciates the efforts of the Director General to reach out to former Member States to settle their arrears, which amounts €71.15 million, and urges him to continue his efforts to improve the financial situation of the Organization. The Group also encourages the Director General to further expand the discussions with other former Member States to include the possibility of their return to the Organization.

Chair,

5. The Group takes note of the efforts of the Secretariate regarding the search for efficiency, savings, including full cost recovery, modernizing operations through digitalization, automation and artificial intelligence, and streamlining key processes across finance, procurement, human resources and travel management, with the aim to enhance accuracy, decrease processing times and reduce costs.
6. The Group encourages UNIDO to continuously optimize internal management, improve organizational efficiency and effectiveness, and to avoid waste of resources and minimize the financial pressure of Member States.

7. The Group also encourages UNIDO to rationalize the allocation of resources and professional staff on project implementation aimed at technical cooperation (TC) efficiency increase.

I thank you, Chair.



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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 takes note of the document PBC.41/5 and continues to appreciate the work of the Informal Working Group on Programme and Budget Committee-related issues (IWG) and is particularly grateful for the dedication and leadership of the co-chairs from Pakistan and Japan.
2. The Group also takes note that total of 15 sessions of IWG were held and the topics that have been identified and considered in 2024 and the current year by the IWG, including the medium-term investment proposals 2024 –2025, the work of the Joint Inspection Unit (JIU), the proposed programme and budgets 2026 – 2027, the new scale of assessment, the budget flexibility and the proposed medium-term programme framework 2026 – 2029, and other related matters are of great interest to members of the Group.
3. The Group is appreciative of the mandate of the IWG and believes it is a valuable platform for both the Secretariat and Member States to deliberate and explore possible recommendations on important issues, including the programme and budgets of UNIDO.
4. The Group also believes that the mandate of the IWG has the potential to be expanded further to include discussions on emergent issues within the overall mandate and objectives of UNIDO, including following up the implementation of the recommendations of the external and internal auditors.
5. The Group encourages all Member States to continue participating in the meetings of the IWG.

I thank you, Chair.



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Agenda item 7: Programme and Budget, 2026-2027

Chair,

1. The Group of 77 and China takes note of the proposed Programme and Budget 2026-2027 as presented in document PBC.41/6, which contains the proposals of the Director General for the biennium 2026-2027.
2. The Group also notes that the proposed Programme and Budget 2026-2027 is prepared based on results-based budgeting principles, in compliance with General Conference decision GC.18/Dec.14. This is the third time that UNIDO has adopted this approach in such a comprehensive and consolidated manner, following the General Conference decision.
3. The Group further notes, with appreciation, the Director General's commitment to increase technical cooperation delivery to Member States to €808 million for 2026 - 2027 biennium.
4. The Group recognizes the challenges working within limited resources, balancing savings and income with expenditure and obligations, and coping with shifting demands due to difficult global challenges, global economic slowdown, and consequently, a decrease in national income which have negatively impacted many Member States. The Group emphasizes the need to address these challenges at national and international levels.
5. The Group therefore calls on UNIDO to come up with a revised budget proposal that takes into account the circumstances of Member States without sacrificing the quality of service delivered to stakeholders, particularly in the area of technical cooperation, bearing in mind as well that the new Scale of Assessment, as referred to in the document PBC.41/7, will increase the assessed contribution of most of the Member States of the Group.
6. The Group urges UNIDO to further strengthen the efficiency of human resources management, as well as asset management and logistics services.
7. The Member States of the Group will continue engaging constructively with other Member States and UNIDO to reach consensus on a budget that enables the Organization to uphold its mandate of promoting inclusive and sustainable industrial development in developing countries and economies in transition.

Chair,

8. Regarding the budget implementation flexibility, the Group takes note of the document PBC.41/9/Rev.1, which stipulates that the Reports of the External Auditor on the accounts of UNIDO for the financial years since 2020 highlighted UNIDO's rigid budget management framework and noted that it leads to an increased focus on budget execution, thus preventing opportunities to improve efficiency and search for savings.

9. In this regard, the Group requests UNIDO to continue providing more information regarding the interim implementation of the horizontal flexibility for the biennium 2024–2025, and the potential implications of implementing the vertical flexibility for the regular budget on an interim basis.

Thank you, Chair.



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Agenda item 11. Medium-term programme framework, 2026–2029

Chair,

1. The Group of 77 and China takes note of the document PBC.41/10 on the UNIDO Medium-term programme framework (2026–2029), which introduces the strategic priorities of the Organization during this period to be supported by the programme and budgets, 2026–2027 and 2028–2029.
2. The Group emphasises that the strategic as well as the cross-cutting priorities shall be realized in accordance with the Constitution of UNIDO to implement its core mandate of supporting its Member States in attaining inclusive and sustainable industrial development.
3. The Group supports that the Organization's approach in the area of fair and sustainable supply chains will focus on six key dimensions: value addition, standard compliance, skills development, resource efficiency, regional integration and sustainable investment.
4. The Group encourages UNIDO to strengthen and increase its work focused on expanding and adding value to agricultural production processing, including through facilitating investments to build infrastructure and improve mechanization and technology adoption, improving access to finance, enhancing food processing technologies and value addition, strengthening agricultural value chains, and reducing post-harvest losses.
5. The Group recalls UNIDO Climate Change Strategy which establishes a comprehensive framework to support Member States in achieving low greenhouse gas emissions and climate-resilient industrial development. The Group calls upon UNIDO to finalize its action plan, which will cover raising the profile of inclusive and sustainable industrial development in climate discourse, facilitating international cooperation, supporting adaptation and resilience building, enabling participation in high-integrity low carbon markets and boosting renewable energy adoption, with a particular focus on green hydrogen development and mitigating climate change-related trade-restrictive measures, including border carbon taxes.
6. The Group stresses the important role UNIDO shall play in offering policy advisory services to increase the capacity of its Member States to formulate and implement stronger industrial policies and strategies and adopting comprehensive, multi-dimensional systemic approach that bridges gaps in education systems, industry requirements and entrepreneurial ecosystems.
7. The Group urges UNIDO to promote industrial diversification, which is fundamental to sustain economic growth and minimize the risks of over-reliance on just few sectors, especially in the midst of global economic uncertainty.
8. The Group expresses support for UNIDO's tailored regional strategies in responding to the industrial development needs of its Member States, taking into account the unique requirements and goals of each group of countries. In this regard, the Group encourages

scaling-up UNIDO's programs related to middle-income countries as guided by its "Strategic framework for partnering with middle-income countries".

9. The Group supports UNIDO's endeavors to fostering digitalization and artificial intelligence, including through enhancing Member States digital capacities, leveraging open-source technologies to democratize access to digital solutions and creating relevant partnerships, such as UNIDO's Global Alliance on Artificial Intelligence for Industry and Manufacturing.

10. The Group recognizes that policies which strengthen industrial linkages to downstream sectors is essential for many Member States to increase export revenue, create high-skilled jobs, and enhance resilience of regional and global value chains, including with regard to adding value to critical minerals. Therefore, the Group calls upon UNIDO to support the promotion and strengthening of linkages to downstream sectors.

11. The Group encourages UNIDO's efforts in harnessing the full potential of women and youth as leaders and agents of change to contribute to the transformation of economies to achieve growth in the context of promoting sustainable and inclusive industrialization.

12. The Group underscores UNIDO's efforts in advancing circular economy principles across industrial sectors, eliminating and reducing persistent organic pollutants through the introduction of best techniques and environmental practices in industrial processes, helping industries transition away from ozone-depleting substances and supporting coastal and maritime industries in adopting cleaner production methods.

13. The Group supports UNIDO's strategic approach to innovative financing, designed to bridge the significant financing gap required to achieve industrial development, which involves leveraging a range of innovative financial mechanisms, including but not limited to blended finance, impact investment, green bonds, and results-based financing, to attract both private and public resources.

14. In this regard, the Members of the Group will continue engaging constructively with other Member States and UNIDO to reach consensus on the MTPF in accordance with the core mandate of UNIDO.

I thank you Chair.



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

Chair,

1. The Group of 77 and China takes note of the report on the Third Industrial Development Decade for Africa (IDDA III) as contained in document PBC.41/14 which highlights the progress made in the implementation of IDDA III.
2. The Group notes that in 2024, UNIDO implemented over 297 projects across Africa, with a total budget of \$168.66 million and further notes that nine Programmes for Country Partnership (PCPs) were at various stages of development and implementation.
3. The Group recognizes that UNIDO launched several projects across Africa to promote agribusiness and agro-industry, advance trade capacity, compliance to trade regulations and access to markets, improve sustainable energy and climate action, promote circular economy and sustainability, and enhance entrepreneurship and skills development.
4. The Group welcomes UNIDO's commitment to enhancing the technological and industrial capabilities of African countries in harnessing the 4th industrial revolution, focusing on digital transformation, innovation, and artificial intelligence, and welcomes further strengthening the Alliance for Industry 4.0 and Smart Manufacturing in Africa (AISMA) as a key cooperative network for Industry 4.0 expertise.
5. The Group appreciates UNIDO's coordination with the relevant African Organization to enhance economic development in Africa and regional integration, including the African Union Commission, the African Union Development Agency-New Partnership for Africa's development (AUDA-NEPAD), the Secretariat of the African Continental Free Trade Agreement (AfCFTA), the Common Market for Eastern and Southern Africa (COMESA), Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC), the African Business Council, the African Development Bank, the Afreximbank, and the United Nations Economic Commission for Africa (UNECA).
6. The Group takes note with appreciation the collaboration between UNIDO with the African Union (AU), European Union and five African Regional Economic Communities (RECs), in implementing the African Trade Competitiveness and Market Access Programme.
7. The Group welcomes the Forum on China-Africa Cooperation (FOCAC) in September 2024, witnessed by UNIDO, the outcome documents, the Beijing Declaration and the Action Plan. The Group supports the partnership between UNIDO and China to establish a Center of Excellence, aimed at advancing agriculture modernization, sustainable energy solutions, digital technology, industrial policy, and SME capacity development across Africa.

8. The Group takes note of the independent strategic evaluation for the IDDA III 2016-2025 undertaken by the Office of Evaluation and Internal Oversight and the Management Action Plan (MAP) for IDDA III, developed in response to the strategic evaluation and the Roadmap for IDDA IV preparation.

9. Considering the imminent end of the designated term of IDDA III and the ongoing planning for IDDA IV, the Group emphasises the importance of ensuring the full recruitment of the Secretariat of IDDA. The Group is confident that the Secretariat will take necessary measures towards an enhanced coordinated role in the implementation of IDDA.

10. The Group calls upon UNIDO to fully implement Management Action Plan (MAP) for IDDA III to address the challenges faced in its implementation, including the lack of effective coordination, weak knowledge management and limited funding. The Group further requests UNIDO to work in tandem with the African Union Commission and other relevant African stakeholders in developing IDDA IV.

Thank you, Chair.