

Statement of the G-77 and China at the 42nd Session of the Industrial Development Board (IDB) of the United Nations Organization for Industrial Development (UNIDO)

25-27 November 2014

**To be delivered by Ms. Maria Elena P. ALGABRE, Chargé d’Affaires a.i.
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Introduction

Mr. President,

1. On behalf of the Group of 77 and China allow me to congratulate you on your election as the Chair of the 42nd session of the UNIDO’s Industrial Development Board, as well as other members of the bureau on their election. The Group is confident that with your experience and diplomatic skills, we will have a very successful session.

2. The Group takes this opportunity also to convey special thanks to H.E. Ambassador ALIYAR LEBBE ABDUL AZEEZ of Sri Lanka, for his outstanding commitment and contribution during the preparations of this Board, and to also convey its special thanks to the outgoing bureau for the commendable work. The Group would also like to express its appreciation for the efforts and leadership of the Director General Mr. LI Yong during his first year in office and to thank him for his opening address. Likewise, the Group wishes to extend its appreciation to the Secretariat for the organization of the IDB meeting and preparing its documents.

3. The Group assures its unwavering support to UNIDO and is aware of the challenges the Organization is facing, including those that might affect delivery of technical cooperation. It therefore encourages the Organization to explore alternatives and mechanisms to improve and sustain the financial situation, minimizing any negative impact and ensuring continuity for projects and technical assistance programmes.

4. The Group reaffirms the relevance of UNIDO, as a provider of specialized services for the promotion of Inclusive and Sustainable Industrial Development (ISID), for achieving poverty eradication and capacity-building and whose expertise should contribute to the implementation of the post-2015 development agenda. In this regard, it wishes to recall the words of United Nations Secretary-General Ban ki-Moon pronounced at the 15th UNIDO General Conference in Lima, when he affirmed that the Lima Declaration of 2013 would create the foundation for the important work of the United Nations Industrial Development Organization, in the coming decades, as the central agency in the United Nations for all matters related to industrialization, and that it was necessary for the world to seize the moment and ensure that inclusive and sustainable industrial development does its part in contributing to the common good.

5. In this context, the Group welcomes UNIDO's hosting of the two Forums on ISID held in June and November of this year, the latter with the participation of the United Nations Secretary-General, and stresses that further efforts and Forums held by UNIDO to promote ISID, should maintain a universal focus and balanced regional approach. The wide participation of high-level representatives from relevant stake holders reflects the amount of support that the ISID has been gaining since its inception in the Lima Declaration adopted during the 15th session of the UNIDO General Conference of last December.

2. Finally, the Group fully supports the Final Declaration of the Commemorative Summit on the 50th Anniversary of the Group of 77, held in Santa Cruz de La Sierra, Plurinational State of Bolivia on 14-15 June 2014, particularly the initiative of the host country, as Chair of the Group, to organize the Meeting of Ministers of the Group of 77 on Industrialization and equivalents on the issue of "Governance on Natural Resources and Industrialization", with support from the United Nations Industrial Development Organization (UNIDO), in Tarija, Bolivia from 28 to 29 November 2014. The Group requests the Director General to report to Member States on the implementation regarding UNIDO's issues in the Summit Declaration, during the 16th session of the General Conference.

3. In the course of the current IDB the Group will comment on the following agenda items: 3, 4, 5, 7, 8, 9 and 11.

Thank you Mr. President.

Agenda Item 3: The Annual Report of the Director General 2013

Mr. President,

1. The Group thanks the Director General for his introductory remarks and takes note of the Annual Report 2013, submitted in document IDB.42/2-PBC.30/2, which offers a wide overview on the achievements, improvements and challenges faced by the Organization during last year.

2. The Group would like to seize this opportunity to express once again its welcome and support to the 15th session of the General Conference of UNIDO, which was held in Lima, Peru in December last year. The Lima Declaration re-emphasized the core mandate of the UNIDO of poverty eradication through industrial development. It also exhibited our commitment towards achieving inclusive and sustainable industrial development, while reaffirming the unique mandate of UNIDO in supporting our countries in achieving this goal. Holding this Conference in one of the Group's Member States reaffirms and demonstrates its commitment to UNIDO and to its mandate.

3. The Group highly values all initiatives, activities and programmes implemented and planned by the Organization during 2013. The Group highlights the continuous efforts by UNIDO to strengthening partnerships, cooperation and knowledge sharing among Member States and with relevant stakeholders, to continuously promote and facilitate increasing South-South, North-South, as well as triangular cooperation, and also to promote best international practices and technology transfer as mechanisms for a higher and sustainable impact of all UNIDO activities in developing countries.

4. The Group also highlights the Organization's efforts and activities aiming at the promotion of the concept of Inclusive and Sustainable Industrial Development. The Group commends the efforts of the Organization in promoting the development of an inclusive and sustainable model of industrial

development through its thematic focus and initiatives. In this connection the Group appreciates the briefing made by the Director General on the Lima Declaration and the positioning of UNIDO and ISID in the post-2015 development agenda, and other related briefings on Enterprise Resource Planning (ERP). However, the Group wants to underline that efforts to promote inclusive and sustainable industrial development should not dilute, in any way, the developmental choices of various countries and it should also remain mindful of diverse socio political realities of the world.

5. Within this context, the Group once again would like to welcome UNIDO's organization of the two forums on Inclusive and Sustainable Industrial Development (ISID) in June and November of this year. The fact that the two events were attended by a large number of high-level representatives from relevant stake holders, shows the amount of support that the ISID has been gaining during the course of this year since its inception in the "Lima Declaration" of the 15th session of the UNIDO General Conference in December last year, and the growing level of will and commitment to the efforts of operationalization of this concept as a way forward to the achievement of industrial development in Member States. The Group also expresses its support to the UNIDO's efforts in assisting Member States in this regard. The Group stresses that further efforts and forums organized by UNIDO to promote ISID, should maintain a universal focus and balanced regional approach.

6. According to the Annual Report, the quality of the programmes and project proposals has shown a significant improvement in 2013. The Group is confident that the enhancement of planning and evaluation processes, combined with the full implementation of the ERP system, will allow the Organization to raise the effectiveness and impact of its activities, in all thematic areas and regions equally.

7. The Group recognizes and thanks the efforts made by the Director General, during the last year, to meet the particular needs of middle-income countries in line with the San José Declaration, adopted in June 2013 in San José, Costa Rica, during the High-level Conference of Middle-Income Countries. In this regard, the Group encourages UNIDO to continue supporting and collaborating

with those countries with the aim of achieving inclusive and sustainable industrial development, including through the creation of synergies with other development partners, among others, within the United Nations System and the private sector.

Thank you, Mr. President.

Agenda Item 4: Report of the Programme and Budget Committee

Mr. President,

A) Report of the External Auditor for 2013:

1. The Group of 77 and China takes note of document IDB.42/3-PBC.30/3 on the report of the External Auditor on the accounts of UNIDO for the financial year 2013. The Group appreciates the valuable contribution of the External Auditor towards increasing accountability and transparency of UNIDO's financial accounts. The Group takes note that the External Auditor's findings have revealed no material weaknesses or errors, placing once again an unqualified opinion on the financial statements for the period under review.

2. The Group notes with satisfaction the overall improved utilization of regular budget appropriations in the year 2013. The Cash and Cash Equivalents of UNIDO went slightly up from € 414,513.7 as at 31 December 2012 to € 438,741.4 as at 31 December 2013, registering an increase of 5.84%.

3. At the same time, the Group notes with concern that the Statement of Financial Performance for the year 2013 showed a deficit of €48,259.7, which is largely attributable to a shortfall of 13.30% in revenue and a marginal increase of 0.86% in expenditure. The Group takes special note that the main contributory factor to a decline in total revenue over the previous year was the substantial decrease of 20.26% in voluntary contributions, despite that the voluntary contributions remain to be the biggest source of revenue in the year 2013 as it was in the year 2012.

4. The Group also takes note that salaries and employee benefits, the major expense of the Organization, have decreased but the operational costs,

contractual services and currency translation differences, have increased by 44.56%, 25.96% and 23.73% respectively.

5. The Group supports the External Auditor's recommendations and looks forward to substantive measures, in consultation with the Member States, by the Secretariat in response to the observations and recommendations of the External Auditor, particularly those concerning emergency preparedness, compliance with TC Guidelines, execution and efficacy of Results-based Management (RBM) within the broader framework of the Programme for Change and Organizational Renewal (PCOR) and timely implementation of the recommendations of Internal Oversight Services (IOS). The Group requests the Secretariat to provide regular updates to the Member States on the corrective actions taken by it to address the concerns indicated in the report.

Thank you Mr. President.

B) Financial Situation of UNIDO, Including Unutilized Balances of Appropriations:

6. The Group takes note of document IDB.42/4-PBC.30/4, which provides information on the financial situation of UNIDO and the level of expenditure of the regular and operational biennial budgets.
7. The Group values the high level of collection rate reported in 2013, which can be seen as a sign of the renewed confidence on the part of some Member States in the Organization and encourages the Secretariat to strengthen its efforts for a more effective use of such resources.
8. The Group notes with appreciation the remarkable value of the technical cooperation delivery in 2013 which amounted to \$180.5 million. The Group also notes the growth of the delivery of technical cooperation activities in the first half of 2014 which amounted to \$57.8 million and urges the Organization to prioritize the application of available funds for enhanced technical cooperation services to Member States.

9. The Group expresses its concern, for the pending payments to the Organization, by some Members States, which have increased to 138.9 million Euros, out of which 71.2 million Euros are owed by two former Members States of the Organization. In this context, the Group requests the Director General to intensify his efforts with these Members States and former Members States so that they pay their arrears.
10. The Group requests the Secretariat to continue its efforts for the collection of all outstanding amounts for 2012 and prior years, including advances to the Working Capital Fund, as well as a partial contribution for 2013.

C) Mobilization of Financial Resources:

11. The Group takes note of document IDB.42/5-PBC.30/5 on the Mobilization of Financial Resources. The Group notes that the level of fund mobilization and sources of funding remain stable in comparison with previous years; however, the Group expresses its concerns on the disparity in the resources available for each of the three thematic priorities of the Organization and calls upon UNIDO and all Member States, to assure balanced, predictable and sustainable financial support to all priority areas of the Organization.
12. The Group would like to express its appreciation to the significant progress made in 2013 with respect to the overall funding situation for the programmes and projects of UNIDO, given the limited availability of funding for technical cooperation activities from the regular budget of the Organization.
13. The Group notes with appreciation that the volume of extra budgetary funds mobilized in 2013 increased rapidly to reach \$242.9 million. The Group further commends the Secretariat for its efforts in mobilizing extra budgetary funds for UNIDO's Technical Cooperation Activities.
14. While acknowledging the contributions of the development partners towards the achievement of UNIDO's objectives, the Group urges the Director General to continue his efforts towards promoting strong partnerships with all relevant stakeholders, on mutually agreed terms, in order to accommodate the diversity of requests of recipient Member States and to increase the

impact of its projects. Consequently, the Group urges the Secretariat to continue its pursuit of innovative sources of financing, through additional contributions from traditional and emerging sources. The Group urges all Member States and other donors to enhance their voluntary contributions to the Organization.

Thank you, Mr. President.

Agenda Item 5: Provisional Outline of the Medium-Term Programme Framework 2016-2019

Mr. President,

1. The Group of 77 and China takes note of the proposed outline of the Medium-Term Programme Framework (MTPF) 2016-2019, and the four sections it consists of, as contained in the document IDB.42/9, recognizing that it is still a work in progress.

2. The Group will be looking forward to the preparation of the comprehensive draft of the MTPF 2016-2019 by the Secretariat in close coordination with Member States and its presentation at the thirty-first session of the Programme and Budget Committee, in consistency with the “Lima Declaration: Towards Inclusive and Sustainable Industrial Development” and taking into account the “Strategic Guidance Document”. The Group encourages efforts by the Director General to raise sufficient resources for this purpose.

Thank you, Mr. President.

Agenda Item 7: Activities of the Joint Inspection Unit

Mr. President,

1. The Group takes note of the document IDB.42/11 related to the Activities of the Joint Inspection Unit (JIU) and acknowledges that UNIDO maintains its commitment to accept and implement relevant recommendations formulated in the JIU reports.

2. The Group encourages the Organization to take into consideration the Work Programme 2014 of the JIU, and to take further steps on the 8 topics that were identified by UNIDO as points of interest in that programme, among which are the review of safety and security in the United Nations system organizations, the system-wide review of results-based management in the United Nations system, the review of public information policies and practices in the United Nations system, a comprehensive review of activities and resources allocated to climate change within the United Nations system, the benchmarking framework for management and administration reviews in the United Nations system organizations and the review of the system-wide implementation of an initiative for full and productive employment and decent work for all. This should be in line with the continuous efforts to improve the efficiency and visibility of UNIDO's activities.

Thank you, Mr. President.

Agenda Item 8: UNIDO Activity in Environment and Energy

Mr. President,

1. The Group of 77 and China takes note of the documents IDB.42/12 and IDB.42/13 related to UNIDO's activities in the fields of environment and energy, respectively.

2. Regarding the activities on environment, the Group appreciates the efforts of the Organization to contribute to international initiatives on resource efficient and cleaner production, through the provision of knowledge and technical support for projects in the manufacturing sector, to strengthen national capacities through the National Cleaner Production Centres and the National Implementation Plans for the Stockholm Convention on Persistent Organic Pollutants, and projects on management of water and waste, among others.

3. The Group is confident that the expertise the Organization has acquired in this field will allow it to continue receiving support from relevant donors and partners. The Group encourages UNIDO, based on its mandate, to keep a clear and targeted focus in all its initiatives related to environment.

4. With regard to energy, the Group recognizes the enthusiasm which has guided the actions of the Organization to ensure global recognition of energy as a key driver of development and in this regard, to expand its portfolio of projects in this field.

5. Taking into account the active role of UNIDO in engaging relevant stake holders in this issue, the Group urges the Organization to provide continuous support for training programmes and to identify and implement more technical projects addressed to promote industrial energy efficiency, renewable energy for industrial uses and clean technologies.

Thank you, Mr. President.

Agenda Item 9: Implementation of the Lima Declaration: Towards inclusive and sustainable industrial development

Mr. President,

A) UNIDO's assistance to Member States towards achieving enhanced levels of inclusive and sustainable industrial development:

1. The Group thanks the Director General for the report presented in document IDB.42/14 in this regard, and takes note of it and the main elements that it contained, mainly the references to how ISID is becoming a consistent monitoring element in technical cooperation programmes, to the establishment of the Partnerships and Results Monitoring Branch and to the ISID communications strategy.

2. The Group would like once again to commend the efforts of the Organization within its mandate to eradicate poverty to promote an inclusive and sustainable approach to industrial development through its thematic focus and initiatives. In this context, the Group would like to reiterate its welcome and support of the UNIDO's Forums on ISID organized in June and November of this year, and the positive contribution of these two Forums in the efforts of establishing viable and strong partnerships among all different relevant entities to assist in the achievement of ISID.

B) UNIDO and the post-2015 development agenda:

3. The Group takes note of the report of the Director General presented in document IDB.42/15 in this regard. The Group shares the view that ISID-related issues should feature in the new development framework, since it drives the structural transformation of economies, which is key to realizing the economic growth rates and decent job opportunities needed to achieve shared prosperity for all women and men in an environmentally sustainable manner.
4. The Group would like to recall GA Resolution 68/309 of 10 September 2014, in which it welcomed the report of the Open Working Group on Sustainable Development Goals. The Group is of the view that the United Nations post-2015 development agenda provides a unique opportunity to secure renewed political commitment for ending poverty and hunger and achieve sustainable development at all levels. , Inclusive and sustainable industrial development offers an indispensable modality for effectively achieving a transformative development outcome through its strong positive linkages with the long-term economic, social and environmental development objectives identified for the post-2015 era.
5. The Group supports UNIDO's efforts aiming at promoting ISID in this regard, with the purposes of – among others - promoting value addition, realizing productivity gains and returns to scale, creating jobs and income, enhancing international competitiveness and trade, building efficient and effective productive capacity, supporting economic diversification, and building environmentally sound and sustainable industries.
6. In this connection the Group appreciates the briefings by the Director General on the Lima Declaration and the positioning of UNIDO and ISID in the post 2015 development agenda.

C) Implementation of the recommendations relating to the management criteria contained in the “Strategic Guidance Document”:

Mr. President,

7. The Group takes note of the Director General's report presented in document IDB.42/16 in this regard.
8. The Group reiterates its view that the "Strategic Guidance Document" contains clear, balanced and pragmatic guidelines and recommendations for a better elaboration of programmatic and budgetary frameworks in UNIDO. It properly reflects the common understanding of Member States on the strengths and challenges of the Organization within the global development agenda, as well as the performance Member States want to see in UNIDO's cooperation delivery.
9. In this connection, and in line with the Terms of Reference agreed on this matter, the Group welcomes the endorsement of the "Strategic Guidance Document" by the General Conference as basis for the formulation and implementation of the medium-term programme frameworks, the programmes and budgets and other operational programmes of UNIDO. The Group encourages the Secretariat to duly consider the "Strategic Guidance Document" in the preparations of the MTPF.

Agenda Item 11: Personnel Matters

Mr. President,

1. The Group of 77 and China welcomes the progress report contained in document IDB.42/17, related to the initiatives of UNIDO to develop a new staff performance management system and the introduction of the human capital management module in the enterprise resource planning system (ERP).
2. While reiterating that the staff is the most valuable strength of the Organization, the Group encourages the Director General to assess on a regular basis, the achievements, gains and challenges of the full implementation of the new system to measure staff performance in terms of achievement of both individual and corporate goals.
3. With regard to the recent decisions taken by the International Civil Service Commission (ICSC) and recommendations adopted by the United

Nations General Assembly that are of relevance to UNIDO, the Group recalls the Programme and Budget Committee Conclusion 2013/3, that among others, requests the Director General to keep Member States informed on the actions to be taken and urge the ICSC to take into consideration the financial situation of UNIDO and its Member States, during the comprehensive review of the compensation package for staff in the Professional and higher categories.

4. The Group of 77 and China would like to comment on the issue of gender and geographical representation in the composition of the staff of UNIDO in Vienna and the offices in the field. Taking into consideration the importance the Group attaches to gender balance in the recruitment process, the Group notes with concern the figures contained in this document in paragraph 4, according to which 37% of the total staff are women, which constitutes a reduction of last year's 44%. The Group encourages the Secretariat to ensure a better access to more women to all position levels.

5. The Group of 77 and China reiterates that recruitments and appointments to be made by the Director General, must ensure the highest standard of efficiency, competence and integrity with due regard to the principle of equitable geographical distribution and gender balance of UNIDO staff, in accordance with Article 11 of the Constitution of the UNIDO. The Group reiterates and requests that equal opportunities for fair and timely assessments are afforded to all officers in their legitimate pursuit of career advancement. The Group believes that a fair promotion process contributes positively to motivating the staff of UNIDO and will thus ensure that the Organization remains a centre of excellence, guaranteeing in that manner optimal outputs to the benefit of Member States.

Thank you, Mr. President.