



Agenda Item 4: Report of the Programme and Budget Committee

Mr. President,

a) Report of the External Auditor for 2019

1. The Group of 77 and China acknowledges UNIDO's efforts to comply with the recommendations of the prior year's audit report. However, the Group expresses its concern at the slow-down in the rate of compliance as compared to 2018 and encourages the Organization to address the remaining eight recommendations to further improve its operational efficiency.
2. The Group notes slight improvement in assessed contributions for 2019 as well as an increase in the rate of collection for the 2018-2019 biennium. However, a shortfall still remains between the assessed contributions receivable and the actual collection. Therefore, it remains vital for Member States to fulfill their financial obligations on time so that UNIDO can complete its operations with optimum capacity.
3. The Group appreciates the initiative of the External Auditor to include in the review the Organization's Enterprise Risk Management, Fraud Risk Management and Procurement to add value to the management and governance of UNIDO for strengthening its core mandate.
4. The Group strongly encourages the Secretariat to implement the measures identified by the External Auditor to further enhance transparency and accountability in the Organization for the sake of increasing its efficiency and effectiveness.
5. The Group appreciates Mr. Michael Aguinaldo and the Commission of Audit of the Republic of the Philippines for their exemplary work as the External Auditor of UNIDO for the biennium 2018-2019. The Group also welcomes Mr. Aleksei Kudrin and the Accounts Chamber of the Russian Federation as the Organization's External Auditor for the biennium 2020-2021.

b) Financial situation of UNIDO, including unutilized balances of appropriations

Mr. President

1. The Group of 77 and China expresses its concern over the collection rate of 2020 assessed contributions compared to the rates in previous years.
2. The Group encourages Member States for timely payment of their contributions including advances to the Working Capital Fund and prior years' arrears, which are necessary for maintaining a healthy and stable financial outlook for the Organization. Accordingly, the Group urges the Secretariat to inform Member States of the possible measures to address the outstanding arrears.
3. 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 ameliorate the financial situation of the Organization.
4. The Group commends the Member States that voluntarily relinquished their Unutilized Balances of appropriation to the Organization to finance the funding gap, and appeals for more Member States to support in that regard.
5. The Group also acknowledges the efforts of Donor Governments, the EU and other partners for their immense contributions.
6. The Group also acknowledges the contributions of Donor Governments, the EU and other partners in support of the important undertakings of the Organization.

c) Report by the Informal Working Group on Programme and Budget Committee related issues

Mr. President

1. The Group of 77 and China reiterates its appreciation of the work of the Informal Working Group (IWG) on Programme and Budget Committee. The Informal Working Group is a good platform for both Secretariat and Member States to exchange ideas and discuss recommendations on important issues.
2. The Group believes that the IWG is a valuable platform for dialogue among the Member States to take UNIDO forward and improve its work. It has the potential to expand its mandate for discussion on global issues pertaining to industrialization.
3. The Group appreciates the discussion in the IWG on important topics that include Facilitating the timely collection of assessed contributions, improving the financial situation of UNIDO, the After-Service Health Insurance (ASHI), the results of the Full Cost Recovery (FCR), Technical Cooperation challenges, assessed contributions and the Working Capital Fund (WCF).
4. The Group commends the dedication and leadership of the co-chairs of the Islamic Republic of Iran and Switzerland.

d) Mobilization of financial resources

Mr. President

1. The Group of 77 and China attaches great importance to the sufficient and predictable funding that enables UNIDO to effectively deliver its core mandate and activities.
2. The Group encourages the Member States and the donors to consider increasing their voluntary contributions to UNIDO including for the recently created Partnership Trust Fund as well as the Special Account of Voluntary Contributions for Core Activities (SAVCCA) and the Major Capital Investment Fund (MCIF).
3. The Group also encourages the donors to consider contributing to the programmable funds supporting UNIDO to respond to requests from the Member States for assistance and to implement its programmatic activities promptly.
4. The Group appeals to Member States to contribute to UNIDO to increase the funding sources that require further co-funding, either through contributing to the dedicated trust funds or by special purpose funding at country, regional or global level.

Thank you Mr. President.