



**G-77 and China statement during
the 52nd session of the Industrial Development Board,
25-27 November 2024,
delivered by H.E. Laura Gil,
Ambassador, Permanent Representative of Colombia**

Item 4 - Report of the Programme and Budget Committee

Thank you, Madam President,

1. The Group of 77 and China would like to convey its appreciation to H.E. Mr. Ferenc Dancs, Ambassador and Permanent Representative of Hungary and President of the 40th session of the Programme and Budget Committee, for the Report of the Programme and Budget Committee (PBC). The Group wishes to reiterate the following points:

(a) Report of the External Auditor for 2023

1. The Group takes note of the Report of the External Auditor on the accounts of the UNIDO for the financial year starting from 1 January to 31 December 2023, as contained in Document IDB.52/4-PBC.40/4.

2. The Group welcomes the continuation of the approach by the External Auditor to focus on three main areas of audit, namely, 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.

3. 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.

4. In this regard, we note that, of the new recommendations by the External Auditor, 1 is considered of high priority and 6 are of medium priority. Nonetheless, the Group encourages the Organization to fully implement all these recommendations on an equal basis to further improve efficiency, transparency and motivation of employees. The Group also notes that the number of newly issued recommendations is limited given the significant number of open recommendations from prior years.

5. The Group urges UNIDO management to prioritize the implementation of these recommendations, in particular developing new technical cooperation guidelines, through a clear action plan with specific timelines and designated responsibilities to address and enhance the Organization operational capacity.

6. The Group further notes with concern that of the 57 recommendations from prior years that have been validated by the External Auditor, only 15 have been implemented

while implementation of 33 are ongoing and 9 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 and to address the open and ongoing issues in the report, regardless of their identified priority rankings.

7. The Group expresses its appreciation to Mr Alexei Kudrin and Ms Galina Izotova from the Accounts Chamber of the Russian Federation for their dedicated work and contribution to UNIDO as External Auditors from 2020 until 2023, and also welcomes Mr. Ali Hassan Rashwan, Undersecretary at the Accountability State Authority of Egypt, as the new External Auditor for the next biennium, with expectation of his professional judgement and independent audit to continue the work to help improve the operation of UNIDO.

8. Concluding, the Group strongly encourages the Organization to carry on with its initiatives that aim at streamlining, rationalizing, capacitating, and improving UNIDO's management and operation, particularly with regard to the Organization's accountability mechanisms.

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

9. The Group of 77 and China takes note of the report by the Director General on UNIDO's financial situation as of 31 March 2024. We value the organization's efforts to manage its financial resources amid global challenges, and we reaffirm our commitment to supporting UNIDO's financial stability.

10. We note that regular budget appropriations for 2024 amount to €80.1 million, with an execution rate of 26.3% in the first quarter. Operational budget appropriations stand at €23.6 million, with an execution rate of 20.5%.

11. We also appreciate UNIDO's efforts to enhance efficiency through digitalization and the implementation of full cost recovery (FCR), which allow for maximized resource utilization. We encourage UNIDO to continue strengthening these initiatives, which we view as essential for optimizing project management and ensuring the Organization's long-term financial sustainability. In this regard, the Group supports the recommendation of the External Auditor, supported by OAC, to develop a cost accounting system to provide a mechanism to determine the actual cost in support of the FCR system.

(d) Report by the informal working group on Programme and Budget Committee-related issues

12. The Group of 77 and China takes note of the report presented by the Co-Chairs of the Informal Working Group on Programme and Budget Committee-related issues. We recognize the valuable role this group plays in facilitating constructive dialogue among Member States on budgetary and administrative matters that are critical to the effective functioning of UNIDO.

13. The Group of 77 and China would like to emphasize its appreciation of the mandate of the IWG and believes that 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 and, therefore, encourages all Member States to continue participating in the meetings of the IWG. Since the 51st

Session of the IDB the Informal Working Group held 13 meetings and discussed important issues including investment and upgradation of IT, unutilized balance of appropriations, personnel matters, increase in TC delivery, full cost recovery, findings and recommendations from EIO and briefing by OAC. The Group remains thankful to Secretariat and the Director General for its support to Informal Working Group.

(e) Mobilization of financial resources

14. The Group of 77 and China acknowledges the report provided by the Director General on the mobilization of financial resources for UNIDO's activities. In 2023, funds raised increased by 44% compared to 2022, reaching \$328.4 million, marking a new record. This outcome indicates the Organization's capacity to attract financial support.

15. The Group appreciates the efforts of the Director General concerning resource mobilization and fully supports his endeavors pertaining to diversifying the sources of funding and pursuing innovative sources of financing, including through additional contributions from traditional and emerging multilateral and bilateral sources.

16. Furthermore, the Group notes that safeguarding the environment remains a focus of contributions with 62% of total funding. Therefore, it encourages the governmental donors and multilateral funds to attribute more towards other main thematic priorities of UNIDO, including advancing economic competitiveness, creating sustainable jobs, meaningfully enhancing technology transfer and fostering industrialization.

17. The Group supports UNIDO's efforts in expanding partnerships and seeking new financing channels, within its mandate to promote inclusive and sustainable industrial development particularly for developing countries. The Group encourages UNIDO to remain resolute in developing concrete and result-oriented partnerships with funding partners and recipient countries to effectively implement CPs and PCPs and enhance cooperation to facilitate global development.

Thank you, Madam President.