

## **Group of 77 and China: Vienna Chapter - Report on the activities of the G-77 during the year 2008**

**A total of 155 meetings took place during 2008: 33 on UNIDO, 46 on IAEA, 44 on UNODC and 32 on CTBTO matters**

### **UNIDO MATTERS**

*Task Force Coordination: Ms. Poppy Ravhura, Second Secretary, PM of South Africa*

UNIDO holds a special place in the United Nations system as it is the only organization promoting the creation of wealth and tackling poverty alleviation through manufacturing. The Organization focuses on three inter-related thematic priorities:

- Poverty reduction through productive activities
- Trade capacity-building
- Energy and environment

The G77 covered three Policy Making Organs meetings of UNIDO during 2008: (a) Industrial Development Board (May and December 2008), (b) Programme and Budget Committee (September 2008) and (c) LDCs Ministerial Conference, 19-20 November 2008, Siem Reap, Cambodia

***INDUSTRIAL DEVELOPMENT BOARD (IDB) 34<sup>TH</sup> SESSION, 14-16 MAY 2008 AND IDB 35<sup>TH</sup> SESSION, 2-4 DECEMBER 2008 AS WELL AS THE PROGRAMME AND BUDGET COMMITTEE MEETING, 24<sup>TH</sup> SESSION 3-4 SEPTEMBER 2008***

The Group believes that the core of UNIDO's work remains in the **thematic priority area of poverty reduction through productive activities**, offering the greatest opportunities for the poor to share the fruits of economic development. However, the Group is concerned that this thematic area received the least support from the donor community in relation to the other thematic areas of UNIDO and requests the Director-General to continue his efforts to mobilize additional resources in this regard.

The Group notes that UNIDO strongly supports the efforts to combat climate change, promote industrial energy efficiency, support cleaner production techniques and promote renewable sources of energy through its rural and **renewable energy programmes**. In this respect, the Group recalls that the appointment of the Director-General, as Chair of UN-Energy for the biennium 2008-2009, confirmed the high international standing of the Organization in the area of **environment and energy**.

The Group recognizes UNIDO's effort in gaining direct access to **Global Environment Facility (GEF)** funding and encourages the continuation of such effort towards increased implementation of environmental programmes.

The Group appreciates UNIDO's leadership role in GEF's focal area for persistent organic pollutants (POPs) and the development of the energy component of the GEF Strategic Programme for West Africa. The Group requests the Secretariat to keep the Member States informed of progress in this regard.

The Group takes note of the progress report on the implementation of the **medium-term programme framework 2008-2011**, focusing on the main all three thematic priority areas of UNIDO.

With regard to technical cooperation activities, the Group encourages the Organization to continue promoting private sector development (PSD), agro-industries, transfer, diffusion and promotion of modern technologies, investment promotion and access to energy to enhance industrialization efforts in developing countries.

In the area of **trade capacity-building** the Group encourages UNIDO to continue the development of "Aid for Trade initiative, and increase its activities to promote local value addition, sector based industrial upgrading and the achievement of compliance with international standards.

The G77 and China takes note of, and encourages UNIDO to enhance its activities in the field of **South-South cooperation**, in particular the establishment of UNIDO's Centers of South-South Industrial Cooperation (UCSSIC). The Group emphasizes that South-South cooperation complements North-South cooperation and should involve triangular cooperation where the know-how and technology of developing countries are combined with financial support from developed countries to provide assistance and to transfer technology and know-how to other developing countries.

The **regional programme for Latin America and the Caribbean**, such as UNIDO Industrial Knowledge Bank, has become operational as a triangular South-South cooperation platform, aiming at promoting the exchange of industrial expertise and knowledge within the region.

The Group commends UNIDO for the excellent preparation of the **LDC Ministerial Conference**, "Aid for Trade: An Industrial Agenda for Least Developed Countries" held in Cambodia from 19 to 20 November 2008, co-hosted together with the World Trade Organization and looks forward to the follow-up action on the Ministerial Declaration adopted on that occasion.

The Group appreciates the efforts of UNIDO and its Director-General in contributing to the ongoing debate on the **UN reform and system-wide coherence** and welcomes the initiative in organizing the High-level Dialogue "United Nations System-wide Coherence: The Next Steps", aimed at gaining a better understanding of the system-wide coherence and the "One UN "pilot initiative. The Group stresses the importance of UNIDO's continued contribution to the aforementioned initiative within the context of an independent and impartial Resident Coordinator system and in the light of an effective "institutional firewall" in UNDP. The Group is aware that the consultations on system-wide coherence at the General Assembly have so far not produced intergovernmental consensus. The Group's position will continue to be aligned with positions of the Joint Coordinating Committee of the Group of 77 and China and the Non-Aligned Movement (JCC) in New York.

Regarding the **financial situation** of UNIDO, the Group notes with satisfaction the status of assessed contributions for the year 2008, but notes with concern the large outstanding assessed contributions of former Member States and encourages the Director-General to continue his efforts to address this important issue.

The Group is pleased to note the **External Auditor's** assurance that the Secretariat's financial records are reliable and well maintained and urges the Secretariat to continue taking corrective measures in line with the External Auditor's recommendations. The Group reiterates its satisfaction that the level of fund mobilization in UNIDO was the highest level in the history of the Organization. With regard to the programming thrust for the biennium 2008-2009, the Group expects the Organization to give special attention to the formulation of regional, sub-regional and inter-regional programmes.

While expressing its appreciation for voluntary contributions made by development partners, the Group urges them to consider enhancing their contributions towards the organizational activity with respect to various Integrated Programmes (IPs) and Country Service Frameworks (CSFs).

The Group, requests to be kept informed of developments with respect to the adoption of **IPSAS** by UNIDO.

The Group welcomes efforts made to increase the usefulness of evaluation and to feed **evaluation** findings and recommendations into managerial decision-making and strategic planning processes.

As regards the activities of the **Joint Inspection Unit**, the Group believes that the level of voluntary contributions should be assured. Therefore a mechanism for a sufficient, assured and predictable annual level of UNIDO's operational budget should be established.

As regards the JIU recommendations on age structure of human resources in the Organization, the Group concurs that human resources are important assets for UNIDO and that a more balanced age structure would provide benefits to the Organization, while keeping in mind the equitable geographical representation and the need for ensuring transfer of knowledge.

The Group welcomes the new comprehensive structure of the **Medium-term programme framework 2010-2013**, identifying each of the thematic priorities, expected policy and institutional outcomes at the country-level, as well as streamlining the different thematic programme components in line with those outcomes. The Group is satisfied that it is based on results-based management approach and continues to focus on the three thematic priorities and associated cross-cutting issues, as reflected in UNIDO's Long Term Vision Statement. Furthermore, the Group requests the Secretariat to pursue its efforts towards a full alignment of the medium-term programme framework with the successive biennial programmes and budgets of the Organization.

The Group is concerned with the escalating worldwide **food crises**, which has a devastating effect on the poor. The Group is convinced that UNIDO has a strategic role, both by its mandate and its expertise, to offer effective support, mainly through its thematic priority of poverty alleviation through productive activities, in the implementation of the various measures identified for the medium and longer terms by the United Nations system to promote food security. The Group appeals to the international community, particularly the development partners, to enhance their support to UNIDO's technical cooperation delivery in the agro-industrial sector.

The Group commends the Director-General for his efforts in instituting **human resource** policy reforms, thereby making a positive impact on the overall performance of the Organization. The Group would like to stress on the observance of the principles of transparency, equitable geographical distribution and gender balance.

The Group is pleased to note that the **cooperation agreement with United Nations Development Programme** has contributed to promoting UNIDO's field presence with thirteen UNIDO Desks being operational in all five programme regions at the end of 2007. UNIDO now provides full funding for all the 13 desks from its regular budget after the 2-year pilot phase ended. UNIDO will have 16 Desks operational in these regions during 2009 and bring them into full operation. The Group is satisfied with the tangible results achieved so far in the joint UNIDO/UNDP co-operation.

With reference to the **number and duration of sessions**, the Group supports the underlying concept of introduction of efficiencies and economies at the UNIDO Governing Bodies' sessions, however, at this moment of time there is no need for change in the current arrangements. The Group expresses its

willingness to engage constructively in negotiations, if proposed, on the rationalization of the agenda of the sessions.

### ***LDCs MINISTERIAL CONFERENCE, 19-20 NOVEMBER 2008 - SIEM REAP, CAMBODIA***

The Group congratulates UNIDO, and its Director-General, for reviving the LDCs Ministerial Conference initiative. The Group of 77 and China believes that unevenness of the global development landscape is the root cause of many challenges of today considering the current global financial crisis, therefore we believe that such initiative is important to promote the development agenda for the LDCs. The theme "Aid for Trade: An Industrial Agenda for Least Developed Countries (LDCs)" as well as the outcome of the Ministerial Conference present hope for LDCs, to overcome challenges related to market access and international trade. Almost all of the LDCs form part of the Group of 77, therefore the success of this initiative is of great importance to the Group. The Group would therefore like to reaffirm its continuing support and attachment to the LDCs sustainable economic development.

## **UNODC MATTERS**

***Task Force Coordination: Ali Saryazdi, Second Counsellor, PM of IR of Iran***

### ***SECOND CONFERENCE OF STATES PARTIES TO THE UNITED NATIONS CONVENTION AGAINST CORRUPTION, NUSA DUA, BALI, 28 JANUARY - 1 FEBRUARY 2008***

The Group of G77 and China believes that Technical Assistance is a crosscutting issue throughout the Convention, and its provision is an essential part of its effective and efficient implementation. The Group emphasizes that in order to promote UNCAC implementation; States parties should afford one another the widest measure of technical assistance, especially for the benefit of developing countries and their efforts to apply the Convention. Assuring sufficient and stable funding to the Conference and to the United Nations Office on Drugs and Crime is also essential to promote programmes and projects, which provide, at the request of the benefiting country, the proper technical assistance to implement the Convention.

The Group of 77 and China also believes that the diversion of national wealth from public budgets and its transfer abroad seriously compromises the potential for the development of the country of origin. The return of those funds to the country of origin and the elimination of safe havens for looted assets in the world are, therefore, viewed as one of the high priorities in the fight against corruption.

Obstacles faced in recovering stolen assets have shown that more needs to be done to streamline the process and facilitate requesting states in their efforts. The G77 and China is of the view that technical assistance in preparing a case, enhanced capacity of the criminal justice system, as well as enhanced international commitment, mutual confidence and cooperation in facilitating asset recovery and eliminating safe havens for looted assets are very important for the success of current and future efforts.

The repatriation of public assets is an international obligation derived from the fact that the asset has a legitimate owner, the Government of the country of origin. Criminal network of corrupt officials in the country of origin and criminal network of financial experts in the country of destination are intertwined and have large profits in the business. Therefore, the Group believes that international cooperation between law enforcement authorities is of absolute essence.

The Group reiterates that any mechanism or body should have the characteristics defined in operative paragraph-3 of resolutions 1/1 of the 1st session of the COSP, i.e. it should be transparent, efficient, non-intrusive, inclusive and impartial, it should not produce any form of ranking, it should provide opportunities to share good practices and challenges, it should complement existing international and regional review mechanisms in order that the Conference might, as appropriate, cooperate with them and avoid duplication of effort. In addition, it should also have the following terms of reference:

- i) Its sole objective should be to assist the COSP in helping the States Parties to effectively implement the Convention.
- ii) It should avoid selectiveness among Member States and it should not undermine the universality of the Convention or dissuade the accession of new countries to it.
- iii) The composition of any mechanism or body should be based on equitable geographical distribution.
- iv) Its reports should not be disclosed to Non-State Parties, until considered by the COSP
- v) All its reports must be submitted to the COSP for its consideration. Only COSP will be competent to approve and issue Implementation Review Reports.
- vi) The review mechanism or body should base its reports on the information provided only by the States Parties.
- vii) It should be funded from the Regular Budget to ensure its efficient functioning.

#### ***COMMISSION ON NARCOTIC DRUGS (CND) – 51<sup>st</sup> SESSION, VIENNA 10-14 MARCH 2008***

The members of the Group of 77 and China have done very important contributions. Our societies are among the most affected by drug trafficking. We have to fund and staff our law enforcement agencies and armed forces and build physical infrastructures, which require considerable financial efforts. In many cases, we have to combat drug trafficking into our countries, as well as that in transit to other destinations.

The G77 and China reaffirms the urgency for establishing and strengthening regional and international cooperation based on a common and shared responsibility requiring an integrated and balanced approach in full conformity with the purposes and principles of the Charter of the United Nations. The Group calls upon all actors of the International Community to equally join forces in this fight that concerns us all to solve the world's drug problems. Any approach on combating drugs, focused only on the supply side in origin and transit countries, is unlikely to succeed without commensurate efforts for demand reduction in destination countries.

The Group of 77 and China is deeply concerned over growing threat of opium production in Afghanistan and drug trafficking from Afghanistan which adversely affects not only the country's economic reconstruction but also increases transnational organized crime which specially undermines the national security of Afghanistan and the stability and security of its neighboring countries and the region.

The Group considers that international cooperation should be strengthened to tackle the problems that transit countries are facing, as they constitute a link between producers and consumers countries. The Group notes with deep concern the dramatic increase in the abuse of various types of illicit drugs, that has developed along transit trafficking routes, thereby creating lucrative markets in transit countries.

The Group of 77 and China emphasizes the usefulness of regional and cross border cooperation for the exchange of necessary information aimed at quick identification and dismantling of the illicit drug trafficking networks.

The Group considers it important that the UNODC implements programmes to curb cannabis illicit production, including through alternative development programmes, and that appropriate support be rendered by Member States to carry out the global survey of cannabis plant cultivation and production.

Within the context of the UNGASS review, the Group wishes to highlight the importance of assessing the achievements and the areas requiring further improvements with respect to the Action Plan on International Cooperation on the Eradication of Illicit Drug Crops and on Alternative Development as well as offering the way forward for future practice in this field.

The Group wishes to emphasize the essential role of the South-South and trilateral cooperation schemes, which are aimed at combining the expertise of developing countries with financial support from developed countries to assist other developing countries. Such cooperation must be free of any agenda and carried out to respond to the genuine needs of the targeted communities.

The G77 and China calls upon all Member States to strengthen their mechanisms for control of precursor chemicals, in particular the prior notification of export mechanism and to share relevant information in order to prevent their diversion into illicit market.

The G77 and China considers imperative the strengthening of the financial capacity of UNODC. The Group reiterates that the continued over-reliance on extra-budgetary resources and in particular earmarked funding has led to highly fragmented, unpredictable and constrained funding patterns. In addition, it limits the UNODC ability to make strategic decisions and leads to donor priorities rather than multilateral mandates determining the actions of UNODC, which undermines country ownership. Therefore, the Group of 77 and China reiterates the importance of providing UNODC with sufficient, predictable and sustainable funding and determining technical assistance programs in accordance with national and regional priorities.

The Group reiterates that the core activities of UNODC should be funded from the regular budget. While not discouraging provision of voluntary funding to the UNODC, there should not be heavy reliance on the extra-budgetary resources to finance the core activities.

The Group of 77 and China expresses its deep concern that UNODC has not observed equitable geographical distribution in recruiting its staff, especially for senior professional and directorial levels. Therefore, requests the Executive Director to pay due regard to the importance of recruiting staff on as wide a geographical basis as possible in accordance with the provisions of the UN Charter, particularly from developing countries.

***COMMISSION ON CRIME PREVENTION AND CRIMINAL JUSTICE, 17<sup>th</sup> SESSION, AND COW, VIENNA, 11-18 APRIL 2008***

The Group also takes note of the reports related to UN.GIFT, contained in documents E/CN.15/2008/10 and E/CN.15/2008/CRP.2. The Group would like to remind UNODC that Operative Paragraph 10 of decision 16/2 requested the Office to provide Member States, the Commission on Crime Prevention and Criminal Justice, and the Conference of the Parties to the United Nations Convention against Transnational Organized Crime with all information on the proceedings of the Vienna Forum, as well as on progress and future planning of UN.GIFT. The G77 and China regrets that the information resulting from the Vienna Forum is not presented as an official document of the Commission and that it is not available in all languages.

The Group of 77 and China believes that Technical Assistance is a cross cutting issue throughout the

United Nations Convention against Corruption (UNCAC), and its provision is an essential part of its effective and efficient implementation. In order to promote UNCAC implementation, adequate assistance should be provided, in particular, for the benefit of developing countries. Assuring sufficient and stable funding to the Conference of State Parties and the United Nations Office on Drugs and Crime is essential to promote programmes and projects.

Technical assistance should be delivered, upon request, on the basis of recipient priorities, mutual benefit, respect for diversity and national sovereignty. No conditions should be attached to the provisions of technical assistance, and no links be established with development assistance. The provisions of the Convention should be the framework for bilateral and multilateral donors for providing technical assistance.

One of the high priorities in the fight against corruption is to ensure the return to the country of origin of illegitimately diverted funds, as well as the elimination of safe havens for the illegally acquired assets in the world and the perpetrators, with a view to preserving the potential for development of the country of origin.

The Group of 77 and China firmly believes that any review mechanism have to be a subsidiary mechanism of the COSP. The Group reiterates that any mechanism or body should be transparent, efficient, non-intrusive, inclusive and impartial, it should not produce any form of ranking.

The Group of 77 and China strongly condemns terrorism in all its forms and manifestations, committed by whomever, wherever and for whatever purposes.

The Group emphasizes that, among other factors, enhancing dialogue among civilizations, promoting tolerance and preventing the indiscriminate targeting of different religions and cultures, addressing unresolved conflicts and ending foreign occupation, will contribute to enhancing international cooperation, which in turn is among the most effective tools to combat terrorism.

The Group underscores the central role of the United Nations in the fight against terrorism and also strongly believes that any measures taken to combat terrorism shall comply with all obligations of states under international law and should adopt such measures in conformity with the Charter of the United Nations and international law, in particular international human rights, refugee and humanitarian law.

The Group would like to recall that the Vienna Declaration on Crime and Justice and the Bangkok Declaration recognized that comprehensive crime prevention must address the root causes of crime. The Group is convinced that it is imperative that any effective crime prevention strategy should adequately address the root causes of crime including inter-alia, unemployment, marginalization of vulnerable people and lack of education. In this context, we call upon UNODC and the international community to assist developing countries in the implementation of their strategies to address the root causes of crime.

The Group believes that the issues of cultural property and trafficking in human organs merits a more in-depth discussion and therefore the Group proposes that they become themes for future thematic debates of the Commission.

The Group reiterates that the core activities of UNODC should be funded from the regular budget. While not discouraging provision of voluntary funding to the UNODC, there should not be heavy reliance on the extra-budgetary resources to finance core activities.

***CONFERENCE OF THE PARTIES TO THE UNITED NATIONS CONVENTION AGAINST TRANSNATIONAL ORGANIZED CRIME AND ITS PROTOCOLS, 4<sup>th</sup> SESSION, VIENNA 8-17 OCTOBER 2008***

The Group welcomes the increasing number of ratifications of the Convention against Transnational Organized Crime and the implementation of its Protocols. The Convention and its three protocols represent a significant step forward in the fight against transnational organized crime and signifies the collective will of Member States to promote cooperation and combat transnational organized crime more effectively through close and dynamic international cooperation including the adoption of concrete measures for mutual legal assistance, extradition, law-enforcement, technical assistance and training.

The Group wishes to recall the commitments undertaken during the negotiations of the Convention and its protocols to provide technical assistance to the developing countries for their implementation at the national level, in accordance with Article 30 of the Convention.

The Group reaffirms the need to ensure that all practices be compatible with and contribute to a strong and effective multilateral system, while avoiding unilateral practices.

Challenges faced by Member States in the implementation of the Convention and its Protocols, particularly with regard to human trafficking and migrant smuggling, especially women and children, to protect the rights of migrants and avoiding any intent of criminalization. The Conference should specially address issues of capacity-building, social and economic factors underlying the supply and demand dimensions of these crimes.

The Group of 77 and China believes that the Open-ended Working Group on Technical Assistance is a fundamental component of the Conference of Parties. The Group hopes that this Working Group will continue to perform its work in a more efficient and effective way, beyond the current 4th session of the Conference.

As regards to any possible mechanisms to be decided by the Conference to review the implementation of the Convention and its Protocols, the G77 and China believes that such mechanisms should include the provision of technical assistance.

Efforts to fight money laundering are a significant element to fight transnational organized crime. Member States' efforts to criminalize this crime and to implement measures allowing preventive seizure, confiscation of proceeds of crime, as well as overseeing suspicious transactions and establishing and strengthening financial-intelligence units should be acknowledged.

## **IAEA matters**

***Task Force Coordinaton: Mr. Luiz Otávio Ortigão de Sampaio, Second Secretary, Permanent Mission of Brazil to the IAEA and CTBTO***

## **INTRODUCTION**

The G-77 and China held a total of 46 meetings on IAEA matters throughout 2008. These meetings were held at the levels of Friends of the Chair, Task Force and Plenary, as well as of open-ended working groups on specific themes. Generally, the meetings aimed, at a first stage, at identifying the

issues on the agenda of the Agency for 2008 that were of particular interest or concern for developing countries, and about which there were a common position within the Group. Then, the meetings aimed at discussing the possible alternatives of action available and, when appropriate, at drafting and adopting statements and speaking notes to be delivered or used by the President of the Group during the meetings of the Board or consultation meetings.

A total of 19 statements on several agenda items were delivered on behalf of the G-77 and China during the Board meetings and the meetings of the Programme and Budget Committee and the Technical Assistance and Cooperation Committee.

The Group also held, at the level of Friends of the Chair of the Task Force, some informal meetings as preparation for the General Conference, to work on the resolutions or resolution sections traditionally introduced by the Group.

The Group participated, at all levels, in consultation meetings called by the Chair of the Board or the Co-Chairs, in briefings organized by the Secretariat, as well as in consultation meetings called by the Group with Secretariat staff, aiming at facilitating consensus and clarifying specific points of the different agendas.

The Group also participated, at all levels, in consultation meetings with other Groups, aiming at facilitating consensus around the targets, drafts of reports and General Conference resolutions.

Being the transfer of nuclear technology for peaceful uses the highest priority for developing Member States of the AIEA, the strengthening of the technical cooperation activities of the Agency as well as a better balance between all statutory activities were the basic principles guiding the work of the G-77 and China all through the year. Apart from the regular review of the documents prepared by the Secretariat and the drafting of GC resolutions, the Group was particularly involved with the negotiation of the TCF targets for the triennium 2009-2011, the maintenance of the FAO/IAEA Joint Division and the analysis of the report of the Commission of Eminent Persons on the Future of the Agency.

## **TCF TARGETS**

The Technical Cooperation Fund targets for the triennium 2009-2011 were set at an extraordinary meeting of the Board, held on 1 August, as no consensus around them had been reached at the regular Board meeting of June. The G-77 and China participated actively in the negotiations conducted by the Co-Chairs of the Open-ended Working Group established by the Chair of the Board to negotiate them.

The G-77 and China strove to reach a figure that, besides the principles of the package agreed in 2003, would incorporate an adjustment factor to preserve the purchasing power of the TCF, in view of the dollar devaluation against the euro. The problem of the reduction of the TCF purchasing power due to currency fluctuations had been pointed out by the External Auditor in his report. In addition to that, the Group also strove to ensure that the targets would be increased every year over the triennium, in view of the longer period of the related planning cycle.

The figures agreed upon, which were proposed by the Co-Chairs, took into account the 2003 package without currency adjustments. The Co-Chairs' proposal also included an increase in the third year of the triennium, in order to compensate the longer period. The Group could avoid that the targets remained at the level of the indicative planning figures, which would not correspond even to the principles of the 2003 package.

In its statement, the G-77 and China proposed that the Secretariat undertakes a yearly review of all the factors that would impact the adjustment of the target, i.e. the increases in the levels of the regular budget, inflation and exchange rates, as well as an estimate of additional resources that may be necessary to fund TC needs of new Member States, which shall be duly reported to the Board. Moreover, the Group underscored the urgent need to establish a credible mechanism that ensures that resources for the technical cooperation fund are sufficient, assured and predictable.

## **THE MAINTENANCE OF THE FAO/IAEA JOINT DIVISION**

In November 2007 the report of an Independent External Evaluation (IEE) carried out by the Food and Agriculture Organization recommended that FAO should cease to resource the joint work with the IAEA, primarily because the longstanding partnership has ceased to be one on which there is a high return in terms of outcomes and impacts from FAO's investment.

On several occasions the Group supported the position that the IAEA Secretariat should work with the FAO Secretariat to retain and reinforce the current partnership and cooperation arrangements between the IAEA and FAO. The Group itself worked in coordination with the Rome Chapter of the G-77 with the same aim. In November 2008, the Chairman of the Vienna Chapter sent a letter to the Chairperson of the Rome Chapter with the request that counterparts in Rome raise their concern about the issue at the FAO Conference and retain and reinforce the partnership and cooperation arrangements between the two organizations.

## **THE REPORT OF THE COMMISSION OF EMINENT PERSONS ON THE FUTURE OF THE AGENCY**

During the General Conference in September 2007 the IAEA Director General announced that he was establishing an independent Commission of Eminent Persons to reflect upon the nature and scope of the Agency's programme up to 2020 and beyond. The Commission issued a report in May 2008. The Group formed an open-ended working group at the level of the Friends of the Chair of the Task Force to review the document. This working group drafted a statement that was delivered at the September Board Meeting.

In its statement, the Group highlighted that the report and the recommendations thereof did not constitute a document that emanated through consultations with Member States and was not a binding document. The Group also stated that any decision inspired by the report required the involvement and participation of all Member States and should be made by consensus.

At the November Board meeting, the Chairperson of the Board proposed the launching of an informal open-ended process with the aim of considering the long-term future of the Agency, to which the report by the Commission and the Secretariat's 20/20 report would not constitute the only resources or inputs for the discussion. The Group, while supporting every action aimed at strengthening the capacity of the Agency to fulfil its statutory functions, stated that it was essential that the approach be conceived with great care, taking into account the views and expectations of all members of the Agency, and that consensus on the agenda, time frame and modalities of work would be crucial before substantive deliberations could commence.

## **THE 52<sup>ND</sup> SESSION OF THE GENERAL CONFERENCE**

The Group participated actively in the negotiations at the Committee of the Whole. The Group introduced the resolution on Strengthening the Technical Cooperation Activities of the Agency, as well as the SIT, AU-PATTEC and Potable Water sections of the resolution on Nuclear Applications. The Group also sponsored the draft on Food and Agriculture, which became a new section of the resolution, as well as the section on Power Applications.

The Group participated intensively in the negotiations around the TC resolution, which resulted in a well balanced text. Among other important advances, the Group strove to incorporate language referring to the exemption of programme support costs for contributions made by developing countries, to the exam by the Secretariat of possible mechanisms that could protect the TCF of currency fluctuations, and to the establishment of criteria to be used for the setting of the TCF targets.

The Group could manage to incorporate a preambular paragraph that takes note of the External Auditor's reference to the erosion of purchasing power of the TCF due to currency fluctuations and of the Board's request for the Secretariat to prepare a report on possible options for addressing this issue, as well as an operational paragraph that urges Member States to make every effort towards facilitating the process for setting the TCF targets

## **CTBTO matters**

***Task Force Coordination: Mr. Claudio Medeiros Leopoldino, Second Secretary, Permanent Mission of Brazil to the IAEA and CTBTO***

During the year 2008 the Vienna Chapter of the Group of 77 and China serviced a total of XX meetings on CTBTO matters (including Plenary, Task Force and Friends of the Chair Meetings). The Group of 77 and China actively raised, pursued and supported positions in the context of the meetings of the Policy-Making Organs of the CTBTO Preparatory Commission, with particular emphasis on the following issues:

### **Universalization of the Treaty**

In line with its long-standing practice, in the statements delivered by the Group of 77 and China during meetings of the Policy-Making Organs (PMOs) of the Preparatory Commission, special emphasis was placed in the steps towards the much-desired universal status of the CTBT, by taking note of the three new signatures and seven new ratifications of the Treaty throughout 2008.

### **Chairmanship of Working Group A**

One of the first important developments in the first semester of 2008 was the appointment of the Chairman of Working Group A. As a follow-up to the position adopted in the 27th Session of the PrepCom in November 2007, the Group continued to actively resist attempts to establish undue linkages between the chairmanship of Policy-Making Organs and the issue of payment of assessed contributions.

The Group actively supported the reappointment of Ambassador Abdulkadir Bin Rimdap of Nigeria as Chairperson of Working Group A for a further mandate of two years, which came to be decided at an Extraordinary Session of the PrepCom in February 2008.

## **2009 Programme and Budget Proposals**

Throughout 2008, the Group has maintained its principled position as regards programmatic and budgetary matters, based on the following four key elements:

- The current well-advanced status of the verification system;
- The mandate of the PrepCom on the provisional operation of the system,

- The actual prospects of entry into force of the Treaty; and
- The need to minimize the financial burden to be borne by States Signatories.

As a corollary to these key elements, the Group of 77 and China consistently called for a strict observance of a zero-real-growth budget policy, without prejudice of the possibility of identifying possible savings and of eliminating unnecessary increases in the current levels of expenditure. In view of this, the Group of 77 and China was not in a position to accept the initial draft budget proposal for 2009 presented by the PTS, since, among other factors, it was based on an increase of 1.8% in the overall expenditure in real terms.

In the second semester of 2008, it became increasingly clear that the global financial and economic crisis, which had been in the offing for some time, would have a dire impact on the economies of many if not all States Signatories in the coming years. Against such a troubling background, the Group emphasized that the need to reduce the financial burden to be borne by States Signatories was made all the more urgent.

The Group was therefore encouraged by the fact that the final draft programme and budget brought the overall expenditure down to a level slightly below zero real growth. The Group expressed, however, its deep concern with the fact that such reduction was not a consequence of savings and reductions of levels of expenditure, but resulted instead almost exclusively from a voluntary in-kind contribution. The Group also took note of the proposed adjustments to the final 2009 draft programme and budget presented prior to the November PrepCom, and reiterated that in the next budget cycle, utmost priority should be given by the Secretariat to the elimination of unnecessary increases in levels of expenditure and to the identification of possible further savings, and that the results of such efforts are duly reported to Working Group A and to the PrepCom. The Group also underscored that, as recommended by the Advisory Group and Working Group A, any increases in lines budgetary lines should be thoroughly and exhaustively justified.

### **Schedule of Meetings of the Policy-Making Organs**

Throughout 2008, the Group has actively participated in discussions on the schedule and organization of work of the policy-making organs. As regards WGB, the Group has underscored its satisfaction with the decision to suppress parallel sessions and reiterated the need to continue the process of rationalization and streamlining of WGB meetings, with a view to facilitating participation from experts from developing States Signatories. The Group also proposed the suppression of the Regular Session of the PrepCom to be held in June 2009.

As a result of the proposals presented by the Group, and after extensive negotiations with other delegations, the PrepCom has introduced a number of improvements in the schedule of meetings for 2009, which includes a shorter period for the June PrepCom and the provision for only two regular sessions of WGB (to be complemented by a shorter, three-day long extraordinary session to discuss the results of the IFE08).

### **Participation of Technical Experts from Developing States Signatories in Technical Meetings of the Preparatory Commission**

The Group has expressed its satisfaction with the fact that additional voluntary contributions by States Signatories have allowed the PTS to support the participation of three additional experts in 2008 through the pilot project, and reiterated its expectation that the original goal of nine supported experts could be reached as soon as possible.

## **OSI Integrated Field Exercise in 2008 (IFE08)**

The Group has followed the preparations and conduct of the Integrated Field Exercise (IFE08), a simulation of an On-Site Inspection held in Kazakhstan in August-September 2008. In discussions on this matter, the Group reiterated the importance of submitting the results of this exercise to a thorough and transparent evaluation, open to the participation of all States Signatories. The Group also underscored that future steps in the field of OSI, particularly as regards the next exercise cycle, should be fully discussed by all policy-making organs of the PrepCom, and that such discussions must take into account the perspectives for entry into force of the Treaty.

## **Installation of IMS Stations**

The Group recalled that maintaining the current pace of IMS build-up could only lead the PrepCom-CTBTO to a dangerous state of chronic financial unsustainability. In this connection, the Group recalled its proposal for a postponement of the negotiation of new contracts for the construction of IMS Stations, which should not be construed as an "artificial freeze", but instead as a much-needed adjustment of pace and at correcting the current imbalance between its three main dimensions, namely the IMS, the IDC and OSI.

In this regard, the Group recalled that, while more than two thirds of the IMS stations were already fully functional and working as envisaged by the Treaty, much more remains to be done in terms of establishment of capabilities of the IDC, in particular as regards data processing, data analysis and data products, which have been severely outpaced by the enormous increases in the volume of data generated by an ever-growing IMS. The imbalance is even more serious in the field of On-Site Inspections, in which the capabilities of the PTS are still on a very incipient stage.

## **Procedures for changing responsibility for IMS Stations from one State to another**

As regards the discussions on the possible need to change responsibility for IMS stations from one State Signatory to another, the Group of 77 reviewed the legal, technical and financial aspects of the issue, and outlined a series of principles that should guide any possible mechanism to that end.

## **Measures to Contain PCA Costs**

The Group has also participated actively in the discussions on possible mechanisms to manage and reduce post-certification activity (PCA) costs, reiterating the need to avoid excessive and undue impact on station operators. The Group reaffirmed, however, its perception that the main factor for the increases in the PCA costs is the accelerated pace of IMS build-up, which is demonstrated by the clear-cut and linear correlation between the overall PCA expenditures and the number of certified stations.

## **Human Resources Issues**

As regards the issue of human resources in the PTS, the Group reiterated repeatedly its concerns with the enduring imbalance in the overall representation of developing countries in the PTS Staff, as well as in the consultant individuals and firms hired by the PTS, and called upon the Secretariat to give due attention to this criterion in the recruitment process of new staff members and in the selection of consultants and consultancy firms. It should be noted that, according to the latest report issued by the PTS on Human Resources, a substantial improvement in the overall representation of developing States has occurred throughout 2008.

### **Selection of the External Auditor for the Period 2009-2010**

Another issue of interest to the Group of 77 was the selection of the External Auditor for the period 2009-2010, a position for which three States Signatories members of the Group presented candidates. The Group's position was that, in the interest of representation and geographic rotation, the next External Auditor should have been selected from among the candidacies of developing States Signatories. In addition to its many interventions in the PMOs, the Group has adopted a position paper on the issue. The Group also supported consistently the efforts by the Chairman of the PrepCom in seeking to promote consensus. However, in view of the results of the consultations on the issue, the Group accepted his proposal to appoint the "Cour des Comptes" of France to the position.

### **Request from Palestine for Observer Status**

As regards the request from Palestine for observer status in the Commission, in the two regular Sessions of the PrepCom held in 2008 the Group expressed its regret that after three years under consideration, the issue still could not lead to a positive decision, and reiterated its strong support for the legitimate request by Palestine to be granted observer status within the Preparatory Commission for the CTBTO.

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