

26.11.04

## **INDUSTRIAL DEVELOPMENT BOARD, TWENTY-NINTH SESSION**

### **Closing statement of Director-General (11 November 2004)**

#### **[Unofficial transcription from English interpretation]**

Thank you very much Mr. President.

Allow me to express my condolences to the Palestinian people following the demise of President Arafat. I did have the honour of meeting him. There is sadness in the Secretariat following his death.

There are a couple of comments that I would like to make regarding the statements made during the Plenary. While I was not able to be present throughout, I still did follow the details through the documents prepared by my colleagues in the Secretariat. And it was possible for me to follow the debate and comments made here. If I may I would like to refer to some of this questions.

First of all, I would like to look at the decentralization process in conjunction with the UNDP and future developments. As you can see here in this chart, this is the staff level that we have in the regional programme: 148 officials totally, a total of 66 Professionals and 82 General Service. Most of them are working in the field. This is a very important programme—it is an important component of our programme and budget.

As you can see on the next slide, this means approximately one-quarter of all resources approved for the Organization. So it is very important that we achieve an appropriate level of value for money out of this segment of our budget. In February we distributed an evaluation done by the Secretariat on field offices and our regional programme and that report shows that we are not getting value for money. So the Secretariat has had to face the question of seeking a mechanism to achieve value for every euro, dollar, cent that we put into the regional programme. The money that we receive every biennium the € 36.4 million—all that is applied still to pay a fixed amount for offices.

You can see in the next chart our offices cost approximately on the average € 330,000, and that taking into account all costs—staff and administrative. That means that to date we were receiving € 36 million and we had to pay out a fixed number of offices, using most of the resources to pay for 30 locations.

Here I would like to try to emphasize the value added of the UNDP Agreement. The UNDP Agreement has changed the situation for UNIDO. Now we will continue with € 36 million being given to us, but we can choose not to limit these for the 30 offices and the fixed amount, but we can go right up to 80 offices in the

field. And of course to be able to do that with the same funds we have to change the manner in which we are using the funds received.

The Agreement with UNDP offers us an opportunity. It does not set any obligation upon us, as you saw in the Agreement signed with the Administrator of the United Nations Development Programme. What we have is a chance to expand the number of offices in the field with greater presence in a larger number of countries. And we have to take decisions as to how the funds should be administered. It is the ambition of the Secretariat within the next two years to make best possible use of the Agreement during the pilot phase. That means having as many desks opened as possible under our budget.

The cost of each of the UNIDO desks is considerably lower than that of the field office. It would be only € 60,000. The UNDP, United Nations Development Programme, would be paying for operating costs of about 15 desks for a two-year period. That is where we are getting the money from as discussed at the last meeting of the PBC. That is the \$1.26 million for 15 desks for two years. Now to be able to benefit from that particular facility, of course, we have to open the 15 desks. So that is where the options are.

After signing the UNDP Agreement we can continue with the current situation or we can begin the process that gradually would lead up to a maximum of 80 desks being opened. I recommended to the Organization to draw greatest possible advantage from the UNDP Agreement because I am convinced that it is very important to gain the greatest value from what is being done with the regional programme.

Now, in other words, to move out of this situation and go as far as that ambition of the 80 desks, what we have to do is figure out where to take the money from? At present, we see one option and that is to take the money that we received and reallocate that for operations in the field, the regional programme. We've had savings because the fund that we received is as you can see not sufficient in order to pay for all the expenditures approved in the programme and budget for this biennium and we've had to keep some posts vacant. Here you can see the vacancies in the field offices, the total vacancies in the field—in other words the number of posts not filled to date have a cost of € 3.29 million for one year.

As you will recall at the first meeting of this session, at the opening meeting, I said that collection rate of assessed contributions is 92 per cent. There is 8 per cent of the approved budget that we cannot implement. This has occurred every year, there were some years that were even worse, so we've always had to have a margin of vacancies. And this Board has observed that with concern asking us to reduce the vacancy rate, but for this to happen Member States must pay their obligations on time. We've maintained the vacancy rate also in the field. This year at the end of the year we figured if the assessed contribution collection develops as planned then we will have an approximate amount of € 1.3 million that we would be able to use next year for improvement of field representation.

Now there are several options. For example, we could increase our presence in four or five regional offices or, instead, fill some of those vacancies in the field

offices shown in the list. What we could also do is to open 20 desks, 20 new desks, on UNDP premises. A decision has to be taken. That is the possibility offered under the UNDP Agreement.

Distinguished delegates, I believe that whatever decision is taken must be fully transparent and in the context of a fluid dialogue with Member States. And because of that, in response to your requests put at the last meeting of the IDB and last PBC, we have submitted to you for consideration a number of criteria that can allow for a decision to be taken to determine whether or not we are getting enough value from what we are investing now in the field and to see where there could be better investment.

That is the work that we will be doing with the criteria submitted for consideration in the relevant conference room papers. The Secretariat assumes through the statements made that Member States feel these criteria are reasonable. In any case I would like to say to you that I have asked the Secretariat to continue consultations with regional groups and that consultations with all Member States must be followed to ensure that we take all your opinions into account. If there are any other comments you wish to make please approach the Secretariat and do so. We want to implement the UNDP Agreement in the best manner possible and I undertake to submit a report to the General Conference on the first year of its implementation.

In the pilot phase we hope to see a larger number of UNIDO offices, from 30 to 50. We see this as a great opportunity and we appeal to your good will so that it can come true. We are aware, you have given us a vote of confidence for the implementation of the programme and I will make sure that nobody takes advantage of the good will and confidence you've shown. We will look at the details with you for the best possible implementation.

But I also must congratulate you for the courage that you have had in going along with us for this undertaking. Last week at the meeting of heads of agencies, chaired by the Secretary-General, the Agreement between UNIDO and UNDP was referred to as a model for other agencies to follow in the system. Therefore we have this commitment to produce tangible, significant results.

And now I would like to refer to a second point that many delegations have referred to, that I believe is very important. And that is related to the initiative of production capacity: the African Productive Capacity Initiative. My colleagues and I are very proud and it is because we believe that this is an Initiative worth of the attention. We are very committed to this Initiative and its implementation. We are going full steam to seek, to conclude the series of regional seminars and national seminars so as to aggregate and coordinate those initiatives that are already on their way through integrated programmes with initiatives that are being discussed with the African Productive Capacity Initiative. We are pleased that the private sector in Africa has a leading role in the implementation of this Initiative. We want to encourage this and I would like to assure the African countries that we will use all UNIDO's available financial resources for Africa to strengthen this Initiative and also to strengthen the financial possibilities under this Initiative. I thank the distinguished representative of Nigeria for his statement at the opening session. We will do our utmost, I can assure you, to seek the greatest funds possible for this African

Productive Capacity Initiative. It is very important, it is a great commitment for the Organization.

My colleagues and I believe that for the first time we have a well-structured intellectual framework set up through the last world report on sub-Saharan Africa and not for the Millennium Goals to be achieved. And there is also a well-structured strategy for productive programmes to contribute to extension of production in Africa and the programmes furthermore have a sense of ownership that goes with them and that with the African private sector.

I feel proud as a representative of Latin America for contributing to the process. Some years ago I asked the Conference of the African Ministers for Industry to consider my proposal for this African Productive Capacity Initiative and personally I feel honoured that I've been taking part in this and I am grateful to UNIDO Secretariat colleagues for the enormous work that they have done in this area. So please feel assured that every effort will be made to extend funds and possibilities there. I'd like to appeal to all donor countries to contribute to this effort. We will continue to work together in this area.

And finally I would like to refer to UNIDO's participation in post-conflict programmes. This is an item that was addressed by many delegations. There is a great deal that remains to be said in debates on this and I would like to assure European Union colleagues, my dear friends from the European Union, that we are taking into account your comments regarding inconsistency of the CRPs, the conference room papers. We will be coming forth with documentation to remedy that.

There is one point I would like to make, however. In the Secretariat we all see UNIDO not as a humanitarian aid agency. We don't want to see it turn into that. We know fully well that our mandate is limited so we will be very attentive when working. At the same time I am convinced that it is an important priority to work in post-conflict situations. And I feel great understanding for the comments made by developing countries and European Union countries on this matter. I know that we all agree on this and it is the matter of seeking a better understanding as to how to organize our participation in this area. I feel great confidence that the seminars that will be organized in June for a medium-term vision of a 15-20 year period for UNIDO, that this will all allow us to adapt our participation in this area.

And finally, I would like to say, next year is going to be a very, very active year. During the first half we will have many meetings and [that] to evaluate the preparation of the medium-term programme, so we can have an agreed version of the medium-term programme for submission at the next IDB.

It is the ambition of the Secretariat for the medium-term programme to have the same status that it had in 1997, with the Business Plan. But for that we need the active participation of Member States. The Secretariat can only convene the Member States and come forth with proposals. You are sovereign; you have to decide what proposals you want to attach importance to. I am grateful for your words of praise on my presentation last Tuesday, and we will come forth with more documents for

relevant contributions and we hope that everybody together will have a vision for the medium-term programme for this Organization, with a great future ahead.

During the second half of the year we will also have many meetings because at the end of next year this agency will be celebrating 20 years as a specialized United Nations agency. In its two decades, the Organization has had some perilous moments; our very existence was even at risk. And we all want to celebrate these 20 years and I am sure you too want to celebrate the twentieth anniversary.

So we will propose a number of meetings to look at significant technical themes. There might be another declaration, too. 2005 will mean 30 years since the Lima Declaration. Someone said "Don't mention the Lima Declaration, it was a little controversial." I don't think there is anything wrong there. Thirty years have gone by and for all sorts of reasons developing countries account today for more than one-quarter of world manufacturing value added. So I say we have objectives and those should be the Millennium Goals in 2015. We might need a Vienna Declaration to be clear on how UNIDO is going to achieve those goals in 2015. I cannot believe that the international community will give up when facing difficulties in the way of the achievement of the Millennium Goals.

We spend all sorts of money on weapons and all sorts of other things that could be used better if this could be focused for aid to development. We need to do this. We know the countries in all regions are committed. So I call upon you to think about this so that we can have this twentieth anniversary of UNIDO and have it be politically significant with a strong message. We are here strong and all our reforms are not just to feel good and congratulate ourselves or to say we are great managers.

I don't see that as any use for myself. I think this is something that we can use to show that we have a significant contribution to reduce poverty. Only in that manner can we have a more secure world. We will build a more secure world with greater equality and if we get away from injustice.

And finally, sincerely I would like to tell you how touched I am with this conclusion of my seventh year in this environment of harmony, positive contributions, confidence and a great atmosphere. We had done many bold things. I know some have suffered the consequences and I know some people may not feel too pleased with all the changes.

I would like to apologize for any errors committed. We cannot do everything perfectly—that would go against statistics—but I think on balance we have built a great present for our Organization. Thank you with all my heart.

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION  
 29<sup>th</sup> Session of the Industrial Development Board  
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CLOSING STATEMENT OF THE DIRECTOR GENERAL  
 Carlos Magariños

29<sup>th</sup> Session of the Industrial Development Board

**Budget - Staffing Field Representation 2004-2005**

Staff	Regional Bureau	Field Offices (30 Offices)	Total
Professional	20	46	66
General Service	14	68	82
<b>Total</b>	<b>34</b>	<b>114</b>	<b>148</b>

Closing statement of the Director-General

**Budget (Gross) for 2004-2005 - in million of Euros**

	Regional Bureau	Field Offices (30 Offices)	Total
Staff Costs	7.51	20.11	27.62
Other Costs (consultants, meetings, operating costs, travel)	0.79	8.00	8.79
<b>Total</b>	<b>8.30</b>	<b>28.11</b>	<b>36.41</b>

**22%****22% of the total approved regular and operational budgets**

- The average budgeted cost (staff and operating costs) of a field office is:

**€330,000**

The cost of a desk to UNIDO is  
 €60,000  
 as operating cost of each desk (i.e.  
 €42,000) will be paid by UNDP (€1.26  
 million for 2 years)

### Scenarios for Field Representation

	<b>Current</b>	<b>Proposed</b>
Regional Bureau	No change	No change
Field Offices/UNIDO desks	30 offices/centre	80 desks/centres



**Current vacancies in Field Offices**

	Staff			Cost (for 1 year)
	Professional	General Service	Total	€ million
Africa (5 offices)	8	5	13	1.66
Arab Region (3 offices)	4	2	6	0.82
Asia & Pacific (1 office)	1	0	1	0.2
Latin America & Caribbean (3 offices)	3	2	5	0.61
<b>Total</b>	16	9	25	3.29

Closing statement of the Director-General

- UNIDO representation in 4 to 5 Offices

OR

- UNIDO representation in 20 countries (15 UNIDO desks and upgrading of 5 focal points)

Closing statement of the Director-General