

UNITED NATIONS INDUSTRIAL DEVELOPMENT
ORGANIZATION



OPENING STATEMENT

OF THE

DIRECTOR-GENERAL

Mr. CARLOS MAGARIÑOS

AT THE

THIRTIETH SESSION OF THE

INDUSTRIAL DEVELOPMENT BOARD

VIENNA, 20 –23 JUNE 2005

Mr. President, Ministers, distinguished delegates,

Let me start my introductory remarks as usual with a word of appreciation and gratitude to the outgoing President, Ambassador Zniber from Morocco, a very good personal friend and a very good friend of the Organization. His skills and dedication were essential to conduct a successful period of our previous session of the IDB. We are all indebted with your contributions and that of your bureau.

Let me also congratulate the new President, Ambassador Stelzer from Austria, for his appointment as well as his bureau. I think he has given a very interesting set of introductory remarks and I have little to add to what he has already said.

This is indeed a very special Board for you and for the Organization and also for me because as the President has just said, this is the last time I will report as Director-General to this honourable body. I do so with deep gratitude for all the support I have received from you along those years and I cannot deny a sense of our collective achievement thanks to your support. To demonstrate this gratitude, I thought I would not resort to written notes having reported about the performance of the Organization just one month ago to the PBC, but give you my reflections on my two terms at the helm of the Organization. I think that it is a very good opportunity to place my entire tenure in perspective, not to do an analysis of the performance for the sake of the successes achieved but to draw some lessons and to draw some conclusions that could be of certain help for the Organization in the future.

Eight years ago, UNIDO was in major financial disarray and Member States were leaving or about to leave the Organization. The situation was extremely challenging with an impressive budget cut of about 20 per cent obliging the Organization to reduce a large number of its staff. I think such a situation was only the superficial manifestation of deeper problems, because if you look at the situation in 1997, technical cooperation delivery had been declining for eight consecutive years. UNIDO was in a really difficult situation.

UNIDO faced three major categories of problems: administrative and financial problems in one end and programmatic problems in the other. However, those two sets of problems revealed certain doubts and deeper concerns about the substantive activities of the Organization, or more precisely whether fostering economic development in developing countries was worth the investments from taxpayers' money. Therefore, I devoted my first years in office to addressing these sets of problems in a sequential manner although they are not strictly sequential and influence each other, but it is difficult to argue about the value of the substantive contributions of the Organization, which is in financial disarray or criticized for lack of programmatic focus.

Now, whether we succeeded or not can be seen through the numbers. During the first four years of my term in office, UNIDO delivered a total TC delivery worth \$318 million, an average of almost \$80 million a year. This allowed to stabilize the Organization and stopped the decline that we were facing during the first eight years of the nineties. We established a solid financial performance; we improved the

conditions for our staff, moving from contract extensions lasting three months to the current contract extensions of three years. From there, we moved into the programmatic focus of the Organization and developed the service modules, the integrated programmes and the basis that allowed the Organization to regain credibility and focus in the minds of many capitals of our Member States. These measures not only stopped the withdrawal of Member States, but convinced new Member States to join UNIDO during the last years.

I think we successfully addressed the problems related to the financial and administrative performance of the Organization, and the concerns with regard to the programmatic focus of UNIDO; and it seems that the Member States of the Organization think the same because during these second four years you granted me at the helm of the Organization, we have increased technical cooperation delivery and, as of today, we have delivered more than \$332 million, therefore surpassing already the amount of technical cooperation delivered between 1998 and 2001.

I said a moment ago that during my first four years in office, we delivered a total amount of \$318 million and during my second term between January 2002 and the end of this year, if our forecasts are correct, we will deliver over \$380 million. This means an average of \$95 million per year, a growth of 20 per cent in technical cooperation delivery. With regard to my first four years, we therefore did not only stop the decline, we managed to increase UNIDO's technical cooperation delivery by 20 per cent during my second term between 2002 and 2005, if trends continue for the remaining seven months.

Now, which are the conclusions we can draw. First, it is possible to reform a UN organization without conflicts, without major stress and keeping the good mood and productive engagement of Member States in the organization's work. Second, it is possible also to grow in terms of technical cooperation delivery for a small agency like UNIDO. I think the challenge for UNIDO in the future is to grow further by whatever percentage will be set as a goal and target for this Organization. It can be done and it needs to be done.

Finally, I would like to explain how it can be done, or why it is necessary to do so. Let me address this last question first. I would be mistaken advocating here for 20 per cent growth in technical cooperation delivery for the sake of any bureaucracy. I think, as I said in 1997, and that is why I am pleased to be here, reporting for the last time to this IDB that UNIDO has an important role to play in the international economic machinery of the multilateral community.

We have proven that this role can be played and must be played, and it is necessary because economic development is at the centre of the needs of developing countries to achieve the Millennium Development Goals. Let me be clear about that: there will not be any possibility to achieve the MDGs until and unless we strengthen the capacity of developing countries to increase their per capita growth rates.

For that, it is necessary that you make social investments, it is necessary that you address the problem of sanitation, nutrition, health and education but that alone will not suffice. UNIDO's reports have been proving that based on lessons learned from its technical cooperation activities, and research on this particular subject.

Last year we published an Industrial Development Report showing that for sub-Saharan African countries to achieve the MDG number one, that is to reduce poverty by one half by the year 2015, it will need a per capita annual growth rate between 4 and 6 per cent.

Furthermore, we calculated how much of that growth can be achieved through investments in education, health, nutrition and sanitation in general. The results show that those countries will need an additional two or three points per capita growth rate to achieve the Millennium Development Goals, and for that they need support in investment promotion, trade capacity-building, technology transfer and in many other areas UNIDO has a comparative advantage to contribute and to deliver. That is why it is important that UNIDO strengthens its role, and that you enable UNIDO to contribute to the achievement of the Millennium Development Goals, to make the world more just and equitable and to help to spread democracy and prosperity all around the world. Now how to achieve this will no longer be my task. I am sure that you will make the right choice today, tomorrow and this week to enable the Organization to fulfil its mandate.

With regard to how to increase technical cooperation delivery, I am convinced that UNIDO will have to continue deepening the substance and sharpening the focus of its contributions to economic development. You are aware that in the documents outlining a long-term vision and in a recent book published on UN reform, UNIDO is advocating more attention given to the economic development functions within the UN system. I think UNIDO's reform process has reached a point where future productivity gains at UNIDO will depend very much on efforts all throughout the UN system.

I see many challenges not for UNIDO in particular but for the economic development function of the UN system in general. I do think those functions were not given enough attention during the reform proposals, which are currently discussed by the General Assembly. UNIDO has made proposals and contributions through the Presidency of the General Assembly to the draft document that will be adopted at the Summit next September by the General Assembly with the purpose of strengthening the consideration given to the economic development functions.

Therefore I think, dear colleagues, representatives, friends. I can claim mission accomplished with regard to the two mandates you gave me at the helm of the Organization and I am sure that, with this very good platform we built together during these years, UNIDO will be able to continue its path of contributions towards growth and prosperity in developing countries.

Thank you indeed for all the support you have been given me. I wish you all the best and can assure you that I will continue working in any position in the future to advance the ideas and objectives of the economic development as a main source of progress for developing countries.

Thank you very much.