

CHECK AGAINST DELIVERY

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION



**Opening Statement
by
Kandeh K. Yumkella
Director-General**

**(including presentation by
Mr. D. Piskounov
Managing Director
Programme Development and
Technical Cooperation Division)**

**at the
thirty-third session of the
Industrial Development Board**

Vienna, 25 – 27 June 2007

Director-General's Opening Statement
to
Thirty-Third session of the Industrial Development Board
25-27 June 2007

Mr. President, Ministers, Excellencies,
Distinguished Delegates, Ladies and Gentlemen,

It is my great pleasure to warmly welcome you to the thirty-third session of the Industrial Development Board.

Let me start by expressing my gratitude to the outgoing Bureau, and in particular its President, Ambassador Ali Ashgar Soltanieh of the Islamic Republic of Iran, for his commitment and dedication. His leadership set the stage for the constructive and smooth conduct of the last two sessions of the Board.

I also wish to congratulate the new President, Mr. Victor Zagrekov of the Russian Federation, as well as the new bureau on their election. I am confident that under your able leadership, Mr. President, our session will come to a successful conclusion.

I would equally like to welcome the Ministers from Cote d'Ivoire, Ghana, Rwanda, Senegal and Sri Lanka who are with us today. Their presence is a testimony to the excellent relations between UNIDO and its Member States. I am also very pleased to welcome Ms. Monique Barbut, the CEO of the Global Environment Facility, who has joined us for this session of the Board. Her presence at this meeting underlines the growing cooperation between GEF and UNIDO.

On this occasion I would also like to recognize a number of recent retirees of UNIDO as a special token of my appreciation for the contributions they have made to this Organization during a lifetime of service.

Mr. President,
Distinguished delegates,

Technical cooperation

A quick perusal of the agenda for this session of the Board shows that you have an intensive and challenging work schedule covering a broad range of issues. To facilitate your deliberations on these matters, the Secretariat has submitted a comprehensive set of documents. Against this backdrop, I will limit my statement to only a small number of issues, which I regard as particularly pressing – before focusing the Secretariat's presentation on the core function of UNIDO, namely to promote sustainable industrial development as a vehicle for wealth creation and poverty reduction.

For this reason, I plan to give the floor very soon to Mr. Dmitri Piskounov, the Managing Director of our Division for Programme Development and Technical Cooperation. This is in line with my policy to give you, the Member States, an opportunity, to be briefed in detail on issues of crucial importance to our Organization by the senior official responsible for them. Thus, for example, the then Managing Director of the Programme Coordination and Field Operations Division, Ms. Haruko Hirose, spoke to you at the 31st session of the Board in June 2006 about the mobility policy we were introducing at the time. Similarly, the Director of Finance, has had the opportunity to address you at the 23rd session of the Programme and Budget Committee.

Mr. Piskounov will introduce you to the range of technical cooperation activities implemented by UNIDO within the framework of its three thematic priorities of poverty reduction through productive activities, trade capacity-building, and environment and energy. He will also brief you on the measures we have taken over the past year-and-a-half to increase the efficiency and effectiveness of our technical cooperation services. I will then conclude the Secretariat's statement with some project examples to show you the ground-level impact of our services.

In this presentation on our technical cooperation programmes I want to go beyond the provision of statistics. In keeping with our commitment to the principles of results-based management, which emphasizes outcomes over inputs, I want you to gain an impression of the developmental impact of our activities. I want you to see, as I see during my travels, the real stories behind these figures. I want you to understand what a difference the establishment of a mini-hydropower plant in a remote rural area of Rwanda makes to the lives and livelihoods of the local people, who have never before had access to electric power. I want you to see the human face of our activities, not merely the faceless statistics.

Resources for technical cooperation

In this connection I would like to stress the importance of voluntary contributions from you, our Member States, for sustaining and growing our technical cooperation delivery levels. I am particularly pleased to be able to report that you have continued to support us through generous contributions, underlining your trust and confidence in our Organization. In the first six months of this year alone, the European Union, France and Italy disbursed sums ranging from US-\$ 1 million to US-\$ 7.5 million, and Mexico also provided almost US-\$ 1 million. In most cases these were partial disbursements of much larger overall contribution agreements. In addition, the multi-donor Iraq Trust Fund and the Global Environment Facility disbursed sums exceeding US-\$ 6 million and US-\$ 3 million, respectively in the first six months of this year.

(Slide 1)

The prospects for the coming years also look very promising. In this connection, I am particularly pleased to report that following my recent mission to Moscow last week I am confident that the Russian Federation will emerge as an important source of voluntary contributions from 2008 onwards – with envisaged contributions of close to US-\$ 8 million over a three-year period. Moreover, with UNIDO having been granted direct access to Global Environment Facility funding in all of its focal areas,

in many of which we have a comparative advantage, we look forward to a significant increase in GEF-funded technical cooperation activities in the coming years.

Mr. President,
Distinguished delegates,

Programme and Budgets 2008-2009

Before I turn to the presentation of our technical cooperation activities, allow me to refer to one or two other critical issues. The most important of these is, of course, the matter of the Programme and Budgets for 2008-2009. It goes without saying that our ability to meet our technical cooperation commitments, and achieve the impacts that you, our Member States, justifiably expect from us, depend very much on the availability of the necessary resources. Even the existing portfolio of projects and programmes that I mentioned a few moments ago, for which voluntary contributions have already been pledged, means little if we do not have the core resources to implement the projects that they are intended to finance.

As you are well aware, it has not proven easy to reach consensus on the proposal that I had submitted for the Programme and Budgets 2008-2009, which was based on a zero real growth scenario plus additional resources for the implementation of the International Public Sector Accounting Standards. I nevertheless would like to express my sincere gratitude to all Member States for their determination and commitment to find a solution, and for the flexibility that they have exhibited in their attempts to reach a consensus. In this connection, I would particularly like to thank Ambassador Soltanieh and Mr. Shaghghi for their unrestrained efforts to bring the Member States together in informal consultations aimed at reaching a consensus. My thanks also go Ambassador Taous Feroukhi of Algeria for her determined chairing of the informal consultations during the last PBC session. I am also grateful to the Government of Japan for sending a high-level delegation to confer with us and other Member States last week for the same purpose.

Staying with budgetary matters, I would like to take this opportunity to express my sincere gratitude to the Government of Iraq for having repaid in full the arrears on its assessed contributions. Together with the FAO, UNIDO is currently implementing projects worth more than US-\$ 20 million in Iraq. In this connection, I also call upon other Member States with outstanding arrears to meet their commitments. If necessary, UNIDO stands ready to assist them with the preparation of appropriate payment plans.

Mr. President,
Distinguished delegates,

UN system-wide coherence

Another important topic that I wish to briefly touch upon is the issue of UN system-wide coherence arising from the recommendations issued last November by the High-Level Panel established by the former Secretary-General, Mr. Kofi Annan. While this

topic is still the subject of inter-governmental debate in the UN General Assembly, and while measures to ensure its fair and inclusive implementation are being deliberated upon also at the UN inter-agency level, implementation has already begun in the eight pilot countries selected for this purpose. The Secretariat has provided a summary account on the present situation in a Conference Room Paper (CRP.6).

In this connection, I would like to reiterate the point that I have made many times before – that UNIDO has constructively supported the goals and work of the High-Level Panel, inter alia by hosting one of its meetings in Vienna in May 2006. At the same time, it needs to be understood that the Panel's recommendations, and in particular the manner in which they are being put into practice in the "One UN" pilot countries, will have potentially wide-ranging implications for UNIDO.

As indicated in CRP.6, it is a matter of particular importance to us to ensure that UNIDO's mandate and expertise become part of the UN system's response to national development strategies and priorities. Inclusiveness is of the essence in bringing to bear the entire UN system's capacities and expertise on supporting economic and social development in our partner countries. Dialogue continues at many levels, and I am encouraged by recent statements of the UN Secretary-General and his Deputy as well as by the UNDP Administrator that the entire UN system will rise to the challenge. At the same time, I am concerned by some recent cases of UNDP continuing to implement programmes and projects in the sectoral areas covered by UNIDO. Against this background, the policymaking organs of UNIDO may wish to consider this subject on a formal basis, in order to provide UNIDO with the requisite support and guidance.

Mr. President,
Distinguished delegates,

Environment, energy and climate change

Another important issue I wanted to touch upon in my statement is the growing challenge of sustainable development, especially in the context of climate change. While recognizing the need for continued industrial development as a critical driver of wealth creation and poverty reduction, we also acknowledge that the greatest possible efforts must be made to ensure that this process is pursued in as environmentally benign a manner as possible. It is for this reason that we are placing such heavy emphasis on environmental and energy-related issues in our technical cooperation activities.

Earlier this year I had the honour to participate in the discussions on industrial development, climate change and sustainable energy at the Commission for Sustainable Development. The deliberations at this meeting confirmed our views on the importance of sustainable industrial development as a vehicle for poverty reduction. The Secretary-General himself stressed that "industrial development has been central to the growth and poverty reduction achieved in many Asian countries". The meeting also provided the opportunity to show how industry can – through better energy efficiency and the uptake of renewables – become more competitive while tackling climate change.

The Secretary-General has made clear his intention to put climate change at the top of his agenda. Through our environment and energy related programmes we are in a strong position to support him in this regard, and I have already written to him to inform him of the various contributions that UNIDO is making in this field. As you are all aware, these contributions cover our industrial energy efficiency programme, our renewable energy programme, our programme to promote technology transfer under the clean development mechanism and joint implementation scheme of the Kyoto Protocol, as well as our cleaner production programme. Immediately after this session of the Board, I will join several other UN agency heads in Rome to discuss climate change issues and start preparing for a high-level meeting on this topic, which the Secretary-General will convene in September in New York.

The potential role of energy efficiency – including industrial energy efficiency – in mitigating climate change was further reinforced in the declaration issued by the recent G8 Summit at Heiligendamm, which classed it as “the fastest, the most sustainable and the cheapest way to reduce greenhouse gas emissions and enhance energy security”. Similarly, our Montreal Protocol programme also makes an important contribution, since many of the ozone-depleting substances it is designed to phase out also have a strong global warming potential.

Finally, I would like to note that as an Organization with many hundred staff members and a worldwide reach, our own operations clearly also have environmental impacts. In order to minimize these impacts, I have set up a working group to look at ways in which we can reduce our carbon footprint in a cost effective manner.

Mr. President,
Distinguished delegates,

Strengthening of UNIDO field networks and mobility

The various field networks (including inter alia, UNIDO Regional and Country Offices; Investment and Technology Promotion Offices – ITPOs; National Cleaner Production Centres – NCPCs) are critical to our global presence and delivery. A process of strengthening, assessing and revamping these networks is underway.

In this context, I am pleased to inform you that our staff capacities in Regional and Country Offices have become real, and not just a fiction: I inherited a vacancy ratio (excluding UNIDO desks) of Professional posts as high as 47 per cent. It is now down to 20 per cent for all Professional posts- and even down to 11 per cent for international Professional posts only. All our UNIDO Representatives will meet next month in Bangkok for a global meeting aimed at enhancing coherence and providing various training elements, including on results-based management. In the same vein, for the first time we brought field office General Service staff to Vienna earlier this year to train them on financial and other administrative matters.

(slide 2)

The drive towards staff mobility will continue. In future, more exchange between field and Headquarters and further reassignments will take place.

The NCPC network is currently undergoing an in-depth evaluation together with UNEP and key donors. Based on the results of this evaluation – which will be presented at the Global NCPC meeting in September in Vienna – Mr. Achim Steiner and I will define an upgrading strategy to make the most effective use possible of this strategic asset of our organizations.

Likewise, we are currently reviewing the strengths and weaknesses of our ITPO network and I will take necessary measures to enhance its performance.

Mr. President,
Distinguished delegates,

Regional dimension of technical cooperation

As I indicated earlier, I would now like to give the floor to Mr. Piskounov, who will brief you on the finer points of our technical cooperation activities. As you will see from his presentation, we offer a wide range of services to help our partner countries achieve their industrial development objectives, tailoring these services to their specific needs. With this customization we are able to provide appropriate services to countries in all regions and at all stages of development.

To the extent possible, we are also developing regional programmes, such as the one for Latin American and Caribbean countries, to address common needs in particular regions. In this connection I may mention that in the coming months I intend to travel extensively in Asia to identify the national and regional requirements of our Asian partners for UNIDO's technical cooperation services.

A particularly important item on my agenda will be the International Conference on Biofuels that UNIDO is arranging in Kuala Lumpur in collaboration with the Malaysian Government and the Malaysia Palm Oil Board. This will be one of several regional events on biofuels planned for the second half of the year, which will be augmented by a number of broader regional meetings on renewable energy leading up to the Global Renewable Energy Forum and a Technology Exhibition that we will host in Brazil.

Also in the Arab region, there is a growing momentum for cooperation. Last May I had the pleasure of signing a Memorandum of Understanding with the Arab Industrial Development and Mining Organization (AIDMO), and I also held discussions with the Board of Governors of the Islamic Development Bank Group on an expansion of the already good cooperation between our two organizations. I expect that these developments will lead to an increased scope for UNIDO's technical cooperation activities in the Arab countries and other countries supported by AIDMO and the Islamic Development Bank.

With this introduction, I would now like to invite Mr. Piskounov to take the floor. Before doing so, however, let me share with you a quote from Professor Paul Collier, taken from his recent book "The Bottom Billion". With regard to the poorer developing countries, he has the following to say:

“The problems these countries have are very different from those we have addressed for the past four decades in what we have called “developing countries” – that is, virtually all countries besides the most developed, which account for only one-sixth of the earth’s people. For all this time we have defined developing countries so as to encompass five billion of the six billion people in the world. But not all developing countries are the same. Those where development has failed face intractable problems not found in the countries that are succeeding. We have, in fact, done the easier part of global development; finishing the job now gets more difficult. Finish it we must, because an impoverished ghetto of one billion people will be increasingly impossible for a comfortable world to tolerate.”



33rd Session of the Industrial Development Board

25-27 June 2007

Director-General Kandeh K. Yumkella

Approvals 1 July 2006 – 25 June 2007 with individual budgets > 1m (incl. Support costs, excluding MP)

Donor	Beneficiary	Budget	Activity
EU	Côte d'Ivoire	2.4	Trade capacity-building
	Sudan	13.4	Entrepreneurship development
	UEMOA/ECOWAS	18.2	Trade capacity-building
France	UEMOA	13.5	Trade capacity-building
GEF	Regional Africa	9.1	Gulf of Guinea II
	Romania	1.0	PCB waste disposal
Italy	China	4.5	Environment
	Global	4.6	ICS
	Syria	2.7	Trade capacity-building
Japan	Global	1.4	ITPO Tokyo
Mexico	Mexico	1.3	ITPO Mexico
Norway	East Africa Com.	2.3	Trade capacity-building
	Mozambique	2.3	Entrepreneurship development
Switzerland	Ghana	2.7	Trade capacity-building
	Lebanon	2.2	Trade capacity-building
Turkey	Global	11.8	Hydrogen Centre
UNTF Human Security	Ghana	1.1	Post crisis
	Sri Lanka	1.1	Post crisis
UNDG Iraq Trust Fund	Iraq	1.8	Food safety
	Iraq	1.4	Dairy plant rehabilitation
	Iraq	5.9	Community Livelihood and micro industry
	Iraq	3.1	Date palm sector rehabilitation



www.unido.org



 UNITED NATIONS
INDUSTRIAL DEVELOPMENT
ORGANIZATION

Field Staff at Headquarters





www.unido.org



Some Project Examples

Unlocking the agro-industrial potential of developing countries



- Food Processing
- Agro-Industry Support
- Textiles and Leather

**HOW TO START AGRO-FOOD INDUSTRIES
(interactive CD-manual)**



Enhancing Productive Capacity in the Food Industry



fish processing - Lake Victoria



Enhancing Productive Capacity in the Food Industry



dairy plant - Iraq



Enhancing Productive Capacity in the Food Industry



plantain processing - Honduras



Enhancing Productive Capacity in the Food Industry



fruit & vegetable processing – Bukina Faso



Enhancing Productive Capacity in the Food Industry



fish sauce processing – Viet Nam



Enhancing Productive Capacity in the Food Industry



coffee production Morocco



Enhancing Productive Capacity: Developing Local Manufacturing Capacity



bamboo processing in India



Enhancing Productive Capacity: Developing Local Manufacturing Capacity



furniture making in Indonesia



Enhancing Productive Capacity: Developing Local Manufacturing Capacity



leather processing Uganda



Enhancing Productive Capacity: Developing Local Manufacturing Capacity



plow production in Sudan



Enhancing Productive Capacity: Developing Local Manufacturing Capacity



cotton processing Afghanistan

Example of Global Forum Activities: Leather Industry Panel Meeting



16th Session
of the UNIDO
Leather Industry
Panel
May, 2007
in Gramado
Brazil

Coverage:

- Hides and skins
- Tanning
- Footwear
- Leather products (gloves, garment, upholstery, sports goods, etc.)

ETHIOPIA – 5 year Business Plan developed by UNIDO:

Leather and leather goods export will increase from US\$ 9.5M to US\$ 220M in 2010

Example of Global Forum Activities: Leather Industry Panel Meeting

TAYTU

MADE IN ETHIOPIA

Coverage:

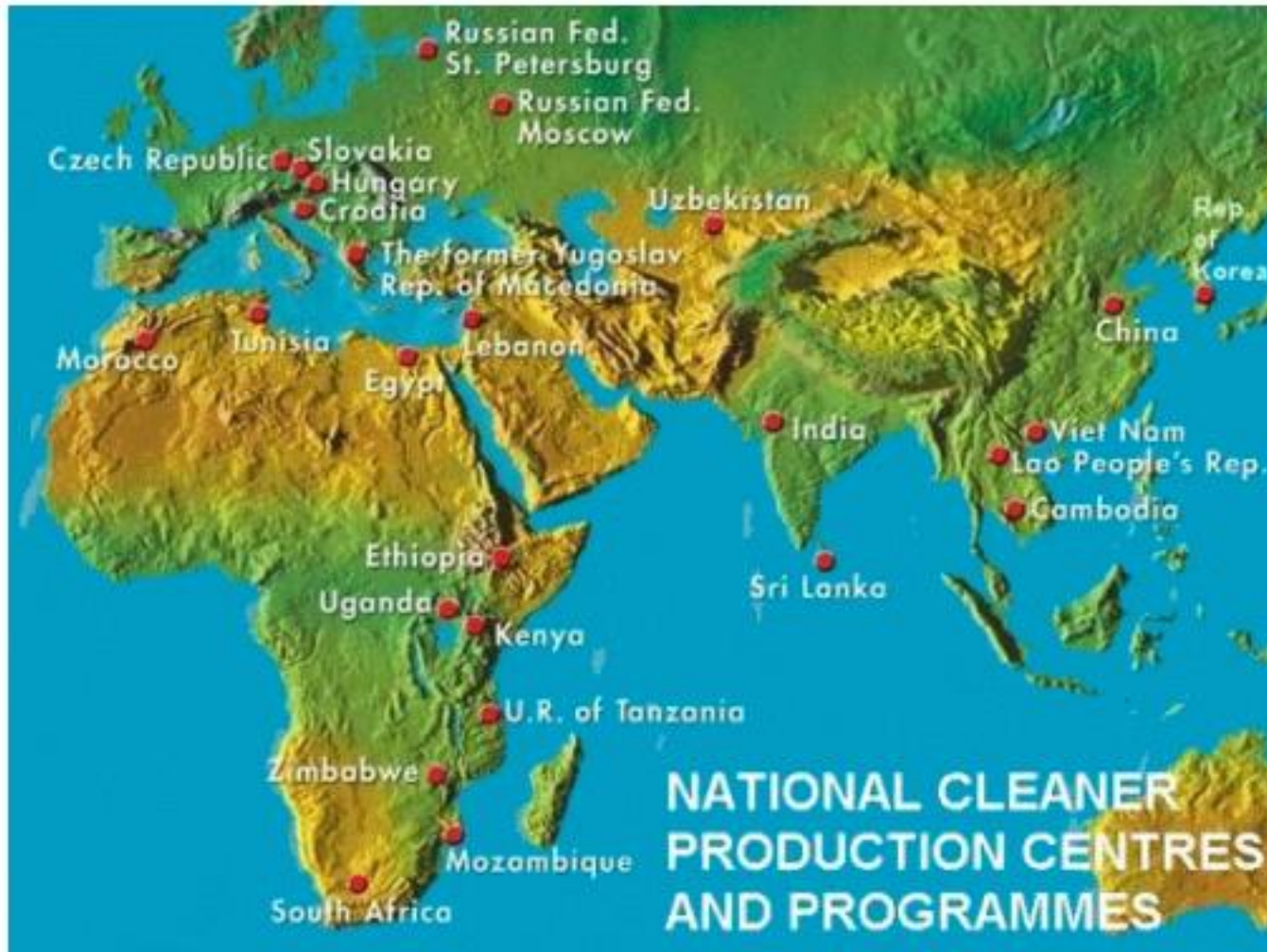
- Hides and skins
- Tanning
- Footwear
- Leather products (gloves, garment, upholstery, sports goods, etc.)

ETHIOPIA – 5 year Business Plan developed by UNIDO:

Leather and leather goods export will increase from US\$ 9.5M to US\$ 220M in 2010

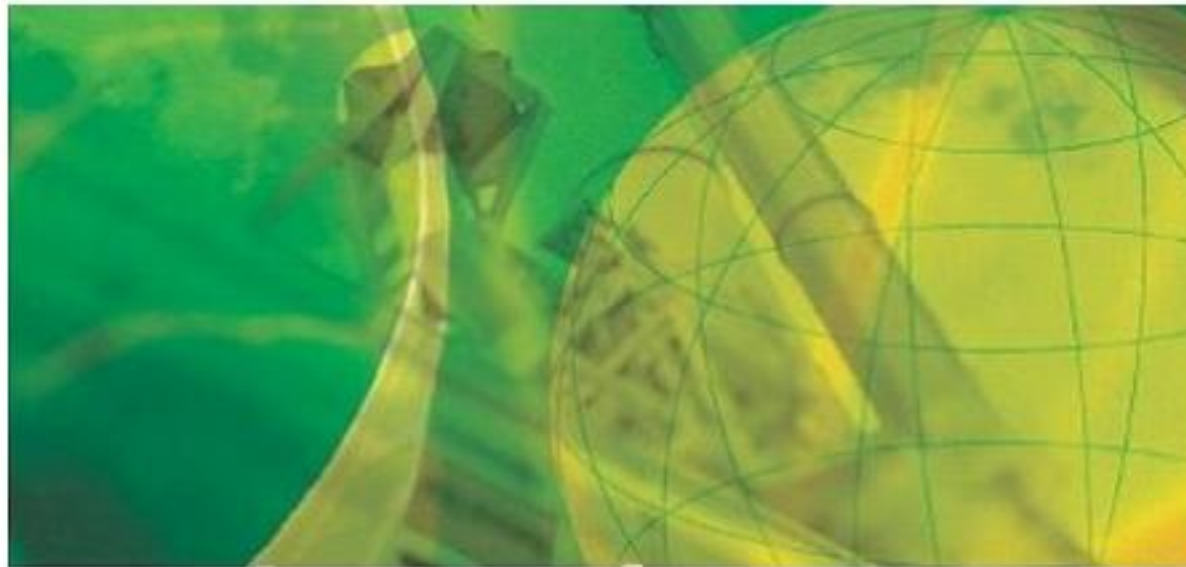


Energy and Cleaner Production





Energy and Cleaner Production – Chemical Leasing



**Chemical Leasing goes global
selling services instead of barrels
a win-win business model
for environment and industry**



New UNIDO / ISO Energy Management Standard



International
Organization for
Standardization



RWANDA - Providing access to modern energy through mini hydro development



Africa Foreign Investor Survey 2005

- **Analysis of structure of FDI in the region**
Origin, size, sub-sector, ownership structure, age
- **North vs South FDI**
Impact, performance, perceptions, motivations
- **Impact of different investor groups**
Economic growth, technology diffusion, interaction with local suppliers
- **Link between FDI and trade**
Trends, importance of regional trade agreements, influence of AGOA

"a path breaking work by UNIDO and invaluable data for Africa not available until now."

Professor John Dunning
(a leading researcher in FDI)

Guinea
Kenya
Madagascar
Malawi
Mali
Mozambique
Nigeria
Senegal
Uganda
United Republic of Tanzania

Africa Foreign Investor Survey 2005

Understanding the contributions of different investor categories to development
Implications for targeting strategies





AfriPANet III – Investor Survey – Microsoft Partnership

EXPAND THE SURVEY

countries – companies – other databases



REGIONAL PLATFORM

CAPACITY BUILDING

policy advocacy – strategy design - services

LEVERAGE FDI TO STIMULATE DOMESTIC INVESTMENT

domestic supply chain – enterprise level T.A.
partnership promotion - financing

IMPROVE REGIONAL TRADE AGREEMENTS

project potential growth prospects

GENERATE INDICATORS

investment flows – sector growth – capacity
utilization – country ranking – agency / service
provider ranking





Private Sector Development

UNITED NATIONS
INDUSTRIAL DEVELOPMENT
ORGANISATION

UNIDO

private sector development
toolbox

- SME Clusters & Networking Development
- Export Consortia
- Responsible Entrepreneurship & CSR
- Entrepreneurship Development



Private Sector Development

- Business Regulations
- Policy support
- Basic Business Advice

MINISTRY OF PLANNING AND INVESTMENT

AGENCY FOR SME DEVELOPMENT



<http://www.business.gov.vn/index.aspx>

Business Portal

Kingdom of Saudi Arabia
Ministry of Commerce and Industry

**INDUSTRY
2020**

**Industrial strategies to enhance
diversification and competitiveness
in the Kingdom of Saudi Arabia**

Partners in Building a Promising Industrial Future



Private Sector Development

- Business Regulations
- Policy support
- Basic Business Advice



<http://www.business.gov.vn/index.aspx>

Business Portal

Strategic framework
for the recovery and
modernization of the
manufacturing sector
of Rwanda



based on
a "created human resources"
growth strategy

Private Sector Development

- Business Regulations
- Policy support
- Basic Business Advice

MINISTRY OF PLANNING AND INVESTMENT

AGENCY FOR SME DEVELOPMENT



<http://www.business.gov.vn/index.aspx>

Business Portal



**Vietnam SME
Development
Plan
2006-2010**

**45 specific actions
to improve the regulatory and
administrative environment**



UNIDO – WTO New Cotton Initiative for African Countries

Impact expected:

- enhanced income, employment and value addition
- *development of Cotton Standard*
- *job creation in cotton / garment / textile enterprises*
- *productivity increase by 20-40%*
- *increased export revenues (+20-40% in medium term)*



Budget:
€ 21.0 million

11 countries to be covered:
*Benin, Burkina Faso, Cameroon,
Chad, Côte d'Ivoire, Guinea-Bissau,
Mali, Niger, Nigeria, Senegal, Togo*





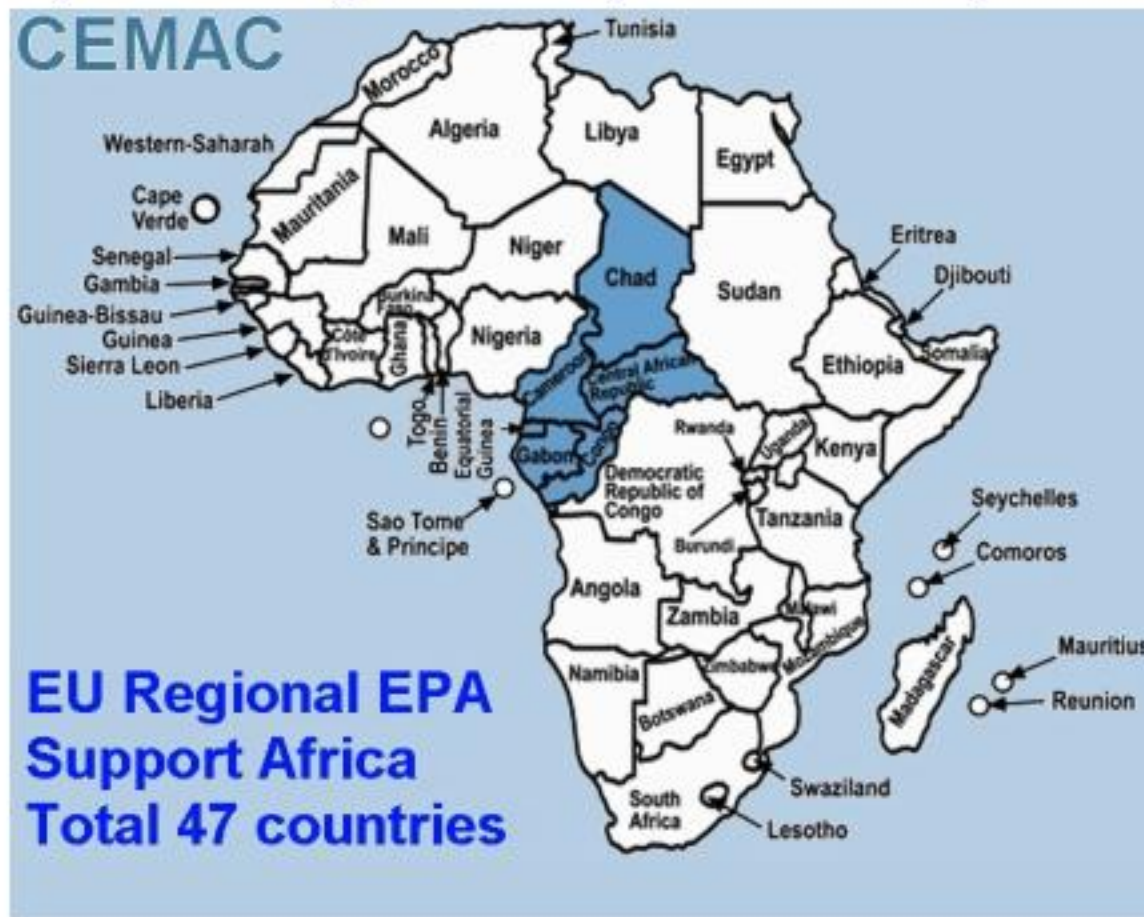
**Regional Dimension of Trade Development:
SADC, COMESA, CARICOM, ECOWAS, CEMAC+STP, Pacific**



**EU Regional Economic Partnership Agreement (EPA) Support:
Upgrading & Quality Infrastructure**



Regional Dimension of Trade Development: SADC, COMESA, CARICOM, ECOWAS, CEMAC+STP, Pacific



**EU Regional Economic Partnership Agreement (EPA) Support:
Upgrading & Quality Infrastructure**



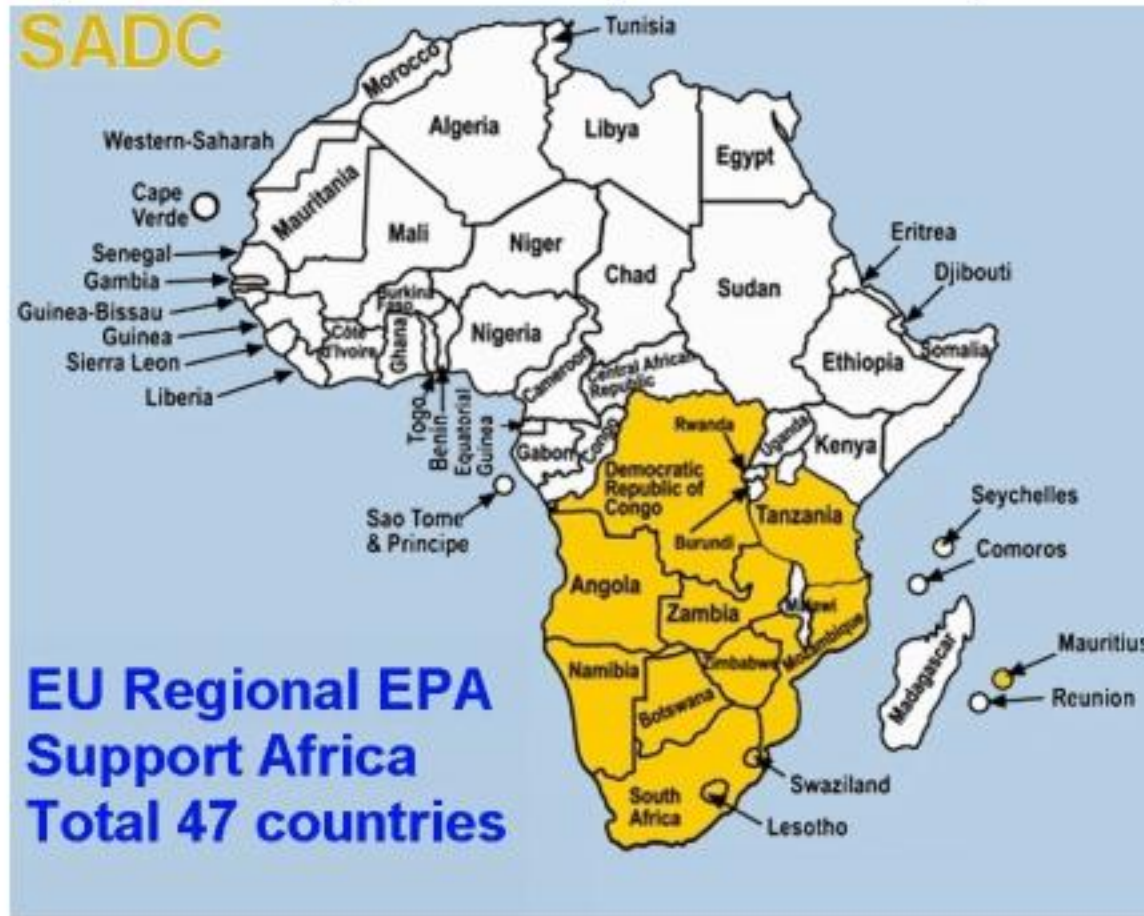
Regional Dimension of Trade Development: SADC, COMESA, CARICOM, ECOWAS, CEMAC+STP, Pacific



**EU Regional Economic Partnership Agreement (EPA) Support:
Upgrading & Quality Infrastructure**



Regional Dimension of Trade Development: SADC, COMESA, CARICOM, ECOWAS, CEMAC+STP, Pacific



**EU Regional Economic Partnership Agreement (EPA) Support:
Upgrading & Quality Infrastructure**



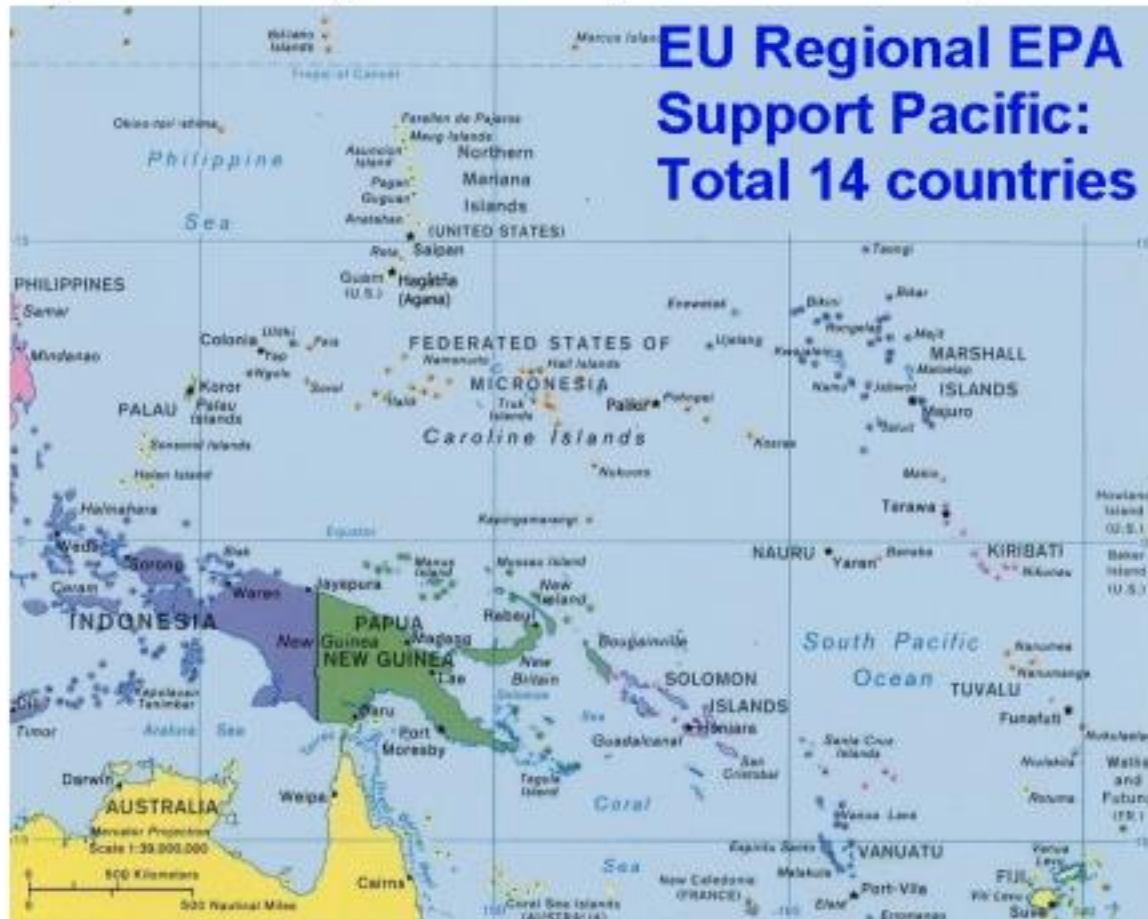
Regional Dimension of Trade Development: SADC, COMESA, CARICOM, ECOWAS, CEMAC+STP, Pacific



**EU Regional Economic Partnership Agreement (EPA) Support:
Upgrading & Quality Infrastructure**



Regional Dimension of Trade Development: SADC, COMESA, CARICOM, ECOWAS, CEMAC+STP, Pacific



**EU Regional Economic Partnership Agreement (EPA) Support:
Upgrading & Quality Infrastructure**

NORAD – UNIDO Partnership: Global Advocacy for Trade Development US\$ 970.000 Funding for UNIDO TCB Publications



- **Guide to Private Standards**
(joint UNIDO-NORAD publication)
- **Trade Compliance Report (Annual)**
(joint UNIDO-NORAD-WB publication)

+

- **EGM: Revisiting UNIDO TCB Approach** (continuous improvement of TCB Approach)

UNIDO **NORAD**
DIREKTORATET FOR UTVIKLINGSSAMARBEID
NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION

Guide to Private Standards

**EUREPGAP
Approved**

NIKE
TESCO
J Sainsbury plc
HOMEBASE
Make a Home & Save

GAP
next

NORAD – UNIDO Partnership: Global Advocacy for Trade Development US\$ 970.000 Funding for UNIDO TCB Publications



- **Guide to Private Standards**
(joint UNIDO-NORAD publication)
- **Trade Compliance Report (Annual)**
(joint UNIDO-NORAD-WB publication)

+

- **EGM: Revisiting UNIDO TCB Approach** (continuous improvement of TCB Approach)



NORAD
DIREKTORATET FOR
UTVIKLINGSSAMARBEID
NORWEGIAN AGENCY FOR
DEVELOPMENT COOPERATION

Annual Trade Compliance Report

