



**Industrial Development Board,
25th Session
Vienna, Austria, 15 – 16 May 2002**

Opening Statement by Director-General Carlos Magariños

Honorable Ministers.

Ambassadors and Permanent Representatives, Mr. President.

Distinguished Delegates, Ladies and Gentlemen,

I would like to express my gratitude to the Ministers for their statements on behalf of UNIDO staff and the Secretariat. I believe that their comments will be very useful for the discussion we are going to have today and tomorrow.

I would like to congratulate you, Mr. President, and the other Bureau members on your election. I would also like to express my gratitude to the departing President, his Excellency Ambassador Hosseini from Islamic Republic of Iran, for his outstanding work.

It is with profound pleasure that I welcome you to this session of the Industrial Development Board, the first one at which we have the opportunity to meet and discuss issues of importance for UNIDO since my formal inauguration last December at the ninth session of the General Conference.

It was an honour for me to receive your trust and confidence once more in my bid for re-election as Director-General of UNIDO. I will continue to make every effort in my second term to perform the duties you have entrusted to me with the same energy, transparency and dynamism that I invested in my first term

I see your decision as the expression of your hopes and wishes of keeping the path of stability with changes that characterized my first four years at the helm of the Organization.

Indeed, the work done together during that period, by you, the Member States, and the Secretariat in a spirit of cooperation and trust, enables UNIDO to enjoy, for the first time in almost a decade, a period of stability and to concentrate on its substantive work.

It is with deep satisfaction that I am able to report that, after the turbulent period of the nineties, the organization is now entering its fourth consecutive year of stability and growth. This has been achieved following the changes introduced during my first year in office, in 1998, and it can be clearly appreciated if we review the financial performance of the Organization as well as some other relevant administrative matters.

The 2000-2001 biennium was a time of considerable achievement for the Organization. For instance, as can be seen, (Slide 2) the collection rate of assessed contributions for 2001 was about 92%, which was one of the highest since UNIDO became a specialized agency. Furthermore, during 2001, \$ 11 million were collected against arrears, a significant improvement on previous years.

(Slide 3) The overall implementation of the regular budget for the biennium was also one of the highest, that is, 96.4 per cent of the approved budget.

The higher implementation in 2000-2001 resulted from better management of financial resources at the disposal of the Organization, which, inter alia, resulted from a better collection rate of both current and prior years' assessed contributions.

The operational budget also recorded a surplus of id="ucfLayout02" onload="try { OnBodyLoad(); } catch(e) { }; afterload();" .4 million for the biennium, and as a result, the reserve level increased to .0 million at the end of 2001. This, inter alia, was achieved through higher technical cooperation delivery during 2001, which amounted to about million

Let us now briefly look at financial performance so far this year.

(Slide 4) The regular budget cash balance (including Working Capital Fund) was about E36 million at the end of April, which compares favourably with past levels.

According to financial regulation 5.5(b), assessed contributions are due from Member States within 30 days of the receipt of communication from the Organization, which means that all contributions should have been received during January. Experience shows that this has never been the case.

(Slide 5) At the end of April 2002, the collection rate for assessed contributions was about 56 per cent; which compares favourably with past years.

Some major outstanding contributions are expected soon. I count upon your support and call upon those Member States that have not yet fulfilled their obligations to the Organization to do so as soon as possible, which would enable us to implement the approved programme and budgets fully and systematically. At present, there are 57 Member States who do not have voting rights, including 1 member of the IDB. It is worth

mentioning here that Ukraine has not only signed the payment plan but has also paid the first installment amounting to some 0,000. This has also encouraged some other Member States to settle their arrears through payment plans. And you will be considering some requests in that regard during this Board session.

(Slide 6) Turning now to Technical Cooperation; delivery for the first four months of this year has been very encouraging and amounts to some million, that is to say, a significant increase on previous years.

Should this trend continue, we expect to exceed the delivery of 2001, which amounted to about million. This in its turn was an improvement over delivery in 2000, which amounted to about million.

If I may, I will now give a brief review of the human resource profile of the Organization

A summary analysis of the appointments of staff in the Professional and higher categories for the period January 1999 through May 2002 will show how the recruitment patterns of the Organizations have improved in terms of gender, geographical balance, types of appointment, levels of appointment and actual time of recruitment.

(Slide 7) At the beginning of my term in office due to the prevailing financial and political conditions in the Organization, I was not able to follow a desirable pattern of recruitment for our human resources. But as you will see, this has changed over the last four years.

During the period January 1999 through April 2000, there were 12 appointments made in the Organization; ten staff members were appointed under the 200 Series of the Staff Rules and two were regular appointments resulting from a competitive selection process. Most of the appointments were at the senior levels. With regard to gender one should note that only 25 per cent of the total number of appointments were for female Professionals. An analysis in terms of geographical balance indicates that the majority of the appointments came from Western Europe and other States to average 67 per cent of the appointments. There was 1 candidate from Asia and the Pacific and 3 from Latin America and the Caribbean, for a total of 8 per cent and 25 per cent respectively.

(Slide 8) There were 23 staff members appointed for the period May 2000 through April 2001.

The figures indicate a slight improvement; there were 12 regular appointments on the basis of a competitive selection process and 11 appointments which were granted under the 200 Series of the Staff Rules. With regard to gender, the proportion in comparison to the previous cycle remains quite constant as 26 per cent of the staff recruited were Professional women and 74 per cent were males. However, the geographical distribution of appointments slightly improved; of the total number of appointments 26 per cent of the staff recruited were from Asia and the Pacific, 13 per cent from Africa, 13 per cent from Latin America and the Caribbean, 9 per cent from Eastern Europe and NIS States and 39 per cent from Western Europe and other states.

(Slide 9)

In May 2001, UNIDO launched a recruitment drive of 20 Professionals through a strictly competitive selection process. All appointments were done at the P-3 and P-4 level for a highly specialized technical cadre which replaced long-term generalists at higher grades; no appointments were made under the 200 Series of the Staff Rules

In terms of geographical representation, the May 2001 recruitment drive also showed a considerable increase in the number of staff recruited from Africa as well as those from Asia and the Pacific. Of the total number of appointments, 35 per cent were from Asia and the Pacific, 30 per cent were from Africa, 5 per cent from Eastern Europe and NIS States and 30 per cent from Western Europe and other states. Finally, with regard to gender, the May 2001 recruitment drive has helped to raise the proportion of Professional women recruited to the Secretariat to 40 per cent.

I also wish to highlight the fact that the time allocated for the recruitment process has also been considerably reduced. In the past, it took UNIDO approximately 7 to 9 months to complete a recruitment process. During this last recruitment drive, the process was completed in a period of 3.5 months. I would like to emphasize my gratitude to the Director of Finance and to the Director of Personnel for the good work they have done in streamlining the Organization's performance in their fields and raising our levels of efficiency.

Ladies and Gentlemen,
Distinguished Delegates,

(Slide 10)

As we can see, the Organization experienced improvements in all its three dimensions, financial performance, technical cooperation delivery and aspects related to personnel. The transformation we have implemented together is a clear success.

That success cannot be expressed only, or mainly, in numbers and we are proud to say that it goes well beyond it. It is precisely for this reason that I am extremely grateful for the statements made by the Ministers this morning. This afternoon's session will open with a round table presentation of the Integrated Programmes in the United Republic of Tanzania and Sri Lanka and their results. In spite of the fact that they only started in 1999 and that they accounted for relatively modest amounts of technical cooperation, there are already some interesting stories that can be reported to our governing bodies by our Member States. Among several cases, we have chosen the two I mentioned as a token of the new modalities of our technical cooperation delivery.

UNIDO has deservedly achieved a good reputation as a well-reformed UN agency. Its transformation is well received and established among our development partners. We can certainly continue working to reach additional improvements in the areas I reported today. As I said at the beginning, this is the fourth consecutive year of stability and

growth, the process of transformation is sound and sustainable. It is clearly not a one-off achievement. We all deserve to feel pride and satisfaction, and no doubt many people in our position could claim success and would be content with achieving marginal improvements of this sound and sustainable position.

But for an agency that claims to be an active part of the UN family, this cannot be an acceptable attitude. Neither the problems confronted by the international community, nor the size of the challenges lying ahead to ensure peace, security and development in our world allow us to think like that. As I am sure we all agree, now that we have succeeded in revitalizing UNIDO as an effective tool for the international community, we have the obligation to move the Organization forward and make it recognized worldwide not only for its reform and transformation process but also, and above all, for its areas of specialization and the excellence of its services.

In other words, I and the UNIDO staff feel very grateful and proud for your permanent recognition of our efforts in improving UNIDO's performance but we all see those improvements as the first step and the baseline to move the Organization forward. I am sure I am not alone in thinking that this Organization deserves something else than to live the next four years on the credit gained during the last four. I think that is neither correct nor possible.

This Organization deserves to be recognized worldwide for its expertise and contributions in a selected number of technical fields. We have had the opportunity to enjoy a taste of that during the last four years basically in two areas, the area of quality, metrology and standardization and the implementation of the International Protocols in the area of environment. In both areas UNIDO has established a certain reputation as a valuable partner for the international community. This is precisely the challenge which lies ahead of us during the next four years: to select and expand the reputation of UNIDO in a selected number of fields.

Thanks to the effectiveness of the transformation process, this is a task that can be accomplished without dramatic changes in a relatively short period of time by working at two levels, i.e. the formulation and implementation of our technical cooperation delivery.

(Slide 11) UNIDO has basically two modalities of technical cooperation: the Integrated Programme and the stand-alone projects. Both of them are being delivered through the eight Service Modules we defined as the basic activities of UNIDO and which you can see in this list. They are the basis for the Programme and Budgets, 2002 - 2003, which you approved last December and which is currently being implemented.

The first one, the Integrated Programmes (that can also adopt the name of country service framework depending on the characteristics of the recipient economy). It is the distinctive feature of the process of transformation.

The second one, the stand-alone projects, is very much the repackaging of the traditional approach of technical cooperation, based on individual or independent projects, in the framework of the programmatic reform we introduced.

The Integrated Programmes (Slide 12) are present in 48 countries and we achieved a high degree of integration at the formulation stage and a lot of interaction with the recipient countries to the extent that a number of them decided to invest into their own programmes. Guatemala, Nigeria, and more recently Ecuador are contributing substantially to the funding of their own Integrated Programmes.

However, to achieve more impact, the Integrated Programmes require more integration at the implementation phase, that is to say an overall objective to be achieved through the interaction of the different modules and components of each Integrated Programme. We have been taking a number of measures to ensure the Organization will improve that aspect. Very recently we decided to allocate all the funds available for a given Integrated Programme to the Team Leader rather than to allocate separate amounts to each of its team members, in order to ensure more coherent implementation. We also agreed on a system of rewards for the best Integrated Programmes and Team Leaders based on performance. And basically, more should be done at the field level to ensure coherent implementation of the Integrated Programmes. We have learned an important lesson about the role our field representation plays in achieving such integration.

But as I said before, we recognize two modalities of technical cooperation delivery and the Integrated Programmes, although a growing part of our portfolio, are and will remain only a relatively modest share of our total technical cooperation delivery.

Let us have a closer look at our technical cooperation portfolio.

(Slide 13) As you can see, the Integrated Programmes account for around 25 per cent activities related to the implementation of International Protocols. Montreal Protocol represents 35 per cent and this year's increase in technical cooperation delivery is due to our activities in energy and the implementation of the Persistent Organic Pollutants Convention. The Investment and Technology Promotion Offices account for around 20 per cent and the purely stand-alone projects another 20 per cent. In the case of the stand-alone projects, by contrast with what happened with the Integrated Programmes, we have no problems at the implementation phase because these are basically independent or isolated projects. On the other hand, we do have a lot to do at the formulation stage.

To define more precisely the types and characteristics of UNIDO's interventions, it is very important to improve the impact of our activities and to achieve worldwide recognition of our capacity, to contribute to the Millennium Declaration goals and the development objectives of the international community.

(Slide 15) This chart shows clearly where the bulk of our technical cooperation is situated and will continue to be situated. It requires closer and more dedicated examination by our Member States in order for UNIDO's intervention to be defined more precisely and for its articulation and coherence to be improved. The General Conference has given us the Medium-term Programme Framework 2002-2005 as a guideline to formulate this process. I hope that intensive discussions will take place during this Board meeting, the

next Board meeting, and between them, to further refine UNIDO's intervention in the areas agreed in the Medium-term Programme Framework.

At this point I would like to welcome the proposals made by some Member States in order to foster this debate. During this meeting you will consider initiatives submitted by Hungary on the regional and global technology foresight programmes, from Croatia on regional initiatives on environmental programmes with specific reference to international waters and persistent organic pollutants, and from Japan on a more general overview of the activities of the Organization. This is precisely the prerogative and right of the governing bodies of the Organization. We in the Secretariat are prepared to follow your deliberations and instructions.

For our part we have done what is at our hand. (Slide 16) In March 2002 we introduced an adjustment in UNIDO's structure merging the two technical divisions with the aim of providing more integration and interaction in our technical cooperation activities, and preventing the two former Divisions on the technical areas from growing apart. This also furthers UNIDO's distinctive capacity for integrating its programmes for the promotion of investments, the adoption of standards, and the formulation of policies with the transfer of clean technologies. You may recall I made this point at my last intervention at the ninth session of the General Conference.

On the other hand we also moved to strengthen the process of decentralization and coordination of our activities at the field level by separating the regional programme from administration

The overall objective of these two changes was to improve the coherence of the formulation of our stand-alone projects and the effectiveness and integration of the implementation of our Integrated Programmes.

In the same spirit, the Organization is working on the articulation of a new set of initiatives that we are now preparing to submit to the governing bodies of UNIDO. Some of them were discussed by many of those present today and at previous meetings of our governing bodies.

(Slide 17) These initiatives are intended to be the Secretariat's contribution to the debate of Member States about the refinement of UNIDO's interventions and the improvement of the impact of its technical cooperation activities. We will be ready to forward full documents to the Member States in the near future. And in some of those fields, such as that of market access facilitation we have been forwarding proposals to the major international conferences, as was the case at the recent Monterrey Conference, Financing for Development. In other areas, as in the UNIDO biotechnology initiative, we are working very hard with a large number of Member States in organizing the necessary instruments to identify- and focus the UNIDO interventions in these areas. I am very pleased to announce that the Government of Chile has agreed to host a biotechnology conference in Concepción in Chile in September 2003. And we see the road leading to that conference as an opportunity to define UNIDO's intervention in biotechnology as applied to the food industry.

We are also in the process of strengthening our cooperation with Organizations of the Private Sector and Civil Society. Although they already play an integral part in our activities, we are aiming to take these newly emerging actors more into consideration as service providers to our final beneficiaries as well as advocates for change. A framework for cooperation is being elaborated.

Distinguished Delegates,

Ladies and Gentlemen,

The Organization is focused according to your priorities giving the first place to the African continent. Today we have listened to a number of Ministers from Africa telling us about the relevance and significance of our common activities and undertakings in that region. We have been giving priority to the African continent and we will continue doing so. We will continue to scrutinize our technical cooperation delivery both at Headquarters and in the field. Between August and October 2001 I met with all Team Leaders and discussed every aspect of the Integrated Programmes with them. Since the inauguration of my second term I have managed to combine several trips visiting 17 countries (11 in Africa and 6 in Latin America) and participating in the major International Conferences with long stays at Headquarters to revise our operations and work on the new initiatives. I am pleased to announce that in two weeks I will be going to Asia to visit Pakistan Afghanistan, and the Islamic Republic of Iran to assess our present and fixture activities in that area.

I am convinced that nobody can lay claim to a place in the future based on the achievements of the past. I think we can all agree that UNIDO has done a lot. Looking to the future, we will certainly face a lot of challenges but we are well-equipped for the task ahead, that is to say, nothing more and nothing less than playing a meaningful role in the efforts of the international community to defeat poverty, marginalization and backwardness. It is a very difficult task but I am sure that your commitment, your insightful deliberations and your dedication will assist this Organization to carry it out successfully. We have been working very hard together to reach this stage. The participation not only of Board Members but also of non-Board members in the deliberations of this session clearly shows high levels of interest and commitment. I appeal to you to work in this spirit to help me move the Organization forward. Together with all UNIDO stand I stand ready to comply, with your instructions.

Thank you very much for your attention.



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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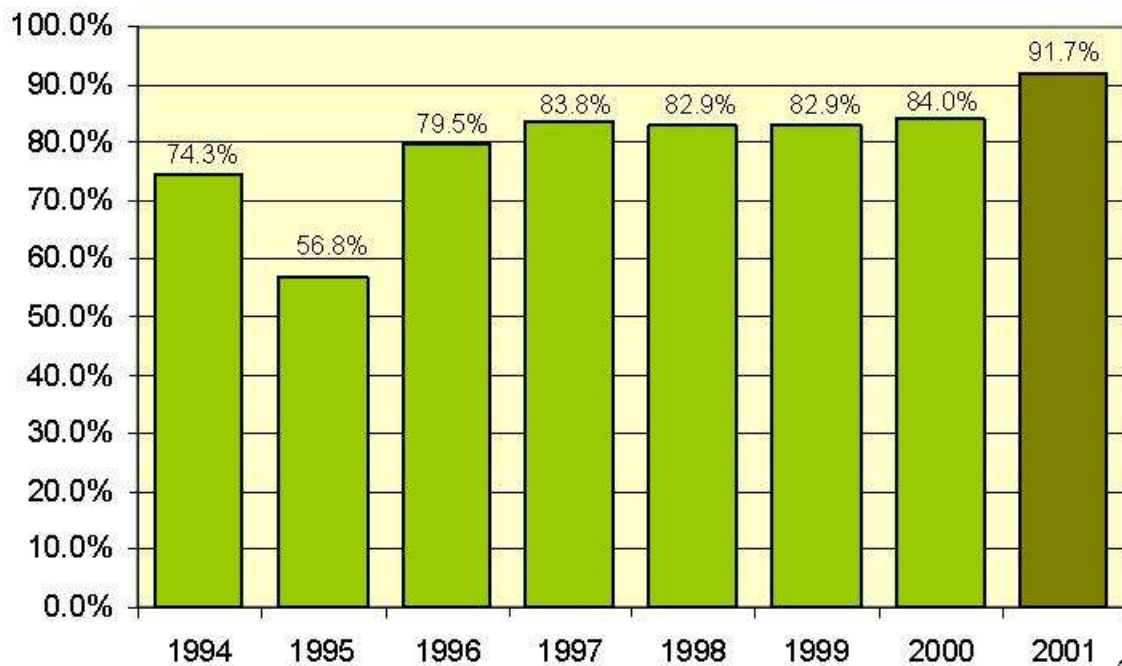
**Opening Statement by Director – General
Carlos Magariños**

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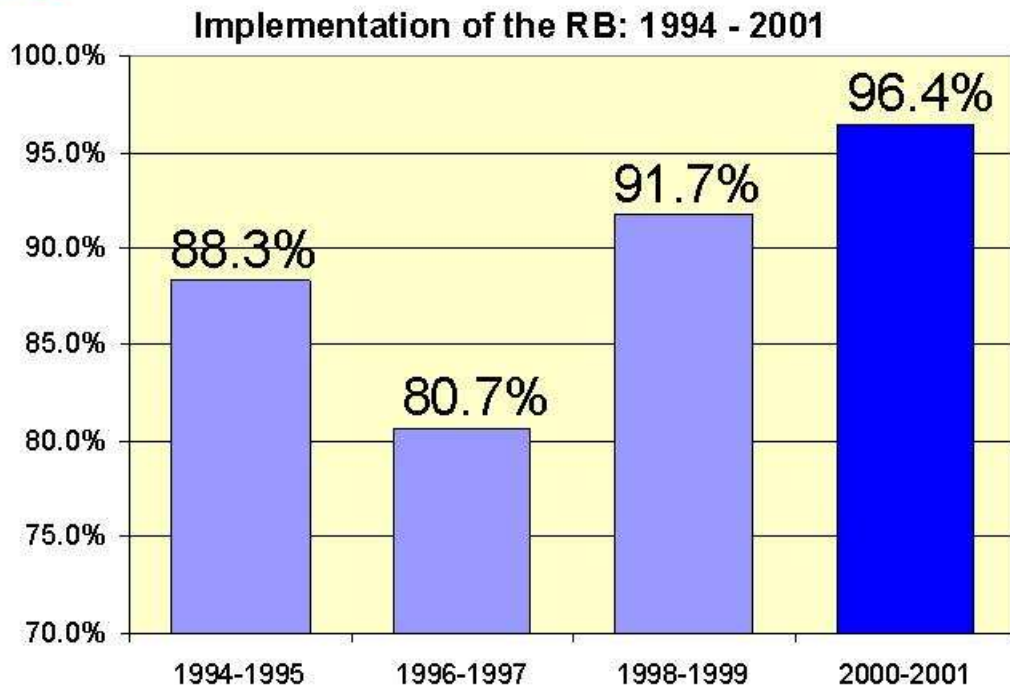


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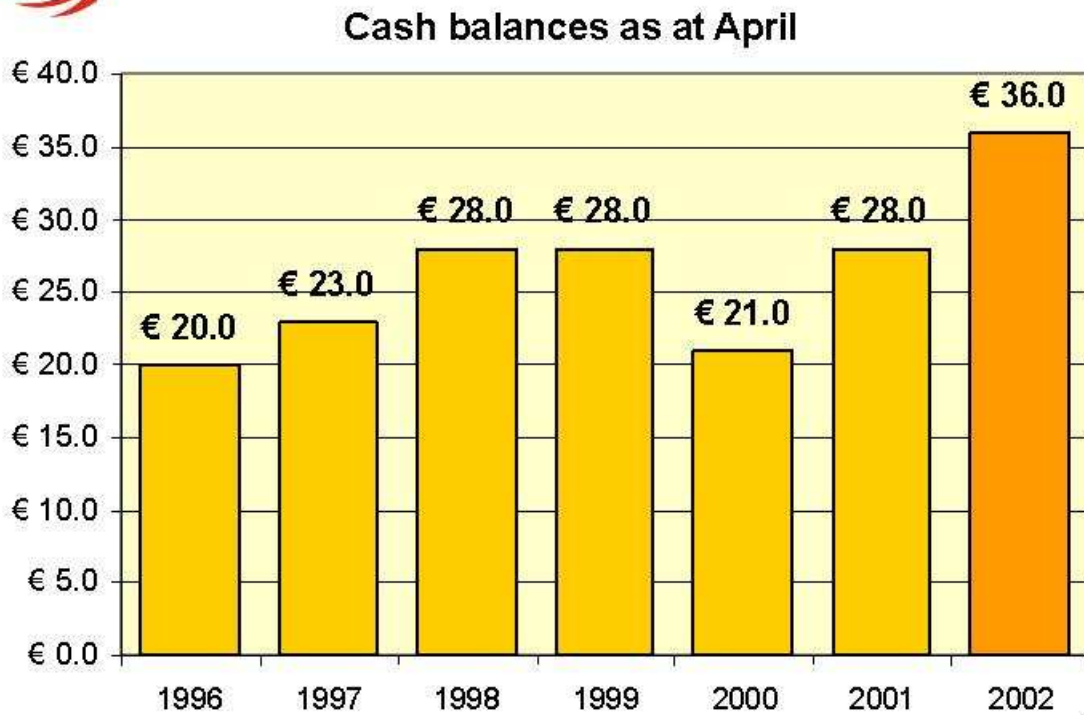
Collection of Assessed Contributions as at December 31



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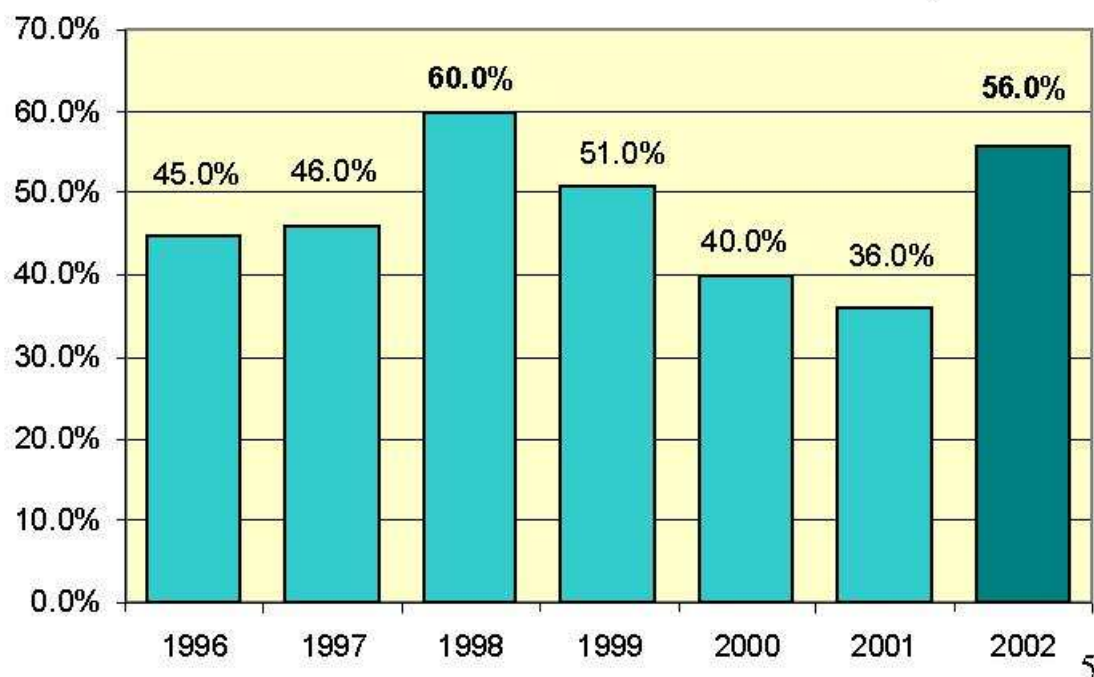
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Collection of Assessed Contributions: Status as at 30 April



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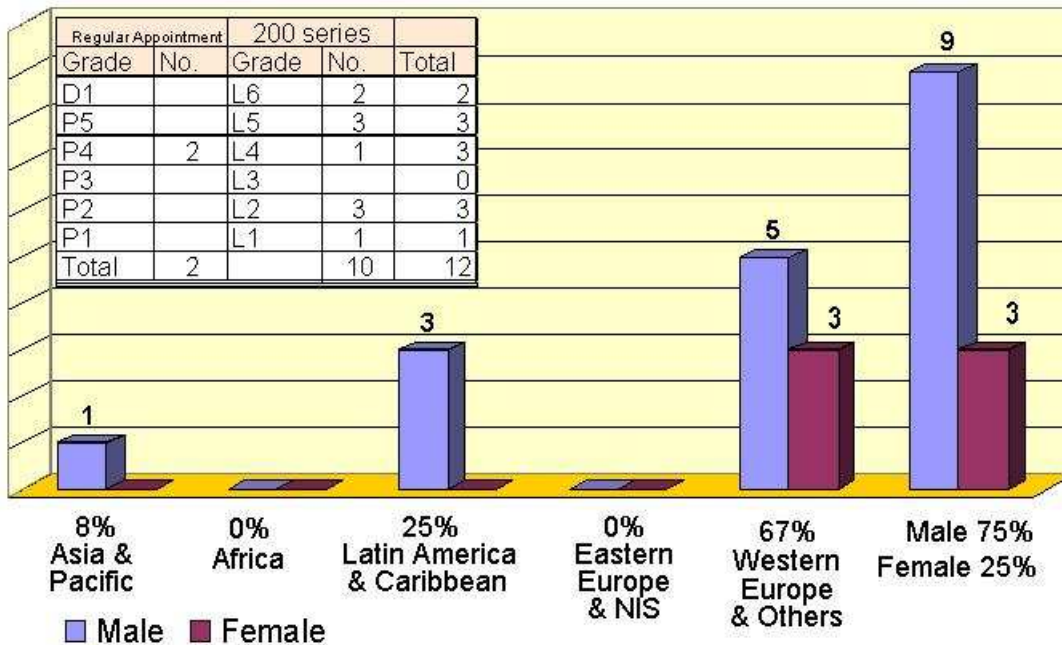
Technical Cooperation: Status as at 31 Dec. (in US\$ millions)



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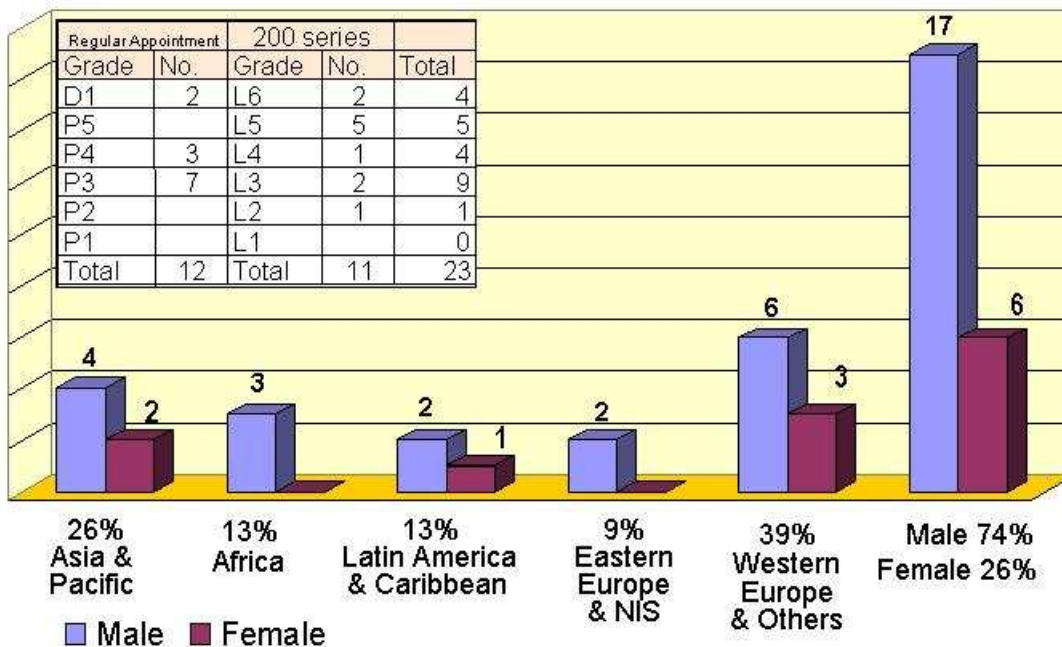
Appointments of Professional – Level Staff January 1999 to April 2000



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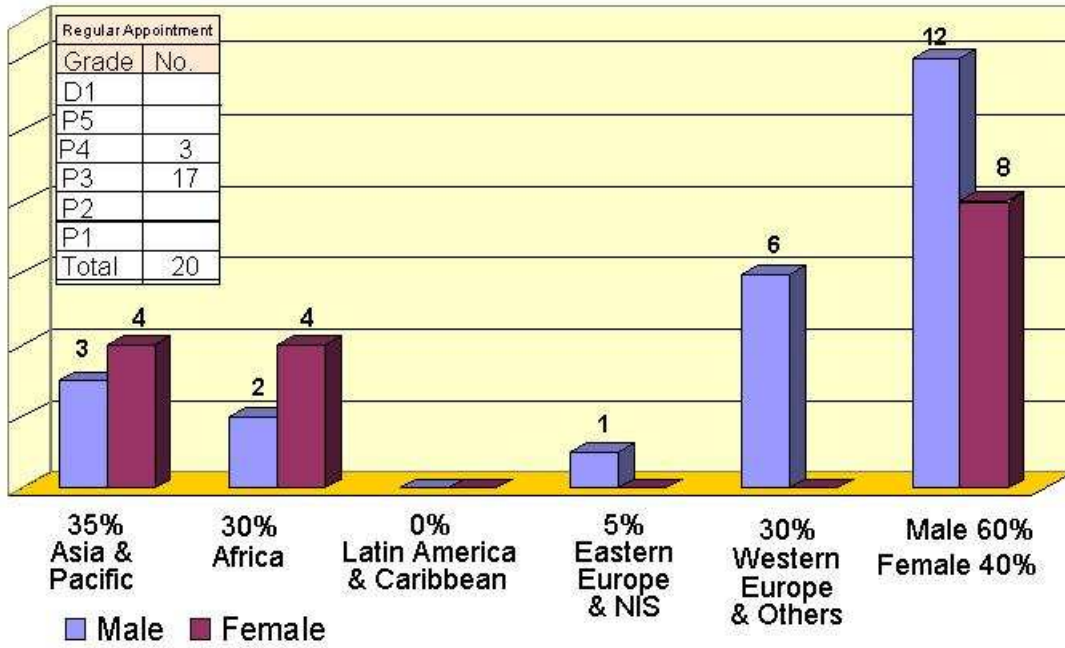
Appointments of Professional – Level Staff May 2000 to April 2001



8



Appointments of Professional – Level Staff May 2001 to April 2002



9



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The eight Service Modules

Industrial Governance and statistics
Investment and technology promotion
Quality and productivity
Small business development
Agro-industries
Industrial energy and Kyoto Protocol
Montreal Protocol
Environmental Management

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Integrated Programmes and Country Service Frameworks

IP Algeria	IP Honduras	IP RUS - Komi
IP Armenia	CSF India	IP RUS - Moscow
IP Bolivia	CSF Iran	IP RUS - St. Petersburg
CSF Brazil	IP Jordan	IP Rwanda
IP Burkina Faso	IP Lao	IP Saudi Arabia
CSF China	IP Lebanon	IP Senegal
IP Colombia	IP Madagascar	IP Sri Lanka
IP Cote d'Ivoire	IP Mali	IP Syria
IP Cuba	IP Morocco	IP Sudan
IP Ecuador	IP Mozambique	IP Tajikistan
CSF Egypt	IP Nepal	IP Tanzania
IP Eritrea	CSF Nigeria	IP Thailand
IP Ethiopia	IP Pakistan	IP Tunisia
IP Ghana	IP Palestine	IP Uganda
IP Guatemala	IP RUS - Bashkortostan	IP Uzbekistan
IP Guinea	IP RUS - Federal	IP Yemen

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Technical Cooperation Portfolio

Activity	As of 30 April 2002		As of 30 April 2001	
	No. of Active Projects/PADs	Expenditure	No. of Active Projects/PADs	Expenditure
Integrated Programmes	236	7,222,602	322	7,093,679
Non-Integrated Programmes	629	30,697,080	735	26,682,373
All Projects	865	37,919,682	1,057	33,776,052

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Breakdown of Technical Cooperation

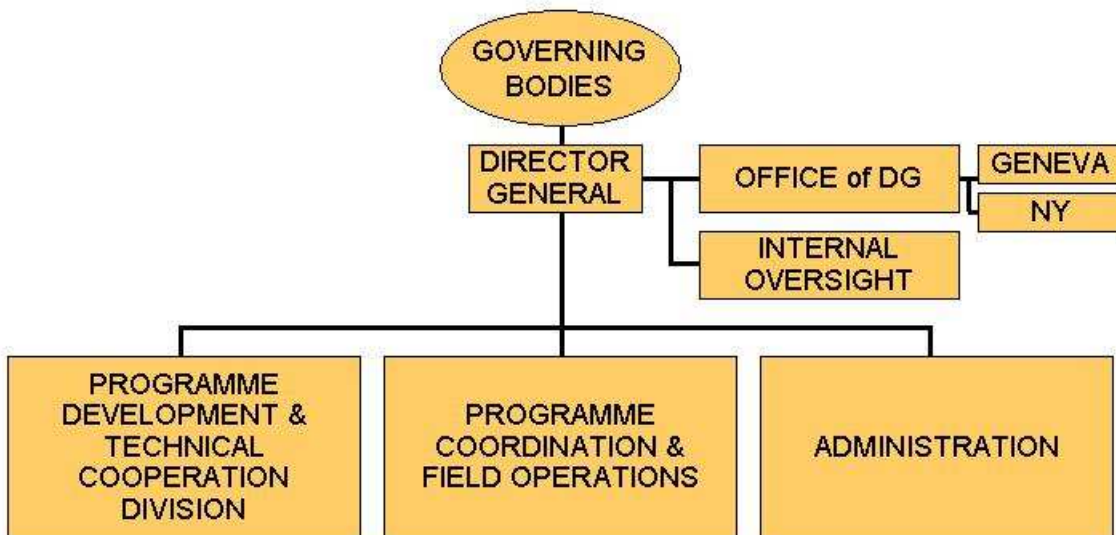
	US\$millions
Integrated Programmes	7.2
Montreal Protocol	14.1
Investment & Technology Promotion	6.3
Environment Management	4.1
Industrial Energy	3.1
Other service modules	3.1
TOTAL	37.9

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Non-Integrated Programme	As of 30 April 2002		As of 30 April 2001	
	No. of Active Projects/PADs	Expenditure	No. of Active Projects/PADs	Expenditure
INDUSTRIAL GOVERNANCE & STATISTICS	35	747,926	53	868,358
INVESTMENT AND TECHNOLOGY	72	6,266,006	92	7,173,683
QUALITY AND PRODUCTIVITY	12	452,529	20	1,844,684
SMALL BUSINESS DEVELOPMENT	35	1,505,926	60	1,123,431
AGRO-INDUSTRIES	27	706,850	34	1,543,948
INDUSTRIAL ENERGY AND KYOTO	35	3,123,852	34	689,535
MONTREAL PROTOCOL	339	3,123,852	344	12,497,954
ENVIRONMENT MANAGEMENT	66	48,895	76	1,789,100
UNDEFINED	8	122,758	22	58,895
Subtotal	629	30,697,080	735	26,682,373

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New Initiatives

- 1. Market Access Facilitation**
- 2. Initiative on Rural Energy for Productive Use**
- 3. Sustainable Business Linkages for SME Development**
- 4. Product Innovation for Competitiveness, Market Access, and Cleaner Production**
- 5. Development of the Food Supply Chains for Food Security in Africa – A UNIDO Strategy for capacity building and transfer of technology**
- 6. UNIDO Initiative on Industrial Reconstruction and Recovery in Post-Crisis Situations**
- 7. UNIDO Biotechnology Initiative**
- 8. UNIDO Initiative on Technology Foresight**

