

CHECK AGAINST DELIVERY

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION



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

**at the
twenty-eighth session of the
Programme and Budget Committee
Vienna, 25 June 2012**

[SLIDE 1: PARTNER FOR PROSPERITY]

Madam Chair,
Distinguished Delegates,
Ladies and Gentlemen,

I would like to warmly welcome you to the twenty-eighth session of the Programme and Budget Committee. To begin with, I wish to express my most sincere thanks to H.E. Ambassador U. K. Yatani of Kenya for his able chairmanship of the twenty-seventh session and to the Bureau for its support throughout the year. At the same time, I would also like to congratulate H.E. Ambassador Christine Stix-Hackl of Austria, who has been elected our new chair at her first ever meeting of the Committee. Madam Chair, I am confident that, under your able leadership and together with your Bureau, this session will be conducted in an efficient and productive manner.

It is also my great pleasure to welcome the Auditor-General of Pakistan, Mr. Buland Akhtar Rana, the External Auditor of UNIDO, who will present his report to the Committee under agenda item 4.

Madam Chair,
Distinguished Delegates,

Introduction

You have an extensive range of items on the agenda over the next couple of days. In addition to the report of the External Auditor, you also have agenda items covering the Annual Report for 2011 (item 3); the financial situation of UNIDO (item 5); strengthening UNIDO programmes through unutilized balances of appropriations (item 6); the informal working group on the future, including programmes and resources, of UNIDO (item 7); and mobilization of financial resources (item 8).

With your indulgence, I propose to now give an overview of these issues, before providing preliminary information on UNIDO's participation in Rio+20 last week. Please be assured that my staff will be ready to respond to any questions or observations raised on the agenda items during the course of this Committee meeting. All of the relevant documents under the PBC agenda items have been made available to Member States, and can be accessed on the UNIDO website.

Item 3: Annual Report

[SLIDE 2: ANNUAL REPORT]

Looking to agenda item 3, I am pleased to introduce our Annual Report for 2011. This contains a wealth of information on the extensive range of services provided and results achieved by UNIDO last year in all of our three thematic priorities and across all regions. It highlights our achievements not only in technical cooperation, but also in our normative, convening and policy advisory functions.

In preparing this Report, we endeavoured to provide as clear a picture as possible of the impact of our services, by including a cross-section of results-oriented factsheets on projects and programmes across different sectors and geographical regions. The projects selected include some that have been completed and continue to prove their sustained impact, others that are at various stages of completion but are already yielding impressive results, and yet others that were recently launched but hold great promise for the future. The factsheets are presented in a succinct manner and include qualitative and quantitative information, and will be continuously updated on our website as new information becomes available.

This is a welcome step forward in results reporting, and we look forward to taking more steps in that direction in future.

In addition, in order to disseminate the Annual Report as widely as possible, we are releasing an electronic version for e-book readers and tablet devices. I hope that this new format will make information on UNIDO even more easily accessible.

[SLIDE 3: PARTNER FOR PROSPERITY]

Item 4: Report of the External Auditor

Let me now turn to the report of the External Auditor. I am proud to announce that the Financial Statements were once again found to be accurate and fully IPSAS-compliant. We are grateful to the Auditor-General of Pakistan for the excellent quality of the report, for the good advice given to management and for the value addition through his work and that of his team. We wish to assure Member States that we are carefully analyzing the recommendations and will seek to implement them to the maximum extent feasible.

Looking at the report, I wish to particularly highlight the chapter on the implementation of the Programme for Change and Organizational Renewal (PCOR). It is reassuring that an external assessor has found the Programme to be on track and within budget. The recommendation that our change efforts in organizational culture should be synchronized with the progress in rolling out the new enterprise resource planning (ERP) system is well understood and appreciated. So too is the recommendation that our IT section should develop its activities and functions in accordance with the ERP system.

We also appreciate the focus on our technical cooperation evaluation processes. We will certainly review the evaluation process to ascertain the reasons for declining rates of acceptance and implementation of recommendations by project managers.

I have just mentioned a few of the valuable points in the External Auditor's report. I am sure that the session will see rich discussion during the debate on this agenda item.

Item 5: Financial situation of UNIDO

Madam Chair,
Distinguished Delegates,

[SLIDE 4: 2011 TC DELIVERY]

Given the close links between them, I propose to take items 5 and 8 together. Member States will understand when I say that the current financial situation of UNIDO is the result of a very complex economic environment. Last year Member States approved the programme and budgets for the 2012-2013 biennium, envisaging a reduced resource base for the regular budget. In executing the current regular budget, we have therefore been adjusting towards this reduced resource base.

Allow me to wholeheartedly thank all Member States who have paid their assessed contributions on time - they have made a big difference. The collection rate of assessed contributions at the end of May 2012 stood at 68.8 per cent, compared with 48.4 per cent at the end of May 2011 and 55.4 per cent at end-May 2010. These figures are clear testimony of your continued support for our Organization. I would also like to highlight the positive trend of Member States settling their arrears. On the other hand we are aware that some Member States are having difficulty in fulfilling their obligations, which unfortunately can decelerate the implementation of our programmes.

Despite the difficult circumstances, last year's technical cooperation delivery reached USD 166.7 million, the highest level ever recorded – even higher than the previous peak in 1990 when we had twice the number of staff. And I am delighted to report that UNIDO is on course to reach an all-time high in technical cooperation delivery in 2012. In the first five months of this year we implemented technical cooperation worth almost USD 100 million, which is 31 per cent higher than at the same stage in 2011.

I have also just learned that – once again – UNIDO has been ranked first among executing agencies by the Multilateral Fund for the implementation of the Montreal Protocol, an honour we share this year with UNDP. This underlines our success in meeting our combined goal of growth with quality.

As I stated last year, a reduced resource base poses challenges for the implementation of our programmes. The decisions taken by Lithuania and New Zealand to withdraw from membership will also have an effect in this regard. So far, we have managed to increase delivery and maintain our strong reputation in areas such as Montreal Protocol implementation. Such success has only been possible because of the high degree of commitment and motivation of UNIDO staff. I wish to take this opportunity to thank them for their professionalism and dedication.

Item 8: Mobilization of resources

[SLIDE 5: NET APPROVALS 2000-2011]

In terms of mobilization of resources, 2011 also saw a record level reached. Net approvals amounted to USD 247.5 million in 2011 — an increase of 36 per cent over what was already a record in 2010. This is by far the highest level reached in the history of UNIDO.

Despite considerable growth in the volume of technical cooperation services delivered in 2011, the increase in funds mobilization means that the total portfolio of funds available for future implementation has grown by USD 63.3 million to USD 448.8 million.

Again – and despite the prevailing economic circumstances – the outlook for voluntary contributions in 2012 also appears healthy. I would like to take this opportunity to mention some of the voluntary contributions agreed by donors so far this year, above and beyond the approximately €14.2 million made available by the 30 Member States that graciously renounced their shares of unutilized balances of appropriations (UBs) from the last biennium's regular budget.

We are delighted to welcome a substantial contribution from Switzerland for our Resource Efficient and Cleaner Production (RECP) programme, with a CHF 16.5 million commitment for the global programme and a further CHF 4.1 million for related activities in Indonesia, and CHF 4.8 million for activities in Ukraine, respectively. Another significant contribution is the commitment by Sweden of USD 10 million to UNIDO's programme supporting the national quality system in Iraq. Japan has graciously committed a total of USD 6.8 million, mainly for human security-related projects. Our partnership with Germany in support of Africa's pharmaceutical industry has been strengthened by the recent announcement by Mr. Dirk Niebel, Federal Minister for Economic Cooperation and Development, that a further €1 million will be invested. We are also pleased to confirm that Italy has decided to contribute €800,000 to the pharmaceutical initiative as well.

We see positive moves in terms of self-financed projects, for example the USD 1.3 million committed by South Africa for automotive component supplier and subcontracting development.

UNIDO continues to implement programmes financed by global funds such as the GEF, the Multilateral Fund for the Implementation of the Montreal Protocol, and the Spanish MDG Achievement Fund (MDG-F). As far as the latter is concerned, we look forward to hosting an event shortly highlighting UNIDO's activities and results achieved in projects carried out with the generous support of the Government of Spain through the MDG-F.

[SLIDE 6: PARTNER FOR PROSPERITY]

Item 6: Strengthening UNIDO programmes through unutilized balances of appropriations

As I mentioned, 30 Member States have generously renounced their shares of UBs from the last biennium. One outcome of this generosity has been the establishment of our new trust fund for Latin America and the Caribbean – I thank those who have enabled this, and encourage others to contribute to it. I also thank those countries who have renounced their UBs to fund projects in a range of important issues under our three thematic priorities and for our convening and policy advisory activities. We look forward to keeping Member States informed as these projects and activities take shape.

Madam Chair,
Distinguished Delegates,

PCOR

The documentation before you includes a detailed update on the Programme for Change and Organizational Renewal, covering the implementation of the SAP-based ERP system, training of staff, results-based management and reporting, knowledge management, risk management, cultural changes, expected efficiency gains and UNIDO's transparent and holistic communication approach. During the last few weeks, the Secretariat has briefed each Regional Group, and displayed a live demonstration of the ERP system. In addition, meetings are being held on a monthly basis with the PCOR Liaison Group of Member States, which includes representatives from each Regional Group. These sessions have been very well appreciated as they provide a good opportunity for Member States to remain well informed about all developments under PCOR.

In January 2012, UNIDO went live with its portfolio and project management module, which shall contribute to effective results-based management as well as improved transparency, information sharing and reporting to stakeholders. Furthermore, a number of human capital management modules are already operational. These include e-recruitment, payroll, employee and manager self-service, as well as the recruitment and management of international consultants.

To ensure that staff are ready for all these changes, extensive training for both Headquarters and field staff has been carried out since last year, including classroom training sessions, e-learning, and webinars for our field colleagues. All these achievements would not have been possible without the hard work and commitment of a large number of staff. This intense cross-organizational teamwork and knowledge sharing has contributed to a more open working environment. The introduction of a 360-degree performance management system, online collaboration rooms and the definition of standards for good teamwork are expected to further support this positive change.

While tremendous achievements have been made, it should be noted that carrying out a programme of this magnitude and complexity within such an ambitious timeframe carries a number of challenges. These include, among others, the implementation of

the module on finance, procurement and logistics by January 2013; development of necessary reporting functionalities and monitoring tools; the institutionalization of risk management, knowledge management and result-based management; and adopting a new way of working. We must also ensure that all elements of the system are fully integrated with each other.

To help overcome these challenges, UNIDO has further strengthened its partnership with SAP. I recently held a video conference with the president of SAP Global and Germany, Austria and Switzerland region, who assured me that SAP will continue to provide UNIDO its full support in meeting the challenges ahead and assuring that a fully integrated solution is in place.

Madam Chair,
Distinguished Delegates,

Also before you under this agenda item are documents giving an account of the progress recorded under the trust fund on food security and the trust fund on renewable energy. As the Secretariat held briefings on activities supported by these trust funds, I do not propose to go into depth on them at this point. However, please allow me to make some general observations.

Trust fund on food security

The trust fund on food security has been an important funding source for UNIDO's 3ADI initiative. This initiative has been expanded throughout Africa, and has even led to a related programme in India – co-funded by the Government of India – on poverty reduction through integration in food-processing value chains. Moreover, the trust fund has allowed us to ensure that the environmental incidence of agro-commodity chain development is reflected more accurately in our work, and to better link with investment finance. Through the trust fund, UNIDO is now involved – in a technical advisory capacity – in two equity funds bringing USD 800 million into private agro-enterprises in Africa. We are also pleased to note that the trust fund has been a catalyst for enhanced partnerships – including with the Agence Française de Développement (AFD), with which we signed a funding agreement in December 2011; MASHAV of Israel, with which we finalized a memorandum of understanding in May 2012; and with private sector entities.

Trust fund on renewable energy

Likewise, the trust fund on renewable energy is now fully operational and has achieved a number of significant milestones in a remarkably short space of time. Among other achievements, the trust fund has enabled the development of a number of concrete renewable energy projects with wide geographical coverage, including countries from the regions of Africa, Asia and Latin America and the Caribbean. From a relatively small funding base, the trust fund has been able to leverage funding from GEF and other sources, including the private sector, in order to scale up the potential size and scope of proposed projects. The total funding of USD 70 million includes USD 11 million in GEF grants and USD 59 million targeted to be mobilized as co-financing.

Item 7: Informal Working Group on the Future, including Programmes and Resources, of UNIDO

The final agenda item I wish to mention concerns the informal working group on the future, including programmes and resources, of UNIDO. Under the able leadership of its co-chairs, H.E. Ambassador Ana Teresa Dengo Benavides of Costa Rica, and Mr. Alberto Groff of Switzerland, I am pleased to note that the working group has made much progress throughout this year in developing its SWOT analysis. I am convinced that the conclusions and recommendations eventually reached by the group will strengthen UNIDO's focus and mandate into the future as the global development system moves towards the formulation of new development goals. You can be assured that the Secretariat is ready to assist you in this endeavour. In fact, as the Group resumes its discussions after the summer, we look forward to being more proactive in putting forward our own proposals.

Madam Chair,
Distinguished Delegates,

[SLIDE 7: RIO+20]

As you know, I have just returned from Rio+20 – the United Nations Conference on Sustainable Development in Rio de Janeiro. A full briefing on UNIDO's participation in the Conference will take place tomorrow. For now, I would like to say a few words on the final declaration agreed by participating Member States, before briefly mentioning some of the UNIDO events at Rio. I will then turn to the latest developments concerning the Secretary-General's Sustainable Energy for All campaign.

The Future we Want

You will have heard that, after months of discussion, agreement was reached on the text of a declaration, entitled "The Future we Want". The negotiation process was tough, and the host country, Brazil, skillfully carried it through to completion. Some commentators in the media and elsewhere feel the declaration does not go far enough. Nevertheless, I am an optimist. My own assessment is that the Conference was at least partially successful. Despite the difficult circumstances of limited financial resources and a huge trust deficit carried over from many commitments which have remained unmet from earlier processes, we saw some progress. It is clear from the declaration that sustainable development will be the cornerstone of global development efforts in the post-MDG era.

Moreover, in my view, this is the beginning of the global debate on the new industrial revolution. It is telling that over 1,000 corporations were present at Rio this year, whereas twenty years ago there only one hundred or so. The presence of business confirms that the private sector is increasingly taking these issues seriously, and will be vital to meeting the challenges.

Looking at the declaration, we can immediately see that UNIDO's mandate and activities are already very closely aligned. It recognizes the need for economic growth and diversification. It affirms that green economy policies should promote sustained and inclusive economic growth and foster innovation; that they should close technology gaps between developed and developing countries; and that they should promote productive activities that contribute to the eradication of poverty.

There is also a list of specific thematic areas to be addressed – one that reads almost like UNIDO's current programmatic framework. On the list we see poverty eradication, including through sustained, inclusive and equitable growth; sustainable agriculture and food security; energy, in particular the Sustainable Energy for All initiative; the promotion of full and productive employment; sound management of chemicals and waste; sustainable consumption and production; gender equality and women's empowerment, to name a few.

We also see a clear emphasis on the importance of technology transfer – the declaration calls on relevant UN agencies to identify options for a facilitation mechanism to promote the development, transfer and dissemination of clean and environmentally sound technologies. The UN system is also asked to work with industry and interested governments to develop models and facilitate action on the integration of sustainability reporting. In addition, South-South cooperation and private sector partnerships are highlighted as areas for action.

UNIDO at Rio+20 and beyond

I wish to focus on two areas on which UNIDO has been very active in the run-up to Rio, and on which we organized high-profile events at the Conference.

[SLIDE 8: GREEN INDUSTRY PLATFORM]

UNIDO's Green Industry Platform has now seen commitments from over seventy organizations, including national governments, businesses and international organizations. At our launch event in Rio, there was significant participation at the highest level. Key players such as the European Commissioner for the Environment, Janez Potočnik, and the Executive Director of UNEP, Achim Steiner, broke off their participation in the main negotiations in order to be there. We have had immediate confirmation of a significant financial contribution by the GEF, whose CEO, Monique Barbut, was also present.

The Green Industry Platform acts in four interrelated areas: resource efficiency for sustainable production and consumption; water optimization in manufacturing; industrial energy efficiency; and chemicals management. This will be a very important element of UNIDO's future activities – we know already that the EU and others will be placing a great weight on these matters – and is a clear return on investment in our convening and outreach role since our Green Industry conference in Manila in 2009.

[SLIDE 9: GIP / JAPAN PAVILLION]

I also wish to highlight the tremendous support of Japan and Brazil, who both provided UNIDO with highly a highly visible presence at Rio. The UNIDO booth at the Japanese Pavillion drew thousands of visitors. Meanwhile, UNIDO facilitated hundreds of business-to-business meetings and hosted a prominent networking side event.

[SLIDE 10: SE4ALL RESULTS]

Turning to Sustainable Energy for All, allow me to thank Member States for their forbearance in allowing me to take on what was practically a second job over the past five years. Chairing UN-Energy, the Secretary-General's High-level Group on Energy and Climate Change, and then the Sustainable Energy for All initiative all took time. But now I can tell you that it paid off. SE4All has succeeded in defining the first set of Sustainable Development Goals that will dominate the debate in the next years. Not only that, but the initiative has backed up those goals with a vision and action agenda that is already being implemented. The EU, the Small Island Developing States, the Clean Energy Ministerial – all of these have endorsed that vision. So too have the World Bank and regional development banks, as well as over 50 countries. The private sector has come with commitments topping USD 50 billion.

[SLIDE 11: SE4ALL COMMITMENTS]

Here are some examples of clear commitments by countries and organizations. Brazil will invest USD 4.3 billion to achieve universal access to energy by 2014. You see also billions more in clear commitments from the EU and USA. And taking one smaller country, Barbados, as an example, we see a growing commitment to renewable energy.

[SLIDE 12: SE4ALL COMMITMENTS 2]

On this slide, we see just a few of the private sector commitments. Some of the largest energy utilities in the world, Eskom of South Africa and Duke Energy of the USA, are on board. So too are Eni of Italy, GDF Suez and Microsoft.

[SLIDE 13: SE4ALL - NY TIMES]

[SLIDE 14: SE4ALL - HSBC]

It is interesting that some of the very best feedback from Rio, both from the media and from analysts such as those in HSBC, has been on Sustainable Energy for All. The words from HSBC are worth repeating – the initiative is “an example of a new way of working for the UN, using its convening power to identify critical bottlenecks to renewables, efficiency and universal access to energy, and then designing focused packages of policy incentives, public finance and private capital.”

All of this resonates strongly with discussions on the future of UNIDO. We may be a small agency, but small does not have to mean weak or irrelevant. Being smaller can mean focusing on a key area and expanding it through partnerships. We chose to design and mobilize a global initiative – one that is bearing fruit in a way no UNIDO partnership has done before. This is also what UNIDO needs to do with green

industry – and the Green Industry Platform is making this a reality. Agribusiness and supply chain development are also ripe for scaled-up partnerships.

[SLIDE 15: PARTNER FOR PROSPERITY]

Madam Chair,
Distinguished Delegates,

Despite the challenges of the past couple of years, UNIDO has continued to deliver for its stakeholders. Looking to the future, there will be more hurdles to overcome. We cannot be blind to the economic difficulties faced by many Member States – but we should do the utmost to ensure that those in developing countries do not pay the highest price.

The next framework for development action will be on the basis of sustainable development – and, unlike during the formulation of the MDG goals, targets and indicators, we must make sure that UNIDO keeps pace with change.

All that remains for me to say at this point is to express my appreciation for your continued support for our Organization, and to wish you all the best in your deliberations.

Thank you.



partner for prosperity



partner for prosperity

Annual Report
2011

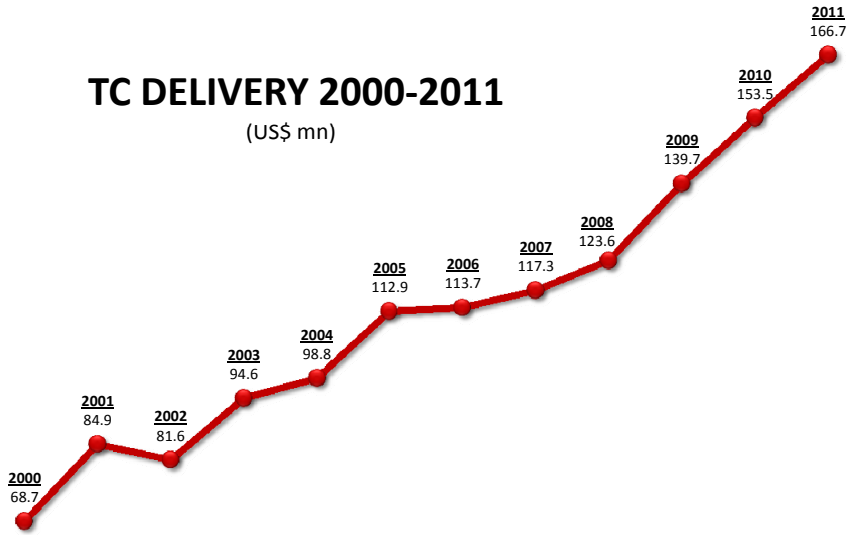


UNIDO
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Poverty Reduction through Productive Activities • Trade Capacity Building • Environment and Energy

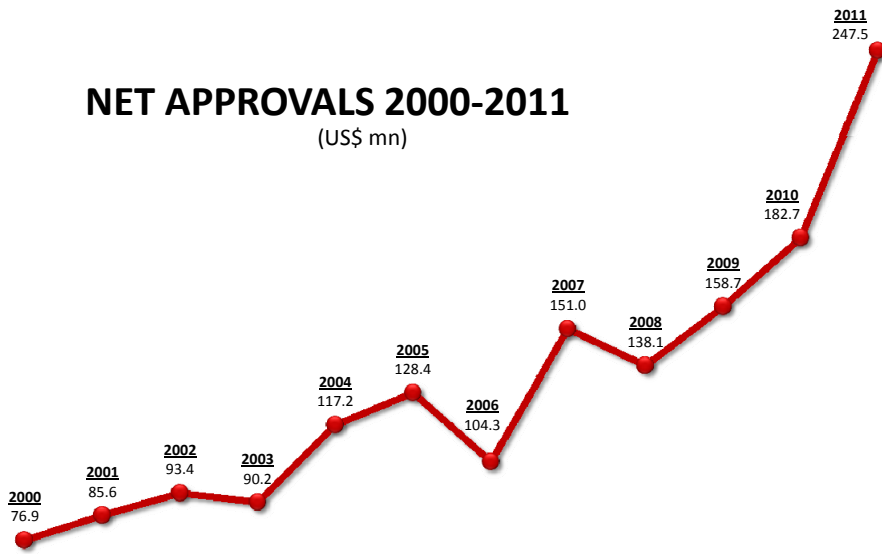
TC DELIVERY 2000-2011

(US\$ mn)



NET APPROVALS 2000-2011

(US\$ mn)





UNIDO Green Industry Platform



Commitments:

- Supported by some 70 organizations, including national governments, businesses and international organizations
- Immediate financial contribution by GEF

Launch event:

- EU Commissioner for Environment
- Vice-Minister of Environment of Poland
- CEO of GEF
- Executive Director of UNEP



UNIDO Green Industry Platform



- Japan Pavilion
 - Over 18,000 visitors, with 3,200 to UNIDO booth
 - 242 business to business meetings facilitated
 - Prominent visitors included high-level representatives from Japan, Brazil and elsewhere
 - UNIDO hosted a networking side event with 50 Japanese green technology companies



2012 INTERNATIONAL YEAR OF
SUSTAINABLE ENERGY
FOR ALL

Results

- Vision document and Action Agenda launched
- Endorsement by FEMA, SIDs, EU, CEM
- Endorsement by World Bank, AfDB, ADB, IADB
- Over 50 countries have opted in
- Over 100 commitments by the private sector valued over USD 50 billion



2012 INTERNATIONAL YEAR OF
SUSTAINABLE ENERGY
FOR ALL

Commitments

- Brazil: USD 4.3 billion for universal access by 2014
- EU commitment to connect 600 million people in a decade; EUR 50 million for the first two years, EUR 400 million investment facility
- USA: USD 2 billion grants, loans and loan guarantees, plus PP energy technology
- Barbados: increase renewable energy to 29%



2012 INTERNATIONAL YEAR OF
SUSTAINABLE ENERGY
FOR ALL

Commitments

- Eskom and Duke Energy electrification plan for 500 million people
- Microsoft to become carbon neutral
- GDF Suez to boost own renewable energy by 50 %
- Eni to earmark USD 5 billion to reduce carbon intensity and spend USD 32 m in DR Congo to capture gas from oil flaring



Commitments

- The New York Times: *“In the final hours of the UNCSA in Rio de Janeiro, a reverberating theme has been ‘sustainable energy for all’ – a push catalyzed by Secretary General Ban Ki-moon.”*

<http://dotearth.blogs.nytimes.com>

Andrew C. Revkin, 22 June 2012



Commitments

- HSBC: *“The SE4All initiative is an example of a new way of working for the UN, using its convening power to identify critical bottlenecks to renewables, efficiency and universal access to energy, and then designing focused packages of policy incentives, public finance and private capital.”*