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United Nations Industrial Development Organisation

Motion made, and Question proposed, That this House do now adjourn.—[Mr. Heppell.]

6 pm

Mr. Tony Colman (Putney) (Lab): May I thank Mr. Speaker for allowing this Adjournment debate on the work of the UN Industrial Development Organisation? It seems to me that that organisation is key to world development, which we all want, and yet it has languished in the shadows of media and parliamentary coverage. It rated a mere 18 lines on page 54 of the recent Foreign and Commonwealth Office Command Paper 6325 on "The UK in the United Nations".

I have recently returned from a brief visit to India with the International Development Committee, and it was heartwarming to see the rapid changes deliver on jobs and prosperity for the Indian people, not only in the usual areas of rural livelihoods, which we discuss so often, but in urban livelihoods with industrial development, which is strongly supported by UNIDO-Indian Government partnerships.

My background before coming into the House was in private and public sector business. I believe strongly that private enterprise, with the private finance initiative and public-private partnership, can deliver prosperity across the world. The private sector and development report to the Secretary-General of the UN, titled "Unleashing entrepreneurship—making business work for the poor"—it is otherwise known as the Zedill-Martin Report—was published earlier this year and makes that point. It particularly emphasises the need not only for transnational corporations to invest in developing countries, but to support the development of small and medium-sized enterprises.

The vast majority of jobs in the UK, and everywhere else, are generated within the small and medium-sized sector, which often provides outsourced services to larger companies or serves the public directly. UNIDO serves SMEs' huge need for help. The global compact reports directly to the Secretary-General of the UN, and it concentrates on the obligations and needs of transnational corporations. UNIDO meanwhile serves developing countries and their needs.

UNIDO was set up in 1966 as:

"the UN specialised agency helping developing countries and economies in transition to pursue sustainable industrial development."

UNIDO's overarching development objective is to eradicate poverty by contributing to the promotion of environmentally sustainable economic growth and productive employment, which are known as the "UNIDO three Es". As we can see from the answering Secretary of State, the sponsoring UK Department is the Department for International Development and not the Department of Trade and Industry. I thank the Secretary of State for International Development for coming to answer an Adjournment debate this evening—which is how it should be. I pay tribute to the DFID desk team, led by Brian McLeish, who work with UNIDO; no doubt, they have helped the Secretary of State with his speech.

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I asked to become a parliamentary addition to the UK delegation attending the 29th meeting of the industrial development board, which overviews UNIDO, in Vienna earlier this month. I thank Ambassador Jenkins, who allowed the cuckoo—me—in the nest and particularly Graham Clough, his No. 2, who guided me through the UNIDO agenda.

I also praise the work of Dr Marianne Moscoso-Osterkorn, the international director of the renewable energy and energy efficiency partnership, which was launched by the UK at the Rio plus 10 UN Johannesburg conference in 2002 and now co-located with UNIDO in Vienna. That UNIDO partnership should lead to the considerable expansion of REEEP, and I was particularly interested that Carlos Magarinos, secretary-general of UNIDO, wished to take that partnership further forward.

The industrial development board consists of 53 of the 171 member states, but of those 53, 33 are from developing countries. Sadly, the United States withdrew a few years ago and, as with other UN institutions, it beggars belief that it does not support institutions such as UNIDO, which accelerates industrial development. Clearly, the US subscription would be welcome, but its expertise is used through numerous consultancy contracts.

UNIDO does not work alone. The board has agreed proposals for joint working in several countries out of United Nations Development Programme offices, where, for example, UNDP has facilities that could house other members of the United Nations family. The UNDP-UNIDO agreement signed on 23 September 2004 thus extends the UNIDO presence to some 80 countries from the current number of 30. The Secretary-General, in his report to the industrial development board, proposed four key areas of specialisation for UNIDO in which it could offer help that is not available from other UN agencies: private sector development; trade capacity building; energy and environment; and post-crisis industrial rehabilitation and reconstruction. I remain to be convinced of a lead role for UNIDO on the last point, but fully accept it on the first three.

While I was in Vienna, a pilot project was launched jointly by UNIDO and UNDP to promote corporate social responsibility in Croatia through public education and technical assistance to Croatian businesses and other stakeholders. That project will be based at the UNIDO Croatian centre for cleaner production, with the pilot starting in Croatia but quickly covering the Balkans and eastern Europe. Further CSR pilots are being set up to reflect local needs in other UNIDO centres across the world.

I said that UNIDO is the unknown UN agency—until now, that is. Even more of a secret to us in London—but not, of course, to the local MP—is the location and work of UNIDO-ITPO. ITPO—the investment and technology promotion office for UNIDO in the UK—is based in Warrington, core funded by the Northwest Development Agency on behalf of other RDAs in the UK, and headed by the charismatic John McFadzean. In December, it will have a meeting of its advisory group, chaired by the noble Lord Wade in the other place. UNIDO-ITPO acts as a marriage-broking exercise bringing together UK companies—often small and medium-sized enterprises—that wish to joint-

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venture or to develop with developing countries. Some 247 companies have taken that up, and the work is expanding rapidly.

An example of the consultation work has been a UNIDO-funded Ethiopian textile project, which has a tie-in back to the north-west and the west midlands, where I understand that some eight companies are interested in buying excellent-quality textiles from Ethiopia. As I know from my experience on supply chain development, the most successful industrial development in developing countries comes from such joined-up working. The flower and vegetable industry of Kenya is a further example.

I should also mention the Warrington office's work with Manchester business school, where comparative analysis between 19 selected developing countries and eight sectors, involving 90 MBA students, is being carried out and is due to be completed in March 2005. That work should be invaluable to UNIDO's work worldwide, as well as to UK companies that will be able to utilise a clear planning tool for developing-country investment. Other areas—I pick at random because there are so many—are in China, where there are some 30 live projects; in biotechnology, where a lot of work has been done with Cuba; and in energy and environment in Russia and eastern Europe, where

UNIDO-ITPO is working out of St Petersburg.

Before anyone thinks that UNIDO support is north-south, I must correct that impression. South-south cooperation was laid down at the Tokyo international conference on African development—TICAD—and was followed up at the Marrakesh conference of December 2003. That is the key to UNIDO activities, and it is backed by the group of 77. The emphasis is on triangular co-operation, with use of the expertise and institutions of emerging economies paid for by developed countries in favour of developing countries. In that way, the Asia-Africa investment and technology promotion centre, which is largely financed by Japan, has been successfully launched. China and India have been working with UNIDO in delivering technology transfer to the group of 77 countries in areas such as renewable energy, biomass and low-cost housing. UNIDO also works in the important area of the delivery of the Montreal protocol and other world environmental agreements. Clearly, it would be involved in how we work through the important elements of the Kyoto protocol.

Secret no more, UNIDO backed by DFID is outed this evening. Its work is essential and does not duplicate that done elsewhere in the UN system. The United Nations Conference on Trade and Development, the International Trade Centre and UNDP were not set up to support industrial development in developing countries. Nor can they help provide in the same way the well paid jobs by the million that could help to stem the hunger of millions in developing countries. UNIDO is set up to do this and

"has a clear comparative advantage".

If the Doha round of the World Trade Organisation is successfully completed in Hong Kong next December—I sincerely hope that it will be, which I am sure is the view

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of all hon. Members—the obligation of UNIDO to deliver on behalf of the world's poor will become even more imperative.

I look forward to the Secretary of State's commitment to continue to fund UNIDO's core work and to expand to meet Carlos Magarinos' vision. Long may the DTI encourage RDAs that UNIDO ITPO UK is a resource that can bring prosperity not just to the UK, but also to developing countries across the world.

There is a new early-day motion, No. 9, which already has 140 signatures. It is titled, "Make Poverty History in 2005 Campaign". The work of UNIDO across the globe is essential to that achievement and from this evening will not be forgotten.

6.11 pm

The Secretary of State for International Development (Hilary Benn): First, I warmly congratulate my hon. Friend the Member for Putney (Mr. Colman) on securing the time for this debate. From his speech we can all see the real interest and support that he demonstrates for the work of UNIDO and the United Nations more generally, particularly given his background in the private sector. I am grateful to him for allowing me to join him in allowing the shaft of sunlight which an Adjournment debate affords on the work of UNIDO. He spoke about his visit to India. Following in the footsteps of the Select Committee, I am going there next week and greatly looking forward to what I shall see in the course of that visit.

I want to talk first about the overall context for the work of UNIDO, about the organisation's focus, and its response to the reforms and challenges that lie ahead. I shall begin by saying something about the broader context in which UNIDO is working.

As the House will be aware, the millennium development goals provide the framework, not just for the United Nations system, but for developing countries and their partners right across the globe. Progress towards the MDGs will be reviewed in New York next September as part of the millennium review summit. We do not need to wait until then to recognise that much more needs to be done. The MDGs are seriously off-track in sub-Saharan Africa. We need to make faster progress in order to reach the goals on maternal and child mortality. We need to do more in the fight against HIV and AIDS. Together with action for reducing conflict and building peace and security, this

is the biggest collective challenge for the international community in the 21st century. Peace and security are the building blocks on which organisations like UNIDO can do their work.

The millennium review summit will in particular be an opportunity for us to rededicate international effort towards the attainment of the MDGs. We know we have to do more on aid, trade and debt relief. In addition to that and to having increased resources, we need to act in a way which, in development jargon, is more harmonised and more integrated. It is what I describe as getting our act together. We have to have systems and structures, resources, effort and will that support what developing countries are trying to do to solve their own problems and to chart their own future.

That means changing the way in which we do business. That is why we strongly supported Kofi Annan's reform effort in the UN. It is why we want to

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see clear roles and responsibilities set across different agencies. It is why we want a system that delivers a more coherent and effective response, reduces overlap and competition and reduces the burden on recipient countries. UNIDO's work, therefore, must be guided both by the MDGs and by this process of reform.

My hon. Friend spoke eloquently about UNIDO's work in private sector development, trade capacity building, promotion of cleaner production methods and investment promotion. We need every one of those things if we are to enable developing countries to earn, trade, develop and grow their way out of poverty. One has only to look at countries such as China and India where this process is taking place. It is economic development that will be the real engine of poverty reduction.

We have to recognise that UNIDO is a relatively small specialised UN agency. Given this, and the cross-cutting nature of its work, it is vital that UNIDO get as much purchase on change as possible through effective partnership both inside and outside the UN system. UNIDO recognises this. I had the pleasure of meeting earlier this year the Director-General, Dr. Carlos Magarinos. I was extremely impressed. He is a strong advocate of UN reform. Under his leadership, UNIDO has focused its activities, reformed its internal management structure, and made considerable effort to find new ways of working, including building new partnerships. It is essential that UNIDO's programmes at country level be a part of the UN development assistance frameworks and build on UN-wide assessments of need.

UNIDO's work with UNDP is a good example of reform in action. Dr. Magarinos well understands the need to integrate UNIDO's technical co-operation work with that of other organisations more effectively. This has led to the signing of a co-operation agreement with the United Nations Development Programme in September of this year. This agreement has two parts. The first is joint programming between the two agencies in private sector development. The aim of this co-operation is to implement the recommendations of the report of the United Nations Commission on the Private Sector and Development. This joint activity will involve better links between programmes already existing in both agencies and new programmes that may be developed in areas of mutual interest. Secondly, the agreement puts in place a pilot programme that will establish UNIDO desks in 15 UNDP offices. That is a practical example of joint working on the ground.

This arrangement presents possibilities for joint working beyond that envisaged by the private sector development agreement, and enables UNDP and UNIDO each to draw on the strengths of the other. Both organisations are committed to this co-operation, which they have described as a potential model for the UN system. We await the outcome of the pilot programmes with real interest.

A further example of UNIDO's progressive approach to partnership is the memorandum of understanding signed between UNIDO and the World Trade Organisation in September 2003 on working together in trade capacity building. The Industrial Development Board was advised that the initial needs review had been carried out in all nine of the participating countries, with technical co-operation delivery having begun in two of

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them. Trade capacity building is part of the work that needs to be done to enable developing countries to take advantage of trading opportunities and to grow and earn their way out of poverty.

A third area of UNIDO's work that I would like to highlight is its work on cleaner production and environmental management. Half of all technical co-operation funded by UNIDO comes from environmental funding facilities, such as the Montreal protocol, which my hon. Friend the Member for Putney mentioned. This is important work in promoting and delivering compliance with international environmental agreement standards. UNIDO is very active on the promotion of sustainable energy supplies, in particular through its initiative on rural energy for productive use. Again, this work is done on a partnership basis—another example of UNIDO working with others—in the context of the Renewable Energy And Energy Efficiency Partnership, whose international secretariat is co-located with UNIDO in the Vienna International Centre.

Finally, I want to say something about UNIDO's work in Africa, the country where it is most needed, as least progress towards the millennium development goals is being made in sub-Saharan Africa. That area is in particular need of more investment, economic development and growth—the engines of poverty reduction.

We fully support—indeed, I warmly welcome—UNIDO's shift in recent years towards working in poorer countries. Between 1996 and 2002, the proportion of technical co-operation delivery in poor countries rose from 48 per cent. to 70 per cent. A rising proportion of that is being allocated to sub-Saharan Africa. Currently, UNIDO integrated programmes are running in 19 sub-Saharan African countries. That is excellent news, and the organisation is to be congratulated on that change.

The focus of UNIDO's work in Africa is becoming more and more defined by the African productive capacity initiative. That is a UNIDO programme set up with the New Partnership for Africa's Development and the Conference of African Ministers of Industry. The programme aims to develop value chains as a means of improving productive capacity in African industry. As someone put it to me earlier this evening, that means that countries will sell T-shirts rather than cotton. That describes what value chains are intended to achieve.

Mr. Colman: Will my right hon. Friend congratulate the UNIDO Warrington office on its work in setting up supply chain arrangements between UK companies and companies in developing countries?

Hilary Benn: I shall do so with great pleasure, as that is a really practical example of north-south co-operation at work, combining experience from both spheres. We have much to learn from each other in the cause of securing more effective economic integration at a regional level. The Commission for Africa is very interested in the work, and commission representatives will be discussing it with the UNIDO secretariat in the very near future.

All this work by UNIDO is highly relevant to the attainment of the millennium development goals. As I said, the progress made under the leadership of

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Dr. Magarinos is extremely encouraging. That is why, in addition to our contribution of £4.2 million each year, we have also provided training for senior management in the organisation and support for the development of a results-based management system.

In conclusion, I want to make three brief points. First, UNIDO has achieved a great deal in terms of reform and change, but it is very important that it maintain its focus on its unique contribution to the delivery of the millennium development goals. I hope that its work in sub-Saharan Africa will continue to be strengthened so that it can focus on the particular contribution that it can make to the process, given the expertise that it has developed.

Secondly, I hope that UNIDO will continue to have greater effect. It should seek to build on and strengthen its approach to partnerships, including programmes that are planned and carried out jointly. That is essential if it is to increase the scale of its work and achieve change that really lasts. The agreement with the UNDP to which I referred is encouraging, and it is important that those lessons are learned across the UN.

Mr. Colman: The command paper from the Foreign and Commonwealth Office said that UNIDO should play to its strengths and act in where it has the comparative advantage. Does my right hon. Friend agree that it does have a

comparative advantage when it comes to working with the private sector in the areas of energy, the environment and trade facilitation? That advantage should be recognised. Does he agree that the lean and mean machine that is UNIDO at present

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should become rather larger so that it can deliver on the millennium development goals? It is the only arm of the UN that can handle that specialised function.

Hilary Benn: I do agree about that. I learned a great deal from my meeting with Dr. Magarinos earlier this year. I was very impressed by UNIDO's work, as I have said. That work is unique in the UN system, and that is why I genuinely welcome the opportunity that this evening's debate gives us to talk more about its contribution. We need to support UNIDO in extending the reach of its work, building on partnerships and finding people with whom it can co-operate. In that way, we will be able to see results on the ground in developing countries.

If I may finish where I began, real progress in reducing poverty around the globe will happen through a process of economic development. We therefore need to work to try to improve the effectiveness of business and to share expertise between north and south—as the Warrington centre does. If the undoubted potential, skill and creativity in the developing world—currently used too much of the time just to keep body and soul together—can be unleashed, I have no doubt that developing countries are just as capable as this country, or any other, of developing and providing a better future for their people. It is results on the ground that we need, and I welcome the opportunity that we have had this evening to pay tribute to the work of UNIDO in contributing to that process. I wish it every success in its work over the months and years ahead.

Question put and agreed to.

Adjourned accordingly at twenty-six minutes past Six o'clock.

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