

**Welcome Speech by Director General LI Yong
at the
Third EU-UNIDO High Level Review Meeting
UNIDO HQ, Vienna International Center, Vienna
6 October 2014**

Dear Commissioner Piebalgs,
Dear colleagues,

Introduction

I would like to express my sincere thanks for your visit today on the occasion of our Third EU-UNIDO High Level Review Meeting. I am very pleased that this Review Meeting is taking place in Vienna for the first time this year. This gives your team the opportunity to get to know more about UNIDO, and to discover or rediscover our Headquarters, while also giving our staff the opportunity to attend and be inspired by our exchanges.

I also would like to thank the teams of the Directorate General for Development Cooperation – EuropAid and of the European External Action Service for the excellent cooperation with UNIDO for the preparation of our annual strategic meeting, and for our fruitful partnership at the service of developing countries and countries in transition.

Successful EU-UNIDO partnership

To start with, I would like to express my great **satisfaction with our partnership**. Over the past ten years we have jointly supported almost 110 countries in Africa, Asia and the Pacific, Latin America and the Caribbean and Europe and its neighborhood through global, regional and country programmes. Our partnership has contributed to poverty reduction through wealth and job creation and helped to preserve the environment and the climate through green industry interventions. We have made a particular contribution to supporting regional integration, trade capacity building and private sector development for an increased impact on poverty reduction.

Since our review meeting last year, our cooperation has continued to grow substantially. Our joint work is covering new geographical areas such as the European neighborhood, in particular Eastern Europe, the Balkans and the South Mediterranean.

We have also started to work together in new thematic areas such as Policy Advice, Youth Employment, Creative Industries, Transfer of Environmentally Sound Technologies, and Chemicals Management.

On the basis of the Operational Conclusions approved last year, our dialogue has intensified and deepened and we now have an “Aide-Mémoire on themes for

future cooperation” that will guide our future work related to “Inclusive Growth and Private Sector Development” and to “Sustainable Industrial Development”. Through this “Aide-Mémoire” our teams will be able to develop actions in developing countries in support of agro-industries, the private sector, quality, sustainable energy and environment. This is an ambitious document that reflects the constructive dialogue that we have developed in the past few years on all these themes.

Concerning our cooperation, I note that the interaction between our respective teams has intensified at headquarters and at the field level. I very much appreciated the more frequent visits of senior officials of the European Commission and experts to UNIDO Headquarters in Vienna. It is important that our staff work together at all levels. Over time, we have created a solid institutional framework that contributes to mutual knowledge and understanding and helps further develop our cooperation.

Beyond technical cooperation, high level policy dialogue and joint policy advocacy have emerged as an important dimension of our cooperation. In the past few years, the EU and UNIDO policies and objectives have become increasingly convergent. The EU development policy “Agenda for change”, the communication on a “Decent life for all” and the recent Communication on “a stronger role of the private sector in Achieving Inclusive and Sustainable Growth in Developing Countries”, among others, are bringing a new vision of development that is very close to that of UNIDO.

Indeed, on 2 December 2013, our 15th General Conference adopted the “Lima Declaration”, with the support of the EU, which gives a new mandate to UNIDO for “Inclusive and Sustainable Industrial Development”. It means that industrialization should benefit all parts of society, particularly youth and women and that it should preserve the environment and the climate.

In last few years, we have increasingly worked together to mobilize governments, civil society and the private sector towards major development priorities such as the Accelerated Industrial Development of Africa (AIDA) and Sustainable Energy for All programmes, as well as agribusiness, youth employment, green industry, resource efficiency and the circular economy.

On this last point, I am pleased to note that our participation in the EU Resource Efficiency Platform has contributed to the elaboration of the recent EU Communication “Towards a circular economy: a zero waste programme for Europe”.

Our dialogue on employment has also progressed in the last two years, particularly in view of its direct relationship with migration. The only long term solution to migration is employment. That is why UNIDO proposes to promote entrepreneurship and to give more opportunities to youth and women.

Women empowerment should also be fully a part of our cooperation. The Lima Declaration supports this new vision of a world of equal opportunities and is committed to advance this agenda. The EU has also been at the forefront of this issue.

I would like to emphasize the increasing cooperation with the Directorate General for Enterprise and Industry, with which we have signed an agreement on SME policy implementation during our last General Conference. The role of SMEs in Europe and in the world has sometimes been underestimated, even though they provide 90% of the world's jobs. Whether in Europe or in the rest of the world, UNIDO and the EU should work together to support framework conditions that help SMEs flourish.

These frameworks and dialogues demonstrate the convergence of our visions and form a solid basis to further develop our cooperation.

Role of UNIDO and ISID

The theme of our meeting this year is "EU-UNIDO cooperation in the Post-2015 development agenda: The role of the Private Sector for Inclusive and Sustainable Industrial Development". With the economic crisis, the vital role of the real sectors as drivers of the economy has been reaffirmed, as has the importance of the private sector.

Among the various activities led by the private sector, industry, the activity consisting of adding value to products, has been at the centre of a major rethinking in the global economy. Statistical evidence in the last 30 years demonstrates that economic transformation through **industrialization** has stimulated spectacular growth in countries which have chosen this policy option. Supported by a dynamic private sector, particularly SMEs, increased value addition and economic diversification have contributed to lifting hundreds of millions of people out of poverty.

As a result, it is projected that there will be a global expansion of the middle classes from 1.8 billion in 1990 to 3.2 billion in 2020, and 4.9 billion by 2030. It is industrialization that will bring the economic and social transformation that many countries are looking for. The BRICS have shown the way. What we call "the next 11" countries are on the same trajectory.

However, in spite of important progress made under the MDGs, there are still 1.2 billion people living in extreme poverty, which provokes increasing **inequalities** and represents a major threat to political stability. Many countries are still left behind, particularly in Africa. In last Africa-EU Summit, the industrialization of Africa has been recognized as a top priority in the Brussels Declaration and Roadmap. The strategy for the "Accelerated Industrial Development of Africa" (AIDA) has been explicitly mentioned in these documents.

UNIDO, which has drafted the AIDA at the request of African Heads and State and Government, is ready to cooperate with the EU and African countries towards concrete action to implement the AIDA in the field, in partnership with

the African Union. Through our programme, we have helped many African countries and all Regional Economic Communities to prepare their industrial policies. Concrete country and regional programmes, which have on occasion been prepared in close consultation with the EU Delegations in the field, are ready for implementation.

As more countries have become more wealthy, and as hopefully many others will join them, the pressure on the environment and the climate will increase tremendously.

While industrialization remains the most powerful engine for poverty reduction, we have to change our production and consumption patterns and move towards sustainable industrialization, toward “**Green Industry**”. At a time of resource scarcity, cleaner production and resource efficiency are becoming the most effective and profitable investments, and the new green industries will provide new products, new services and new job opportunities. We already have successful joint experiences in Asia, Eastern Europe and the Mediterranean of initiatives that mobilize technical cooperation to leverage private sector investments. In this area too, our cooperation can work as a multiplier and unleash green investment by companies themselves.

A partnership for the post-2015 development agenda

As I already mentioned, the **Lima Declaration** “Towards Inclusive and Sustainable Industrial Development” renews and reinforces our mandate, calling on UNIDO to enhance its support to the efforts of countries towards achieving inclusive and sustainable industrial development (ISID). This entails strengthening all of the Organization’s functions in the fields of technical cooperation, action-oriented research and policy advisory services, standards and compliance, and its convening role.

The Lima Declaration also calls for UNIDO’s engagement in the future post-2015 development framework currently being formulated by the international community. I am pleased to report that UNIDO has been actively engaged in the various processes associated with the formulation of this new framework.

In July 2014, the **Open Working Group (OWG)** of United Nations Member States that was established to prepare proposals for the new Sustainable Development Goals (SDG) presented its final report. Among the 17 SDGs proposed by the OWG, the role of industry is particularly recognized through SDG 9 that aims to “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”. We call on the EU to support this goal that would secure a stronger role of the private sector in the post-2015 development agenda.

As the central coordinator of international cooperation towards inclusive and sustainable industrial development in the United Nations system UNIDO has also been requested by the United Nations Development Group, composed of almost all UN development agencies, to lead the UN Global Consultation on “**Engaging the private sector in the post-2015 development agenda**” together with the UN Global Compact.

In 2014, regional and national consultations have taken place all over the world, sometimes with the participation of the EU, like in Bratislava in June 2014, and a preliminary report has been recently presented by the UN Secretary General to UN Member States to inform them on the role that the private sector and industry can play in the new Post-2015 development framework.

November ISID Forum and donor meeting

In addition, through our convening role, we would like to mobilize all development partners to work together on the ISID agenda at country level. We will organize a Forum on operationalizing ISID on 4 and 5 November that will focus on the two pilot countries we have selected, Ethiopia and Senegal. We are inviting all development partners to participate in forum, and are even expecting the participation of UN Secretary General Ban Ki-moon, with whom I discussed this issue in Geneva last week. We would be very honored if the European Union would be represented and deliver an opening speech at this occasion.

In connection with the November Forum, we are also organizing a donor meeting in the afternoon of 3 November, at which we want to highlight our successful cooperation with our donors and demonstrate the development impact that we have achieved through this cooperation.

We would very much appreciate a high-level participation of the European Commission at this meeting. We hope to make such donor meetings a regular annual feature to enable us to report effectively to our donors.

Conclusion

In **conclusion**, I am glad to see that the cooperation between UNIDO and the European Union has witnessed such a positive development over the past years and I hope that this trend will continue. I believe that this cooperation is essential to achieve the common promises of the “Agenda for change” and of “Inclusive and Sustainable Industrial Development”, and to create the conditions for achieving prosperity and sustainability for all in the post-2015 era.

Next year will be the European Year for Development. UNIDO is ready to work with the EU to give more visibility to EU citizens of our joint achievement in developing countries.

Also we note that the new priorities of the President of the European Commission are very close to that of UNIDO. We hope that this convergence will lead to a further strengthening of our cooperation and a strengthening of our strategic partnership.

I would know like to add a personal touch to our meeting and congratulate Commissioner Piebalgs for his great commitment to our partnership. The increasing cooperation and the establishment of this high level review meeting are tangible signs of your vision and action. Thank you Commissioner.

With these thoughts, I wish you all a fruitful Third High Level Review Meeting. Thank you very much