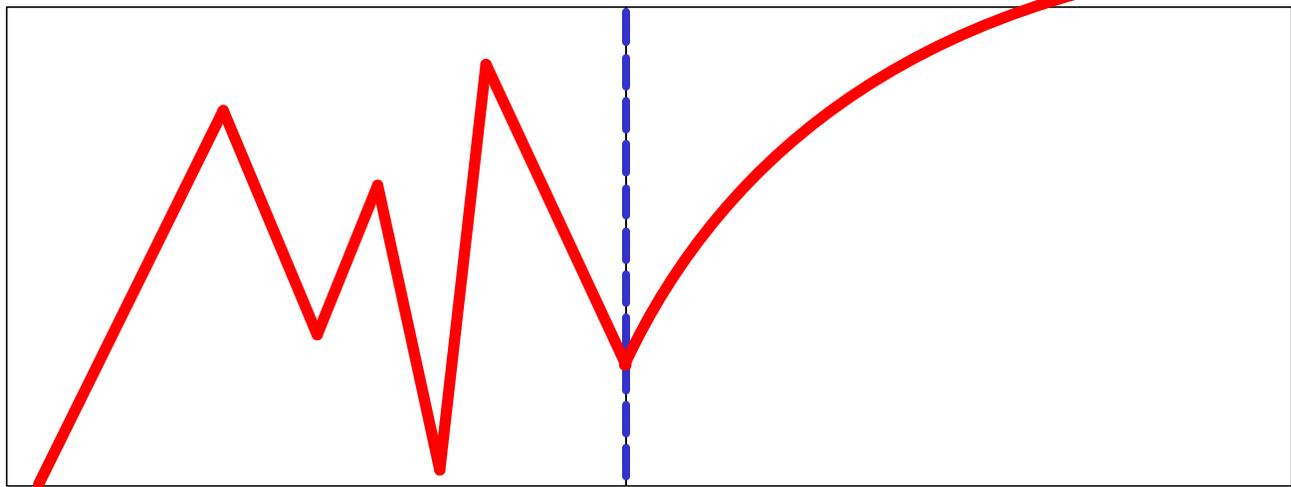




UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO ROUND TABLE
- MARGINALIZATION VERSUS PROSPERITY -
VIENNA 13 November 2000



REPORT

November 2000

Introduction

To promote a meaningful dialogue and mutual understanding on substantive topics between the Member States and the Secretariat, UNIDO organised a round table entitled “Marginalization versus Prosperity” one day prior to the twenty-third session of the Industrial Development Board, namely on 13 November 2000. The round table presented guest speakers and representatives of Member States the opportunity to discuss major industrial development topics from several angles, including those of Governments, NGOs, the private sector and academia. In his opening statement, the Director-General stressed the relevance of the topics chosen for the round table in view of the international development goals relating to poverty alleviation through economic well being, effective integration of the global economy and the promotion of environmental sustainability.

The event focused on four topics of major importance to UNIDO’s activities:

- *Sustainable energy futures*
- *UNIDO’s efforts to promote the negotiations of the persistent organic pollutants (POPs) convention*
- *Fighting marginalization through sustainable industrial development*
- *Private sector development and international industrial partnerships*

Summary

If anyone thought that industrial development was a dry issue, the round table on marginalization versus prosperity, held immediately before the opening of the Industrial Development Board, demonstrated an emotional side to the problem. A distinguished team of invited speakers touched upon the key issue of poverty and its human dimensions in four separate panels. The panelists stressed that the contribution of sustainable industrial development to poverty reduction, employment and environmental benefits was not only desirable but inevitable in the fight against marginalization. It bodes well for the future that all panel participants – be they from Government, NGOs, the private sector or academia – noted a high degree of alignment of positions despite the different constituencies represented. “There cannot be a total solution to global problems by one party, whether enterprise, government organization or civil society”, said Mrs. Freudenschuss-Reichl, Ambassador and Permanent Representative of Austria to UNIDO.

All speakers paid tribute to the role of UNIDO in the international division of labour in tackling global problems be they related to poverty, environment, energy or trade. Facilitating access to markets was one of UNIDO’s most important tasks. In the words of Mr. Badrinath, Director of International Trade Centre, “there is an inextricable link between industrial development and trade development”. UNIDO, it was said, must be an enabler of technology transfer and management. It should play an important role in raising industrial issues and awareness in national, regional and global venues, collecting and assessing data, benchmarking and transfer of best practices. According to the representative of the Confederation of Indian Industry, Mr. Nyati, “UNIDO has an important role in making sustainable development understood by the corporate world, particularly SMEs”. UNIDO must play an active role as matchmaker between industrial development and global environmental protection. Considering the interlinkage between the sustainability of industry and the sustainability of energy, UNIDO’s contribution to the development of sustainable energy and as executing agency of the GEF was welcome. UNIDO should continue to focus on sub-Saharan Africa, the part of the world that is being left behind by globalization. Professor S. Lall of Oxford University traced the dimensions of Africa’s marginalization particularly technology-driven trade and competitiveness. The drivers of competitive performance are technical skills, technological efforts, access to foreign direct investment and industrial support policies and institutions. UNIDO programmes in these fields were relevant in the fight against marginalization and poverty. It was recognized that UNIDO had an increasingly important role to play in support of regional integration and in creating an enabling environment to mobilize business and promote the development of the private sector. The challenge for UNIDO, it was agreed, was to help developing countries overcome the barrier of inadequate flows of information, skills and knowledge. “We have to contribute to reinforcing these flows by strengthening the supply of public goods that markets do not deliver. This will help connecting the population at large with the global economy,” said Carlos Magariños, UNIDO’s Director-General.

Member States saw the round table as a useful step in stimulating dialogue and in facilitating the decision making process of the governing bodies. Two decisions were subsequently adopted by the Industrial Development Board on issues discussed at the round table: Decision IDB.23/Dec.10 on “UNIDO involvement in LDC III” and IDB.23/Dec.11 on “Climate change and environment”. A programme of cooperation with the European Commission in the field of standardization and quality promotion for the West African Economic and Monetary Union was issued on the day of the round table. UNIDO also signed an agreement of cooperation with Ericsson, one of the world’s biggest telecommunications equipment providers, to help SMEs enter the global electronic marketplace.

Recognizing the results of UNIDO’s reform, the EC Commissioner for Development, Poul Nielson stressed that dialogue must continue as “there is no static answer for something as fluid as today’s industrial environment”. In this way, UNIDO will be able to adapt its services to the changing needs of a changing world and ensure that they effectively contribute to the achievement of the international development goals.

Panel I: Sustainable energy futures

Panelists

Mrs. Irene Freudenschuss-Reichl, Ambassador and Permanent Representative of Austria to UNIDO

Dr. (Chief) Imeh Titus Okopido, Minister of State for Environment of Nigeria

Mr. K.P. Nyati, Head, Environmental Management Division of the Confederation of Indian Industry

Mr. Kenneth King, Assistant CEO of the Global Environmental Facility (GEF) Secretariat

Mr. Chris Mottershead, Technology Vice President, Lower Carbon Growth, Global Business Center, British Petroleum

Summary of Main Conclusions

The panelists discussed the importance of sustainable energy policies and their contribution to poverty reduction, employment, the status of women and the improvement of human health in addition to their broad environmental benefits. It was affirmed that the sustainability of industry depended on the sustainability of energy. The discussion was seen as very timely in light of the imminence of the ninth session of the Committee on Sustainable Development (CSD9) that will take place in April 2001 in New York.

The panelists agreed that the UN system had an important stake in creating a sense of alignment among the multiple stakeholders in the energy arena and that UNIDO, in particular, should help to promote a global framework that would identify and bridge the gaps between the parties involved. UNIDO should focus its assistance in helping small and medium sized enterprises (SMEs), which represent the cornerstones of industrial development. It was noted that UNIDO has been appointed as one of the executing agencies of GEF with expanded opportunities, representing a step to further contribution to developing international partnerships with the private sector and among international organizations. UNIDO, it was argued, in its role as a neutral broker, is in a position to play a strong technical role, to disseminate information to help industries benchmark themselves and to enable the transfer of resource efficient technologies.

The practical examples of Nigeria and India highlighted the situation of access to energy resources in developing countries and their challenge to obtain technology inputs at affordable prices. As an example of the corporate role, Mr. Mottershead highlighted BP's commitment to eliminating carbon to create alternative energy sources, particularly renewable energy and solar energy. According to Mr. King, the multilateral system had an important role to play in taking action on issues that the private sector could not do, such as addressing systemic problems. While the private sector would be operating in the markets, UNIDO could help remove barriers to market entry.

The panelists agreed that no single stakeholder could find a solution to energy issues and urged for increased cooperation between Governments, the private sector, consumers, the science and research community and international organizations. Despite their diverse backgrounds and constituencies, there was a large sense of alignment among the panelists, indicating a common purpose.

Panel II: UNIDO's efforts to promote the negotiations of the Persistent Organic Pollutants (POPs) Convention

Panelists

Mr. Torben Mailand Christensen, Ambassador, Environment Secretariat in the Ministry of Foreign Affairs, Denmark

Mr. Servulo Moreira, Special Coordinator for Environment, Budgetary and Public Administration, Brazil

Mr. Kenneth King, Assistant CEO of the GEF Secretariat

Mr. Jack Weinberg, Director Environmental Health Fund, Chicago

Summary of Main Conclusions

The panelists discussed the particularities and risks of POPs and agreed that they are the first global environment concern that directly affects human health, a compelling reason for urgent action. Since POPs know no boundaries, they are a problem affecting developed and developing countries alike. Developing countries, it was argued, had the opportunity to avoid the costly mistakes made by the industrialized world. The 5th Inter-governmental Negotiating Committee (INC-5) scheduled to take place in Johannesburg, South Africa, in December 2000, will draw global attention to the problems of POPs. The panelists hoped that the INC-5 will develop a road map for the phasing out of POPs. GEF's role as the financial mechanism to the elimination of POPs was widely accepted and appreciated by the speakers and the audience learned of several GEF-funded projects aimed at reducing toxic contaminants.

UNIDO's comparative advantage and experience in dealing with POPs was stated and the background papers prepared for the round table revealed UNIDO's expertise in this field. Several panelists suggested that one of UNIDO's tasks, as a GEF executing agency, in the area of POPs elimination should be to assist developing countries with capacity building and access to sources of funding. UNIDO has an important position as matchmaker between its industrial development mission and global environmental protection. Monitoring POPs will be a crucial issue in the near future where UNIDO could help to develop new techniques that are cheap and effective. Further, attention was drawn to the vital role played by NGO since they have built a large POPs elimination network that today consists of over 300 NGOs worldwide. The Panel called for a holistic approach arguing that, without reduction of poverty and addressing all relevant socio-economic and governance issues, not much can be done to improve the environment.

Panel III: Fighting marginalization through sustainable industrial development

Panelists

Mr. Peter Goldmark, Chairman and CEO of the International Herald Tribune in France

Mr. Poul Nielson, Commissioner, Development and Humanitarian Aid, European Commission

Prof. Rasheed Akinyemi, Senior Lecturer in International and Comparative Politics at University of Vienna and Salzburg

Prof. Sanjaya Lall, University Lecturer in Development Economics, Queen Elizabeth House and Fellow, Green College, Oxford

Summary of Main Conclusions

The panelists acknowledged the fluid debate on globalization and the United Nations role in leading a new dialogue to achieve a common consensus. Mr. Nielson stated that globalization did not cause poverty and has not improved the situation in developing countries yet. Therefore we should not rely on it to solve out problems. Coordinated political solutions will be required in the future to tackle the problem. Globalization, Professor Akinyemi argued, could be an opportunity for developing countries to reduce their dependence on developed countries. As an example, he pointed out that Africa suffers from the lack of subregional integration. With a combined effort of regional cooperation and political stability, developing countries could achieve greater political and economic clout vis-à-vis the developed world. Further, the importance of industry for development was discussed in detail. Research studies, presented by Professor Lall, revealed that when technology intensive exports rise, trade becomes more dynamic. Developing countries in East Asia showed a fast growth in high-tech products whereas Africa was only experiencing marginal benefits from this development. Further, it is evident that highly skilled human capital is an important prerequisite to compete in technology. As an example, the Republic of Korea's average *per capita* income a few years ago was \$5 lower than in Ghana. Today, it tops the list of technology exporters.

Mr. Nielson explained that the development policy of the European Commission recognizes the multifaceted problems of marginalization and explained the integrated approach applied by the European Commission that includes economic, social, environmental and institutional dimensions at the global, regional and local levels. In addition he stressed the European Union's effort to fight corruption that could cause particularly small and medium-sized companies to shy away from investments in developing countries. Mr. Nielson welcomed the pilot cooperation programme between the European Commission and UNIDO for the West African Monetary Union and expressed his hope that further partnership projects will follow soon.

The panelists argued that UNIDO had an important role to play to ensure that developing countries can also enjoy the benefits of globalization. UNIDO should focus on creating a more positive business environment and in tailoring business promotion activities. It could act as a catalyst to ensure transfer of best practices. It was important for UNIDO to support regional and subregional economic integration. At the same time, UNIDO should keep a watchful eye on the risk of overlapping with other organizations.

Panel IV: Private sector development and international industrial partnerships

Panelists

Mr. Peter Goldmark, Chairman and CEO, International Herald Tribune, Paris, France

Mr. Michael Bierkens, First Secretary of the Permanent Mission of the Netherlands to UNIDO

Mr. Karl Alsmar, Executive Vice President, Ericsson

Mr. R. Badrinath, Director, International Trade Centre

Dr. James Onobiono, President, African Business Round table

Summary of Main Conclusions

The panelists paid tribute to the leadership of Kofi Annan's Global Compact initiative and called for strong collaboration between United Nations organizations and the other players including civil society and NGOs. It was suggested that UNIDO play an active role in this endeavor, particularly in view of the operational strength of this Organization in implementing technical cooperation projects. UNIDO's business partnership programme for the benefit of the automobile component industry in India could serve as a platform for other cooperation projects of this kind. In addition, several speakers urged the necessity to develop guidelines for public-private partnership programmes. UNIDO could act as a forum to pass on the wealth of knowledge that has been created at the institutional level to the private sector in developing countries, particularly SMEs, thereby supporting their integration into the globalization process.

Mr. Bierkens described the United Nations private sector partnership as beneficial for both sides. For the United Nations, the partnership stretches far beyond the perspective of mere funding. The cooperation between the United Nations and the business sector should enhance the effectiveness of the United Nations development efforts and help "to give a human face to a global market". For the private sector, closer ties with the United Nations can help it to respond to increasing pressure of responsible corporate policies.

Mr. Alsmar described his company's relationship with UNIDO and the reasons why it had sought a partnership. The UNIDO/Ericsson joint study on electronic and mobile commerce aims at bridging the digital divide and enabling businesses in developing countries to leapfrog technologies. The audience also learned about other international organizations' partnership with the private sector, including the International Trade Centre's efforts to foster cooperation.

Mr. Badrinath explained that “partnerships were not only desirable, but both essential and inevitable” since only several partners working together can achieve international development goals. The partners of the International Trade Centre were chambers of commerce, trade institutions and the business community in developing and transition countries, especially SMEs.

Mr. Onobiono mentioned the importance of coordination of activities among international organizations as well as the necessity of well-structured, coordinated governments in order to establish priorities for the private sector. In addition, he called for reliance on local competence wherever possible.

IDB.23/Dec.10 UNIDO INVOLVEMENT IN LDC III

The Industrial Development Board:

- (a) Recognized that the current globalization process poses a risk of marginalization to a number of developing countries;
- (b) Was convinced of the role that sustainable industrial development can play in reaching inter alia the goal set in the United Nations Millennium Declaration of halving, by the year 2015, the number of people suffering from extreme poverty;
- (c) Reaffirmed the necessity of UNIDO's focus on poverty alleviation through productive capacity development in agro-industry and the manufacturing sectors in order to assist developing countries, the least developed countries among them, in the process of industrialization and to stimulate secondary industrial growth;
- (d) Recognized the need to address supply-side constraints, especially in least developed countries, through the promotion of competitive micro-, small- and medium-scale enterprises, which could be a powerful means for job creation, poverty alleviation and integration in the global economy;
- (e) Underlined the need for a visible and focused contribution of UNIDO to the Third United Nations Conference on the Least Developed Countries, especially under the thematic area of Development and strengthening of productive capacity in LDCs and encouraged the Director-General to keep Member States informed about UNIDO's activities in this regard;
- (f) Therefore requested UNIDO to continue to give special emphasis to the least developed countries, in particular in Africa—while preserving its universal character in line with the Business Plan—and, together with other relevant international institutions, to assist them in the progressive integration in the global economy by upgrading competitiveness, enhancing productive capacity, stimulating innovations and increasing the level of incomes through a process of industrialization that was compatible with sustainable development, combined with a multilateral and bilateral programme to upgrade the production and export capacities of least developed countries;
- (g) Encouraged UNIDO to actively participate in its field of competence in the international development debate and to strengthen cooperation with other relevant organizations and agencies, and requested the Director-General to keep Member States apprised of progress achieved.

*5th plenary meeting
16 November 2000*

IDB.23/Dec.11 CLIMATE CHANGE AND ENVIRONMENT

The Industrial Development Board:

(a) Was aware of the serious threat that global warming may pose to the climate system and hence to sustainable development;

(b) Recalled resolutions GC.8/Res.3 on sustainable industrial development and GC.8/Res.2 on the Global Environment Facility;

(c) Was desirous to enable all countries to benefit from international cooperation endeavours under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol;

(d) Was aware of the mandate of the United Nations General Assembly Special Session in 1997 on the five-year review of the Rio commitments to the ninth session of the Commission on Sustainable Development (CSD 9) to work towards sustainable energy futures for all;

(e) Was aware that sustainable energy policy interventions can make important contributions to economic welfare, to social welfare, and to protecting the local, regional and global environment;

(f) Was determined to use the global process under the Commission on Sustainable Development to enhance political will for promoting sustainable energy;

(g) Welcomed the useful consultations with Member States on the possible future role of UNIDO in the context of the Kyoto Protocol regime as well as on environmental matters in general held on 24 October 2000 and 13 November 2000;

(h) Recognized and supported the role that UNIDO can play to build capacity and facilitate technology transfer in programme countries in order to work towards the full implementation of the obligations under UNFCCC and the speedy realization of the goals and objectives laid down in the Kyoto Protocol;

(i) Encouraged UNIDO to further strengthen and share in a visible manner its relevant expertise in close cooperation with other institutions and Member States;

(j) Encouraged UNIDO to contribute actively, within the Ad Hoc Interagency Task Force on Energy, to the preparation of the global negotiations on energy CSD 9;

(k) Requested UNIDO to develop within its mandate, and in time for the CSD 9 process, concrete proposals for its possible role in the follow-up to CSD 9, to consult with Member States and to coordinate with other relevant United Nations agencies in a timely fashion on how to proceed further;

(l) Noted the role of energy in sustainable industrial development and its link with poverty alleviation and requested the Director-General to develop within UNIDO's mandate an appropriate strategy to enhance UNIDO's role in the promotion of renewable energy in developing countries, in cooperation with relevant international agencies;

(m) Encouraged UNIDO to continue its relevant work in the field of persistent organic pollutants (POPs).

(n) Requested the Director-General to report on the implementation of the present decision to the twenty-fourth session of the Industrial Development Board.

*5th plenary meeting
16 November 2000*