

CHECK AGAINST DELIVERY

**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**



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

**at the  
thirteenth session of the  
General Conference  
Vienna, 7 December 2009**

## 1. INTRODUCTION

Mr. President,  
Excellencies,  
Distinguished delegates,  
Ladies and gentlemen,

It is my great pleasure to warmly welcome you to the thirteenth session of the General Conference of UNIDO. At the outset, let me express my gratitude to the large number of Heads of State and Government, ministers and other high-level dignitaries attending the Conference. We are especially honoured by the presence of the President of Iceland, His Excellency Mr. Olafur Grimsson as well as His Excellency Mr. Raila Odinga, Prime Minister of Kenya; His Excellency Mr. Pakalitha Mosisili, Prime Minister of Lesotho; and His Excellency Mr. Mizengo Pinda, Prime Minister of the United Republic of Tanzania.

Our host country has honoured us with the presence of His Excellency Mr. Reinhold Lopatka, State Secretary at the Federal Ministry of Finance. I thank Mr. Lopatka for being here today.

I also warmly welcome Mr. Surin Pitsuwan, Secretary-General of the Association of Southeast Asian Nations (ASEAN), Mr. Jean Ping, Chairperson of the Commission of the African Union, as well as the heads of two UN agencies with which UNIDO enjoys particularly close cooperation: Mr. Ján Kubiš, Executive Director of UNECE, and Mr. Kanayo Nwanze, President of IFAD. I welcome the many Ministers of Foreign Affairs, Industry, Economy, Environment, and Trade and Commerce from various Member States, as well as the observer delegations here today.

In addition, I extend a warm welcome to our guests, The Honorable Deborah Wince-Smith, President of the United States Council on Competitiveness, and The Honorable Esther Coopersmith.

I am certain that we will greatly benefit from the active participation of all delegations in the coming days.

Let me further express my thanks to the outgoing President of the General Conference, His Excellency Mr. Omar Zniber, for his assured and able leadership during the twelfth session. And I would like to take this opportunity to congratulate you, Excellency, Mr. Ali Asghar Soltanieh, on your election as our new President. I am confident that, under your able stewardship, this session of the General Conference will conclude with much success.

This year our General Conference takes place in a new venue. However, I recognize that due to the ongoing asbestos removal programme in the Vienna International Centre, the

amount of space available to us is limited. I ask you to kindly bear with us under these circumstances.

Mr. President,

A few moments ago, I took an oath to serve for a second term as Director-General of this Organization. I am moved by the messages of support and encouragement on my appointment – those expressed just now by the delegations taking the floor, and those made to me in person during the last few days.

I remember well the first time I took that oath, four years ago. I felt honoured and humbled by the responsibility that had been placed upon me by all of UNIDO's Member States. And let me assure you that I feel that same mixture of humility and responsibility just as keenly this morning. That is why I wish to use my allotted time to speak to you squarely about my vision of the future of UNIDO. What I want to achieve in the next four years, and – in the context of a number of “global megatrends” affecting the world, *why* I believe this Organization can achieve it.

First, though, allow me to briefly recount what we have achieved so far.

When you elected me to my first term, I set out my vision of UNIDO as “a trusted, efficient and effective partner for development”. It brings me pleasure to say that this description holds true today. We are now recognized as an agency with a highly relevant mandate, one that is focused on helping to achieve international development goals, and dedicated to building partnerships within the UN system and beyond. We have a staff that is highly motivated, and that meets ambitious standards of competence, performance and integrity.

## **2. THE LAST FOUR YEARS: UNIDO ON TRACK**

[SLIDE 2: Cover of brochure, “UNIDO on Track”]

Mr. President,  
Excellencies,  
Distinguished delegates,

Among your documents, you will find a brochure entitled “UNIDO on Track: 2006 and beyond”. This is our attempt to report to you in a clear and succinct way the “headlines” of our success during this time. I hope that you will find it useful.

*Renewed confidence in UNIDO, and expansion of technical cooperation*

Perhaps the main message that stands out in the brochure is the renewed confidence that Member States and global policymakers have gained in our Organization. This year, for

the first time, UNIDO was invited to contribute to the G8 Ministerial Council and to the Energy Summit of the United States Council on Competitiveness. Last spring, the United Kingdom's Department for International Development (DFID) requested me as Director-General of UNIDO to join the Advisory Group of its International Growth Centre. Just one month ago, I was nominated to the China Council on International Cooperation on Environment and Development (CCICED), chaired by the Vice Premier, Mr. Li Keqiang. These are clear votes of confidence indeed.

Likewise, UNIDO's standing among our sister agencies in the UN system is stronger than ever. We have a lot to bring to the common UN table on energy, on climate change, on trade and economic growth. I am privileged to chair UN-Energy, the UN system's coordination mechanism for energy affairs, as well as the Secretary-General's Advisory Group on Energy and Climate Change.

You can also see evidence of Member States' belief in UNIDO through the expansion of UNIDO's technical cooperation services.

[SLIDE 3: Expansion of TC services, 2000-2015 (projected)]

This is our balance sheet. The figures show programme delivery on a steady upward curve over the last number of years. We now deliver more than twice what we did at the start of the decade – despite the fact that our regular budget has not grown. The curve is now set to rise even more sharply. We project record delivery levels by 2015 – \$250 million or more.

[SLIDE 4: Increased voluntary contributions]

Meanwhile, voluntary contributions from Member States and other sources are increasing – despite the effects of the financial crisis on ODA levels. Resources available in 2009 are up over 68 per cent compared to 2005. Funds mobilized have increased by over 40 per cent in the same period. The European Union has entrusted us with \$10.4 million in funding this year alone, and the Spanish MDG Fund with \$17.1 million. Larger sums still are on the horizon from the Global Environment Facility (GEF) and the Multilateral Fund for the Implementation of the Montreal Protocol. If we were a business, we would have a triple-A rating!

### *Growth with quality*

These are strong indications of success. Yet we cannot use numbers alone as a measure. Four years ago, I promised growth in technical cooperation. But I also promised to deliver that growth *with quality*. And we have made real progress in ensuring that quality. In our Medium-term Programme Framework 2010-2013, we established an overarching development objective – “industrial development for poverty reduction, inclusive globalization and environmental sustainability” – that better defines the role we play in contributing to international development goals such as the MDGs.

That same document reinforced our orientation toward results-based management, with a clear programmatic results matrix and a set of measurable policy and institutional outcomes to be met at regional and country levels. We also introduced the principle of results-based budgeting to UNIDO and, through the strengthening of our Evaluation Group, brought continuous feedback of evaluation findings into our programming. We have not yet reached the end of the road where capturing results is concerned. We need to do even more to measure our impact. This is why I am determined to invest in systems that allow us to better manage change and to better manage knowledge. I will return to this point later. But let me give you just a few examples of where UNIDO is making a real difference.

*Project example: Entrepreneurship development for youth, Mozambique*

[SLIDE 5: Photograph of Schoolchildren in Mozambique, Entrepreneurship]

These young men and women are learning about entrepreneurship – what it means, and how to go about it. They are taking part in UNIDO’s entrepreneurship development curriculum in Mozambique, where the majority live in an agrarian, often subsistence-oriented, rural economy. Most youth in Mozambique grow up without opportunities to acquire entrepreneurial and industrial attitudes, attributes and skills. This programme is changing that. The feedback from UNIDO’s pilot phase has been so good that the curriculum is now being rolled out nationwide. In 2008, almost 13,500 students completed the course. In 2009, that number increased to more than 30,000 students at 33 schools. The Government plans to extend the programme to 311 schools by 2012, and has now introduced the curriculum in the training of all new teachers at the national Pedagogical University.

This programme is a solid example of what UNIDO can do. It can start small, work with local or national institutions, and then scale up. As part of the national mandatory education system, the curriculum now has a massive impact on attitudes toward entrepreneurship and growth opportunities, and is sustainable since it is integrated into mainstream national institutions.

*Project example: SME cluster development in Nicaragua*

[SLIDE 6: Wood furniture cluster in Nicaragua]

UNIDO supports the efforts of many countries to foster successful small and medium-sized enterprises through its cluster development activities. This small firm producing wood furniture in Nicaragua now joins forces with similar businesses to reduce production and marketing costs, modernize production techniques, improve product quality and increase efficiency – outcomes that are often out of reach for enterprises working alone. In Nicaragua, UNIDO has used this approach to help 11 clusters and 44 business networks in sectors including ceramics, cacao, furniture, leather and dairy products. Together with a related UNIDO model on developing export consortia, this is

an approach to private sector development for poverty reduction that can be adapted for use worldwide.

*Project example: UNIDO Solar Centre in Lanzhou, China*

[SLIDE 7: Photograph of China, UNIDO solar centre in Lanzhou]

More than ever, we need to harness the power of the sun, the source of the most abundant renewable energy on Earth. This lady is employed by a private company that specializes in producing solar cookers, which it sells all over China. The company she works for has achieved this success through technical assistance from UNIDO's International Solar Energy Center for Technology Promotion and Transfer in Lanzhou, established together with the Government of China. A household using this solar cooker saves the equivalent of 30% of fuel costs per year.

This is a solid example of Green Industry at work. It is just one of the energy- and cost-effective solutions developed at the solar centre, which also include solar water heaters and photovoltaic systems.

*Project example: National Cleaner Production Centres in Europe*

[SLIDE 8: Photograph of NCPC Serbia]

Another area of our work in greening industry is our National Cleaner Production Centres (NCPC) Programme, which UNIDO operates in cooperation with UNEP. The slide behind me shows the Centre in Serbia, which has a network of more than 100 highly skilled experts. It has become the focal point for cleaner production in Serbia, working with the Government and the private sector to promote sustainable industry. The Centre is the first of many that we aim to establish or strengthen in the South East European region under a new modality of co-sponsorship by other countries in the region.

In this context, I would also like to mention that UNIDO has just signed an agreement with GEF for the implementation of a \$62 million project in the Russian Federation – with \$18 million provided by GEF itself, and the remainder by the recipient country – which we expect will be the first of several such projects to be implemented under the GEF.

*Project example: Rehabilitation of the dairy sector in Iraq*

[SLIDE 9: Photograph of Iraq dairy facility]

UNIDO contributes to Iraq's National Development Strategy and the UN-Iraq Assistance Strategy by focusing its activities on livelihood recovery, strengthening productive capacity, and institutional and industry-level capacity building. This dairy plant in Al

Diwaniyah is part of a pilot project for the rehabilitation of the dairy sector in Iraq. UNIDO provided technical support and technology transfer to enable the plant to supply milk to over 100,000 people. The immediate objectives were to make safe basic dairy products available to vulnerable groups and to reduce reliance on imports. The larger goal, however, is to have this plant serve as a role model for the entire sector through disseminating best practices in milk collection, processing, marketing and distribution.

*Project example: Phase-out of CFC-based metered-dose inhalers in Mexico*

[SLIDE 10: Launch of metered-dose inhaler project, Mexico]

In Mexico, the number of people using inhalers to treat asthma is rising in line with a general worldwide trend toward increased reporting of respiratory diseases, as well as the Government's policies on enhancing access to medication. But the manufacture of old-style metered-dose inhalers produces significant amounts of chlorofluorocarbons (CFCs). As part of its assistance to countries in implementing the Montreal Protocol on Substances that Deplete the Ozone Layer, UNIDO is helping the industry in Mexico to phase out the current system and introduce non-CFC based production. This will help reach environmental goals, while facilitating access to vital medication for millions of people.

*Project example: Bangladesh Trade Capacity-building programme*

[SLIDE 11: Seafood processing industry in Bangladesh]

Growth in exports supports the generation of employment and the reduction of poverty. UNIDO's trade capacity-building programme in Bangladesh targets a variety of sectors, including textiles and fisheries, and helps to make their products more sought after in export countries. We do this by helping national authorities to build the institutions needed to oversee product standards, and by assisting the sectors' efforts to meet these requirements.

Mr. President,  
Excellencies,  
Distinguished delegates,

*Expanded analytical, convening and policy roles*

Vital though it is, technical cooperation is not all a specialized agency should offer in the 21<sup>st</sup> century. Technical cooperation is one of four mutually supportive pillars, all of which I have sought to strengthen. Another of these is our analytical and advisory role. Our last Industrial Development Report, developed together with a strong team of external scholars and UNIDO staff members led by Professor Paul Collier of Oxford, is a good example of the contribution we can make.

Through its convening role, UNIDO has a responsibility to bring experts together to seek out the answers to the dilemmas we face in industrial development. In the last two years, we have successfully brought together policymakers, prominent experts, business leaders and civil society in major conferences on renewable energy in Senegal, Brazil, Austria and Mexico; forums on agro-industry in India and Egypt; and an international conference on Green Industry in the Philippines. Just last week we hosted the Ministerial Conference of the Least Developed Countries here in Vienna, with a focus on the impact of the global economic crisis on these countries' prospects in trade and productive capacities. The brochure gives further details on these conferences, which are a source of guidance on operational and policy advisory work, and a seedbed for innovative action-oriented partnerships.

We have also been strengthening our normative function, helping to find common global standards that nations can agree to, for example on industrial energy efficiency, or corporate social responsibility. In both of these areas, we have been working together with the International Organization for Standardization (ISO), a close partner of UNIDO.

#### *Stronger partnerships for development*

Reinforcing existing and forging new partnerships for development has been a key priority of mine throughout the last four years. I have mentioned our role in UN-Energy and in the Secretary-General's Advisory Group on Energy and Climate Change. We also collaborate closely with UNEP, FAO, UNCTAD, WTO, ILO, ITC, IFAD and others across the breadth of our technical activities. In addition, we continue to lend support to better UN system-wide coherence through active participation in UN Country Teams in the Delivering as One pilot countries and beyond.

We have strengthened our ties with the GEF and the Multilateral Fund for the implementation of the Montreal Protocol. We continue to cooperate with the European Commission on preparing programmes within the framework of the Economic Partnership Agreements. Meanwhile, our innovative partnerships with the private sector continue to grow at an impressive pace. Our private sector partners now include Microsoft, Hewlett Packard and, most recently, the Metro Group, with whom we will be signing a joint declaration on Wednesday.

#### *Strengthened staff, strengthened competencies*

The upsurge in technical cooperation delivery and responsiveness to the needs and demands of those we serve came about as a result of realigning UNIDO's organizational structure and investing even more in staff competencies. The past four years saw the establishment of new units such as the Trade Capacity-building Branch, the Resource Mobilization and Quality Assurance Branch, the Public Advocacy and Communications

Unit, the International Financial Institutions Partnership Unit, and the Energy and Climate Change Branch.

[SLIDE 12: Newly appointed staff members, 2002-2009]

This realignment has been complemented by a rejuvenation of UNIDO's workforce. In 2008-2009, we look set to welcome 55 new staff in the Professional category, and 68 new staff in the General Service category. This includes the staff members who have recently joined us under our Young Professionals Programme.

We have also taken concerted action to recruit staff from hitherto unrepresented or underrepresented countries. This has resulted in a net increase of nine countries represented among UNIDO staff over the past four years. All efforts will be made to sustain this trend.

[SLIDE 13: Number of training hours implemented]

We have greatly expanded the training programme for staff, both at headquarters and the field. In 2008-2009, this has grown to more than 30,000 hours in total, more than three times the level of 2004-2005. This is both an investment in staff competencies, and an investment in the Organization itself.

As we look for results in our programmes, so we look for results in our staff. UNIDO now promotes a culture of meritocracy and rewarding staff achievements, resulting in over 200 promotions since 2006. We have also pioneered the use of staff and unit compacts – to build a results-oriented working culture and allow for better planning.

[SLIDE 14: Field vacancy ratio]

I have been committed to strengthening our representation in the field and increasing field mobility. We have now grown to 28 UNIDO Regional and Country Offices and, in partnership with UNDP, 17 UNIDO Desks.

When I assumed my responsibility in December 2005, almost 50% of posts in the field were vacant. Now we are at a vacancy ratio of just under 10%. That is quite an improvement in four years. But I want to see the field vacancy ratio reduced still further. In order to be able to respond effectively to the challenges faced by developing countries, we need to place good staff – excellent staff – in the field.

Mr. President,  
Excellencies,  
Distinguished delegates,

You have heard me speak about some of our successes, both in terms of what we are doing and how we are doing it better. There are plenty more. I could also mention the

introduction of the International Public Sector Accounting Standards (IPSAS) – now about to come on stream – as well as our progress in achieving compliance with the GEF Fiduciary Standards. But you will find information on these and more in the “UNIDO on Track” brochure, as well as the various other documents distributed at this Conference. Let me instead now take a look at the broader picture – where the world is headed – so that we can better understand what direction we should take in the future.

### **3. GLOBAL MEGATRENDS, AND WHAT THEY IMPLY FOR UNIDO**

Developing countries are particularly affected by the convergence of a number of what we might call “global megatrends”.

[SLIDE 15: Global Megatrends]

#### **Global Megatrends**

##### *Food, Fuel and Financial Crises*

The legacy of the food, fuel and financial crises continues unabated. It is now general knowledge that the financial crisis morphed with great speed into a world economic crisis. The speed and spread of the crisis was a wake-up call, and now leaves us in no doubt as to the interconnectedness of global markets and sectors. The consequences for developing countries have been devastating: reduced inflows in foreign direct investment and remittances, a slowdown in exports, and consequently a deceleration of growth.

Food prices remain some 50 – 60% higher than three years ago, causing many more people to go hungry, and raising the risk of civil conflict.

Although fuel prices fell when the economic crisis hit, the long-term trend is still upwards. Global consumption of energy is predicted to at least double between now and 2050, yet carbon-based energy resources are finite.

##### *Demographics*

Part of the reason for the projected increase in demand for energy is the trend toward ever-rising populations in developing countries. By the middle of this century, the world’s population is likely to be significantly in excess of 9 billion. Practically all of this population growth will stem from developing countries. In 1950, Africa’s population was estimated at 221 million. Now it is over 1 billion, and continues to increase rapidly.

##### *The Illicit Economy*

Another marked trend is the growth of the illicit economy worldwide. We in UNIDO share premises with the United Nations Office on Drugs and Crime, and we cannot fail

but notice the link between poverty on the one hand, and the drug trade, human trafficking and terrorism on the other. Other symptoms include over-fishing and exploitation of natural resources, piracy in the Indian Ocean and elsewhere, growing illegal migration, and now threats to stability in Afghanistan and a number of countries in West Africa. All of this is partly due to a lack of alternative sources of livelihood and productive capacity, and lack of economic prospects for growing populations.

### *Climate change*

As the populations of developing countries grow, so too does the threat of climate change. Climate change has been described by Sir Nicholas Stern as “the greatest market failure the world has ever seen”. Of all global trends, it is certainly the one that most defines our time. We can only hope that, next week in Copenhagen, the nations of the world face up to the climate crisis as they did so admirably to the financial crisis. Carbon has no passport. Our ecological debts are as unstable as our financial debts, and, under a “business as usual” scenario, it is the poorest countries that will suffer the most.

### *Green growth and green industry*

The world economy was worth seven trillion dollars in 1950. That was the total extent of economic growth in all of human history. Yet, these days, economic activity grows by an equivalent amount every decade. Today the world economy is worth \$61 trillion. It is clear that economic growth is the most successful means of lifting people out of poverty – the question is, can we sustain this growth in the face of energy scarcity and climate change?

A positive trend is emerging in favour of investments into green industry. Even before the economic crisis struck, there was a visible move toward energy efficiency and reduction in volume of throughput. Global energy intensity is now 33% lower than in 1970. And now, the much-vaunted “green stimulus” seems to have become a reality. HSBC estimates that about 15% of global stimulus packages in 2009 are “green”, investing in technologies, infrastructure and strategies to combat climate change.

Meanwhile, the cost of producing renewable energy is dropping as fast as its popularity increases. A rapid increase in production of solar panels and wind turbines has led to per-unit prices dropping by 50% and 20% respectively in 2009 alone. It is clear that a new, positive, trend is emerging.

### *Continuing globalization and growing inequalities*

It is not possible to think of a country’s economic growth as a purely internal process. Manufacturing has become globally integrated, and is shifting in the direction of developing countries at an increasing pace. But not all developing countries and regions are growing together. East Asia accounts for 77 per cent of all manufactured trade within

the developing world, while sub-Saharan Africa's share of global trade has grown only slightly in the last decade.

The worst fears of protectionism and global fragmentation of trade have not been realized, despite signs to the contrary at the end of 2008. Nevertheless, a successful conclusion to the Doha Round is still the best means by which a development-oriented and rules-based multilateral trading system can be put in place.

### **What these trends mean for economic / industrial development**

#### *Trading up and diversifying*

The solutions we looked to in the past will not work today. We need to change the paradigm of how developing countries can achieve the economic growth they need to leave poverty behind. We once looked to comparative advantage to decide what poorer countries should bring to the global marketplace. But, I ask you, how can development anchor itself on a perception of comparative advantage, when that advantage is so often restricted to primary agriculture, extractive industries and trade in commodities?

Africa has been trading in commodities for 2000 years. That is 2000 years of uncertainty. And, just because oil or bauxite have now replaced coconuts or coffee, this does not mean that this essential truth has changed. On the contrary. As the food and fuel crises have proven, commodity trade remains subject to the vagaries of a volatile market.

Commodities now account for less than 8% of global trade – the rest is in higher value products. A number of developing countries – many in Asia – have long realized this need to trade up, and are managing the transition well through sound industrial policy. Professor Ha-Joon Chang of Cambridge University has written about how the Republic of Korea's decision to manoeuvre away from its perceived comparative advantage in primary agriculture has brought it to the forefront of high-tech industry today. We see the same determination to trade up in many parts of Asia and Latin America.

Why should we expect any less from Africa? In its seminal review of economic and social conditions in sub-Saharan Africa, "Can Africa Claim the 21<sup>st</sup> Century?", the World Bank noted that it had once been expected that Asia would remain mired in poverty while Africa would steam ahead. In 1965, incomes and exports per capita were higher in Ghana than in the Republic of Korea. But between 1965 and 1995, Korea's exports increased by 400 times, while Ghana's increased only fourfold.

Adding value must be a central goal for growth in the coming century. So too must economic diversification, especially for those countries with an abundance of tradable natural resources. Diversification provides security against volatility, and extends the benefits of growth to the many instead of the few. Malaysia is an example of a country that used the boon of natural resources – in its case oil and gas revenues – first to fuel an

agribusiness-led industrialization model, and later to build an economy as diverse as any on the planet.

#### *Green industry at the core of growth*

Industry-led growth has been the engine of the global economy for over two centuries. All developed nations have harnessed industry as the main driver of their prosperity, and it is still the best hope for ending poverty's reign over the so-called "Bottom Billion" of humankind.

But we need another *kind* of industry-led growth. Luckily, we have moved on from the old "Limits to Growth" fallacy – the idea that the only way to save the planet was to accept a world without growth, a kind of stagnant global society. Not only was such an approach naïve, it would have effectively denied the development aspirations of the majority of people on this planet.

We now know that climate change can be effectively addressed through a new, sustainable trajectory of growth in which industry adopts a low-carbon and resource-efficient means of production. Rather than limiting growth, a Green Industrial Revolution could and should form the core of our response to climate change, and may be our best hope of sustainable recovery from the economic crisis. The potential is there for new, clean, methods of production; industries focusing on mitigation and adaptation services; and greater use of renewable energy.

#### **4. THE NEXT 4 YEARS AND BEYOND: MORE TO DO**

What do these megatrends mean for the work of UNIDO in the years ahead – what is our goal for the next four years?

[SLIDE 16: Enhancing Programmatic Effectiveness]

#### *Enhancing programmatic effectiveness*

**First**, within the overall structure of our Medium-term Programme Framework, we need to continue doing more, and doing better.

We pursue an overarching development objective of "industrial development for poverty reduction, inclusive globalization and environmental sustainability" through our three thematic priorities, Poverty Reduction through Productive Activities, Trade Capacity Building, and Energy and Environment.

In order to develop a strategic and integrated capacity to respond to the new realities and evolving challenges, five cross-cutting dimensions will underpin and reinforce the developmental services offered under these three thematic priorities. These are capacity

development, technology transfer, policy and institutional support, gender, and sustainability. By mainstreaming these essential elements across all of our activities, we are ensuring that the aim of growth and competitiveness is reached. This is essential for wealth creation, which forms the basis for sustainable poverty reduction.

**Secondly**, in order to better respond to the challenges of today, I will emphasize three special cross-organizational initiatives, on Industrial Upgrading and Competitiveness, on Greening Industry, and on South-South Cooperation.

[SLIDE 17: Managerial and operational pillars]

#### *Managerial and operational pillars*

**Thirdly**, these activities will be supported by the managerial and operational pillars you now see before you: Change management; knowledge management; results-based management; field effectiveness and mobility; and accountability, ethics and fiduciary standards. All will be needed if we are to continue to do more and do better.

Of these, change management is the lynchpin. A 21<sup>st</sup> century organization cannot operate with the systems of decades past. We cannot continue to spend our budget – your taxpayers’ money – on mechanisms that become more expensive to operate even as they lurch towards obsolescence. To increase the efficiency with which we deliver the services that will help countries out of poverty, and to increase the effectiveness and impact of these services, we need to invest in our Organization now.

We must also ensure that we meet the highest standards of accountability. For this reason, I will shortly be appointing an ethics officer to UNIDO.

## **5. CONCLUSION**

Mr. President,  
Excellencies,  
Distinguished delegates,

In 2004, UNIDO’s Industrial Development Report found that sub-Saharan Africa, as a whole, had *deindustrialized* since 1970. While there was investment into industry during this time, it was mainly into the extractive sectors. Meanwhile the proportion of income generated through manufacturing fell throughout the continent. And this was during an era where manufacturing – and trade in manufactures – shifted massively from the North to the South.

Did we even notice that the poorest countries were missing out? With commodity booms providing a boost to growth figures, we may not have seen it on the balance sheets. But to ignore industry is to perpetuate poverty. Developing countries simply cannot miss out this time. To argue that poorer countries are not ready to take advantage of the next wave

of technology-driven industrial development risks entrenching a dichotomy of green industry for developed countries and fast-obsolete dirty industry for the developing world. The issue should instead be: how do we bring them into the process?

The challenge is to create an economic dynamism, which targets productivity growth beyond a few small sectors, and which accepts the Green Economy as its centre. This dynamism must spring from the private sector. But governments must have the policies to make it happen. The difficulties facing private sector development in developing countries are many: fragile enabling environments for business and investment, weak regulatory systems, ineffective industrial strategies and lack of support for entrepreneurship, to name a few. This has led to a “missing middle” of small and medium-sized enterprises – the very structures that best drive innovation and spread economic growth.

Mr. President,

These complex issues need to reach a wider audience. To achieve international development goals such as the MDGs, we need an informed debate about the role of industry and the private sector as drivers of wealth creation, as well as about the need to ensure environmental and social sustainability.

This is why I will launch the UNIDO Institute, a virtual resource centre that will be the knowledge link between UNIDO and the world of learning. The UNIDO Institute will provide a platform for dynamic interaction between policy-makers, academics, researchers, students and others interested in industrial development.

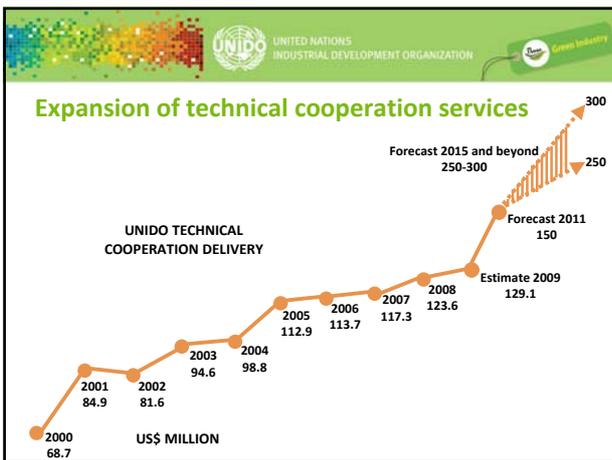
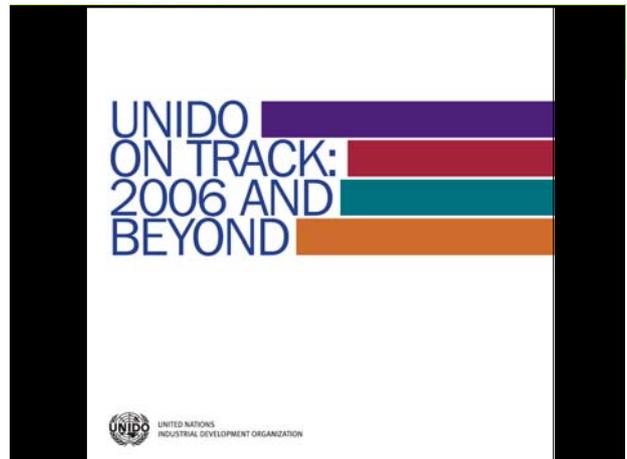
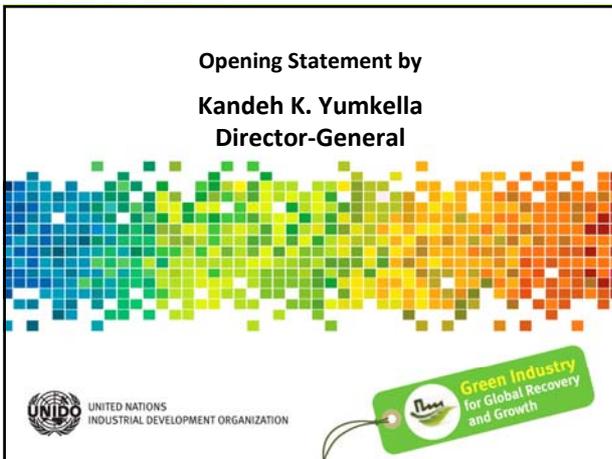
[SLIDE 18: “Making It: Industry for Development”]

I am also pleased to announce the launch of “Making It”, a new UNIDO publication. A copy should be reaching your desk as I speak. This is a high quality, scholarly but accessible, magazine. It seeks to explore the intersection of industry and development, with contributors from a wide range of disciplines and backgrounds. It does not represent an official UNIDO point of view, but acts as a forum for free enquiry. The subject of the first issue is a topical one – “green growth”. An online version will also be launched this week. I trust you will find “Making It” a stimulating and thought-provoking read, and I encourage you to join the debate about how productive activities can help the world to develop and progress.

Mr. President,  
Excellencies,  
Distinguished delegates,

In the last four years, we have taken great strides toward transforming UNIDO into an Organization its constituents deserve. But there is so much more to do. The stakes are high for developing countries as we stand on the threshold of the New Industrial Revolution. I trust I can count on your continued support as we move forward together.

I thank you for your attention and wish you all every success in the deliberations to follow.



**Increased voluntary contributions**

	2005	2009	Increase (%)
Resources available	213.6	359.0	68.1
Funds mobilized	125.6	176.0	40.1
Technical cooperation delivery	112.9	129.1	14.3

US\$ MILLION



