

CHECK AGAINST DELIVERY

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION



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

**at the
thirty-seventh session of the
Industrial Development Board
Vienna, 10 – 12 May 2010**

1. INTRODUCTION

Mr. President, Excellencies,
Distinguished Delegates, Ladies and Gentlemen,

It is my great pleasure to warmly welcome you to the thirty-seventh session of the Industrial Development Board.

Let me start by expressing my gratitude to the outgoing Bureau, and in particular to Ambassador Sonny Ugokwe of Nigeria who chaired the thirty-sixth session of the Board. His commitment and leadership assured the constructive and smooth conduct of that session.

I wish to congratulate our new President, Ambassador Helmut Böck of Austria, as well as the new Bureau, on their election. I am confident that under your able leadership, Mr. President, we can be assured of a successful conclusion to our present session.

I would also like to welcome Mr. Francis Gurry, Director General of the World Intellectual Property Organization (WIPO), who has joined us for this session of the Board, and will take part in the UNIDO/WIPO interactive session this afternoon. Our organizations have a long-standing relationship with common interests in areas such as technology transfer and the role of intellectual property in development. Mr. Gurry has been strongly supportive of this relationship throughout his career with WIPO, and we look forward to consolidating this further. Indeed, technology transfer is the main theme of this meeting of the Board, and we will particularly emphasize agribusiness and energy in this context.

I can see from the agenda that you have an intensive and challenging work schedule ahead of you over the coming days. To facilitate your deliberations on these matters, the Secretariat has submitted a comprehensive set of documents. I will also refer to several of these agenda items in my statement this morning, and leave my senior management to provide additional introductions and information as necessary when these items are taken up for consideration.

Mr. President,
Distinguished delegates,

This is the first occasion in my second term of office that I stand before you in this Board. You probably know by now that I like to use these opportunities to paint the broad brush strokes of what is going on around us, and that is what I propose to do today. The reason I do so is to bring closer to us all the reality that UNIDO's activities cannot be divorced from the climate that surrounds us, be it economic, political or environmental; we do not exist in a vacuum, and must pay heed to evolving trends and the actions of others.

I will return to this theme in a few moments, recounting a number of the global challenges or “megatrends” that define the world in which we live, and how the UN system and UNIDO are equipped to respond to them.

Allow me to begin, however, by referring to some important recent developments in the UNIDO household. A full review is presented in the Annual Report of our Organization for 2009, which is on your agenda this morning. This Report should also be seen as providing an overview of UNIDO’s achievements in the context of the triennial comprehensive policy review of operational activities for development of the United Nations system, or TCPR.

2. RECENT AND CURRENT DEVELOPMENTS IN UNIDO

Technical cooperation delivery and collection of assessed contributions

[SLIDE : TC DELIVERY AND ASSESSED CONTRIBUTIONS]

My management has made bold projections about how UNIDO could increase its technical cooperation delivery while improving the quality of the services it provides. This “Growth with Quality” strategy is now the backbone of our Organization. It is at the heart of our new mission statement, and informs what we are doing in the change management process – more of that later – and it seeks to optimize our contribution to global development aims, including the Millennium Development Goals (MDGs).

I am pleased to inform you that this increase in delivery is still on track. In the first quarter of 2010, UNIDO delivered more than US \$56 million in technical cooperation, an increase of more than 14 per cent over the corresponding figure of about US \$49 million for the same period of last year.

Likewise, the collection rate of assessed contributions shows significant improvement. By the end of March, over 52 per cent had been collected, compared to 47 per cent in the first quarter of 2009.

IPSAS

I am also pleased to announce that we now comply with the International Public Sector Accounting Standards (IPSAS). Following the General Conference decision to adopt IPSAS, UNIDO moved to implement all essential system changes and put the standards in place as scheduled in January 2010. We are one of only eight UN organizations to have done so – many others were forced to postpone their implementation dates by up to four years.

We have also provided a report on the activities of the Joint Inspection Unit. As the report notes, we are making significant progress in implementing the JIU recommendations.

Change management

This goes to show that real change can be delivered, and delivered on time too.

Let me provide you with an update on our Programme for Change and Organizational Renewal (PCOR). This has made considerable progress in addressing issues related to changing the organizational culture of UNIDO, introducing operational improvements, and preparing for the implementation of a new enterprise resource planning (ERP) system. Over the coming weeks, we will carry out a high-level business process re-engineering exercise, which will be closely linked to the development of a new business concept, and is a prerequisite for the selection of appropriate ERP software and a suitable implementation partner. You will find detailed information on progress to date as well as planned actions in a conference room paper which has been made available.

I would like to thank those Member States who renounced their shares of the unutilized balances of appropriations. Thanks to your generosity and commitment, we have collected €5.3 million for change management and €15 million for the technical cooperation trust funds, on food security and renewable energy for productive activities respectively.

For change management, this leaves a shortfall of over €3.8 million between the funds received and those approved by the General Conference in December. The amount available for the trust funds allows us to initiate development of the relevant programmes, but more will be needed. I would therefore strongly encourage Member States to make further contributions for change management and the trust funds, thus enabling the Organization to be fit for the future and achieve Growth with Quality.

Our readiness to change is apparent in other ways too. Let me give you some examples from developments in personnel matters, evaluation and multilingualism.

HRM Framework

After intensive staff-management consultations, we have now finalized our new Human Resource Management (HRM) Framework. This revision became necessary due to a number of organizational and human resource developments since the last version was issued in 2001 – 2003. I am confident that this new Framework will increase the wherewithal of our Organization to attract new talent, while fortifying the emphasis on knowledge management, as well as further supporting a results-based management culture.

A document has been provided to Member States giving a comprehensive review of recent HR management actions, including measures to enhance knowledge transfer and promote cultural change in the framework of the change management process.

Evaluation

You will also see before you today a note on the activities of the Evaluation Group. Evaluation is our main tool for diagnosing how we can improve what we do. UNIDO's evaluation function was recently the subject of a peer review conducted by the representatives of evaluation units of the Ministry of Foreign Affairs of Denmark, the Austrian Development Agency, the CTBTO and World Bank.

The review found that UNIDO's evaluation function meets the UN/DAC norms and standards related to the three criteria used for the assessment: independence, credibility and utility. It found further that the Evaluation Group is clearly established as a driving force for organizational learning and change. In addition, the panel made useful recommendations for further strengthening our evaluation function, and we are acting on those recommendations.

Multilingualism

We have taken great strides towards achieving multilingualism. Our website and key internal administrative documents are available in both working languages, and we have increased the use of official languages in other materials, including UNIDO's Making It magazine.

UN system-wide coherence and cooperation with other UN organizations

One month ago, UNIDO successfully hosted back-to-back meetings of the UNDG Advisory Group Principals and the UN System Chief Executives Board for Coordination, or CEB. The CEB meeting in Vienna brought together the heads of 27 UN system organizations under the chairmanship of the Secretary-General, to discuss issues affecting the activities of the entire UN family, ranging from climate change to global governance and achieving the MDGs. This was the first time in the history of UNIDO that we hosted the CEB, and it is a mark of our commitment to advancing greater coherence and coordination within the UN system.

We have also been seeking ways to further strengthen our collaboration with agencies with comparable and complementary mandates. Last week we hosted a delegation from the International Telecommunication Union (ITU) to discuss areas in which we can work together. I would also like to draw your attention to the draft agreement between UNIDO and WIPO which has been put before this Board for approval. This agreement provides a solid framework within which both organizations can seek synergies in their development activities. Similar programmatic cooperation will be pursued with UNDP, IFAD, UNEP and other members of the UN Development Group.

UNIDO-UNDP agreement

Let me say a few words about our recently expired cooperation agreement with UNDP, which has now definitively come to an end and will not be renewed. In many ways, the agreement was ahead of its time in providing an innovative and collaborative approach to

shared field operations and joint activities. In particular, it led to the establishment of 17 UNIDO desks in established UNDP country offices, thereby expanding our field presence and capacity. In more than half of the countries with UNIDO Desks, the Heads of UNIDO Operations assigned to these desks have been admitted to the United Nations Country Teams.

In line with the Joint Terminal Evaluation, we are currently reviewing the possibilities for further enhancing the effectiveness of the UNIDO desks established under the agreement. An in-depth impact analysis of our field network will be presented at the next session of the Board. In this connection I would like to reassure you, however, that I continue to place great emphasis on strengthening our field presence and in particular the substantive capacities of our field offices, and that in cases clearly calling for an expanded presence decisions will be taken immediately.

Where appropriate, we will also continue to cooperate with UNDP in areas of mutual interest, both bilaterally and in the context of UN system-wide coherence within the mandate given by the TCPR.

3. GLOBAL MEGATRENDS

Mr. President,
Distinguished delegates,

Now let me return to the broader picture, the “global megatrends”. Behind me you will see a graphic that I used at the General Conference last December. I would like to take you through this again – none of the trends is any less relevant now, five months on.

[SLIDE: MEGATRENDS]

These converging megatrends form the reality within which we operate.

Food, Fuel and Financial Crises

We still live in an unstable, volatile world. The effects of the financial crisis continue to be felt by us all. As I will discuss in a moment, some influential voices are saying that it is turning the traditional development paradigm on its head, with the distinction between developed and developing countries becoming more blurred than ever.

Yet, taken together, the “3Fs crisis” remains a triple punch for the poorest of the poor.

Despite a recent drop, the upward trend in the price of oil remains in place. Food security is as grave an issue as ever: the hunger and malnutrition target of MDG 1 has been one of the worst-performing of all MDG targets, yet food prices remain at a historic high. I will

say more about the importance of agribusiness and investments into agro-based value-chains in a few moments.

Demographics

The number of people in this world grew more rapidly in the last six and half decades than ever before. The latest prediction is for the world's population to reach 9 billion by 2050. 95 per cent of the annual increase in world population occurs in developing countries. This will in turn create challenges in political stability, job creation, youth employment, rural-urban migration and gender equality amongst other things.

Illicit Economy

Over the last two decades, the global illicit economy has grown at twice the rate of the legitimate economy. These unsavoury actors in globalization – smugglers, warlords, pirates, terrorists, and bandits of all stripes – are both a symptom and a cause of poverty and inequality. Such “deviant globalization” often exists because of lack of alternative sources of livelihood and productive capacity, and lack of economic prospects for growing populations.

Climate change

When we met at the General Conference in December, negotiations were about to begin in Copenhagen. Although an accord was reached, it was not what many of us had hoped for. How we face up to climate change remains the defining issue of our time. Along with the impacts of the economic crisis, it has major repercussions for the role of the UN system and global governance generally. UNIDO, through its role in UN-Energy, will give key inputs to the process in COP-16 in Cancún and beyond.

Green growth and green industry

The fundamental challenge in combatting climate change is how to decouple the consumption of natural resources and the emission of greenhouse gases from economic growth. Green industry remains the way forward. UNIDO has been an advocate for this for some time now, and I am pleased to say that the concept has gained wings, in part because of some major events that we organized, for example the International Conference on Green Industry in Manila last September, the Vienna Energy Conference last June, and the Global Renewable Energy Forum in Mexico last October, as well as due to our guiding role in UN-Energy and the Secretary-General's Advisory Group on Energy and Climate Change (AGECC), about which I will shortly go into greater detail.

Globalization and inequality

In widely-reported recent comments, World Bank President Robert Zoellick sees the ongoing global financial crisis as spelling the end of many long-standing paradigms of the global economy and development, including the “Third World” and “North-South”.

According to Zoellick, globalization has come of age. We now live in a multi-polar world where some developing countries are emerging as economic powers and others are growing strongly. Indeed, the recovery from the economic crisis has largely been due to growth impulses emanating from the Asian economies that were until recently considered part of the developing world. This proves another reason to promote development: the need to encourage new centres of gravity for demand growth, which will reduce the risk and impact of economic crises.

Despite this, in the continued absence of a conclusion to the Doha Round of multilateral trade negotiations, some countries are still struggling to reach their potential.

[SLIDE : PARTNER FOR PROSPERITY]

4. GLOBAL GOVERNANCE AND RESPONSES TO THE MEGATRENDS

Mr. President,
Distinguished delegates,

These megatrends pose grave challenges to the system of global governance in place since 1945, or even – to take you back through the annals of diplomatic history – since the Peace of Westphalia in 1648. The structures in place – formal intergovernmental organizations and voluntarily accepted rules – are sometimes judged inadequate to solve our shared problems. Informal multilateralism is the name of the game. We had the G-8. Now we also have the G20 dealing with the financial crisis and taking the unofficial lead in climate negotiations. The G-8 meeting in L'Aquila last year launched the Major Economies Forum on Energy and Climate Change, broader than either the G-8 or G20, but still limited in its membership. Just before COP-15 we saw the emergence of the BASIC group that helped generate the Copenhagen Accord.

Where is the UN in all of this? Have the UN system and other formal international organizations lost relevance?

Perhaps you think me provocative. But, while we need to work with others in reaching our common goals, I firmly believe in the underlying principles of the United Nations and in its structure as a common forum for all of humanity and all countries, whether big or small, rich or poor. That was the purpose of the UN.

The United Nations and its agencies simply must advocate for the areas in which they operate, must encourage new learning, and must put solutions into practice through technical cooperation and normative activities. Not to do so would be to neglect our mandate, and above all would be negligent to the needs of those we serve.

Let me turn to UNIDO in this context. We are an integral member of the UN system as well as a specialized agency in our own right. That means we have a certain expertise that we bring to technical activities for industrial development. It also means that across the

areas of our mandate we are a thought leader and catalyst for change within the UN system and beyond.

At the last session of the Board, in June 2009, I outlined the four mutually supportive pillars on which UNIDO carries out its activities. These are technical cooperation and capacity building, our analytical and advisory function, our convening role and our normative functions. For many reasons, an attempt to impose a divide between these functions is artificial. We have pushed so-called global forum activities in recent times in order to spark dialogue, produce knowledge and lead the way in the global debate.

Activities such as these have also enabled us to initiate and refine our own strategies and frameworks in support of sustainable development, such as the Plan of Action for least developed countries (LDCs) adopted by the 2009 LDC Ministerial Meeting and endorsed by the General Conference, as well as our Green Industry Initiative and our approach to agro-industries.

[SLIDE: SUSTAINABLE DEVELOPMENT]

Let me illustrate this by presenting just four of the many methods through which UNIDO supports sustainable development: green industry, energy, agribusiness, and technology.

Green Industry

Take green industry for example. Our meeting in Manila last year not only led Asian governments to commit themselves to establish policies and frameworks conducive to resource-efficient and low-carbon industries and to intensify international cooperation on these issues, it also provided the basis for UNIDO's Green Industry Initiative, through which we can assist governments to remove gaps in their normative frameworks, support systems, knowledge and skills.

Energy

[SLIDE: AGECC REPORT]

Likewise, our leadership in energy issues is largely down to our convening and advisory roles, and not because of the volume of our technical cooperation delivery in the area. We have always believed that energy and the productive sectors are central both to poverty reduction and to combating climate change.

Last week I was in New York for the Energy for Development Day, where we launched the reports of UN-Energy and of AGECC, both of which I chair. We will also launch the report here in Vienna on 19 May, and hold further launch events in Italy, Mexico, Japan and Russia. The AGECC report is a concerted charge by the UN system, together with key private sector CEOs, to tackle the energy conundrum – how to provide global energy access while safeguarding the environment. The Secretary-General has asked me to

continue to chair UN-Energy for the next 2 years, and the AGECC up to the end of this year.

The AGECC Report sets out ambitious but achievable goals on energy access and energy efficiency: ensuring universal access to modern energy services by 2030, and reducing global energy intensity by 40 per cent by the same year.

If pursued, these goals will have a significant impact on reducing global poverty and mitigating climate change. This is what the UN is about – clear research, articulated goals, and outreach to experts, movers and shakers. And UNIDO is at the core of it all.

Success depends on putting these goals into practice. For that we need a sustained global campaign – that will be the next phase. The technology and business models already exist to achieve the energy goals, but significant commitments from national governments and the international community will be needed to put in place policy options and provide for technology transfer.

Let me illustrate what can be done with some practical examples from UNIDO projects and partnerships.

[SLIDE : HYDRO-ENERGY PROJECT IN RWANDA]

In Rwanda, the electrification rate is less than 6 per cent. This situation has resulted in a lack of income generating activities as well as poor basic community services. Mini-hydro plants such as this provide an excellent off-grid solution, providing access to a clean, modern energy source.

[SLIDE : WASTE MANAGEMENT AND METHANE PROJECT IN CUBA]

The Cuban capital Havana now converts its municipal waste into biogas, generating electricity while reducing landfill. This project, carried out by UNIDO with support from Switzerland, is a model for reliable and clean energy with a high potential for replication elsewhere.

[SLIDE: GASIFIER PLANT IN INDIA]

This one-megawatt biomass gasifier power plant at Coimbatore in India uses technology provided by the Indian Institute of Sciences in Bangalore. UNIDO is partnering with this institute to provide this technology to power utilities and entrepreneurs in Africa and the Latin America and the Caribbean Region for rural electrification and process heat applications in industry.

UNIDO is active in energy solutions from low-tech to high-tech, including the potential to decarbonize fossil fuels. In partnership with the Norwegian Ministry of Petroleum and Energy and the Global Carbon Capture and Storage (CCS) Institute, UNIDO is now

working to develop a global technology roadmap on carbon capture and storage for industrial processes.

Energy projects such as these aim to increase productive capacities and guard against poverty. But action on a global scale will be needed.

In September, world leaders will gather in a summit to review progress in achieving the MDGs. The productive sectors and energy were not included amongst the goals, targets and indicators. Over the last decade, this has seemed increasingly anomalous. The AGECC report's energy goals stand on their own, but they also complement the MDGs, especially MDG 1 on reducing poverty and MDG 7 on ensuring environmental sustainability.

The productive sectors remain indispensable to achieving the MDGs, and we will take this message to New York in September. In order to provide you with a full report on UNIDO's continuing contribution to the MDGs in the wake of the summit, including our support to the pharmaceutical sectors and cooperation with international partner organizations and programmes, I have proposed that this be taken up as a supplementary item at the thirty-eighth session of the Industrial Development Board next November.

Agro-industry, poverty and the MDGs

Agro-industry is a key example. In Africa and many LDCs, the bulk of the working population is engaged in primary agriculture, which is subject to diminishing returns and the volatility of trade in commodities. These countries need to strengthen agro-industry value chains which offer much better prospects for growth while underpinning food security – this is a central tenet of ours in UNIDO. Tomorrow at 2.30 p.m. we will host a special session on agri-business where this will be covered in detail.

UNIDO has a suite of projects in place that aims to achieve just this in all regions of the developing world. But we cannot stop there – we need to think bigger. We must galvanize wider support, find new and better technologies, techniques and policy responses, and build partnerships to take them forward.

This is precisely why we have held major events on agro-industry in recent times. Two years ago we had the Global Agro-Industries Forum in New Delhi and the Sharing Innovative Agribusiness Solutions in Cairo. These conferences highlighted the importance of promoting agro-industries as a means of adding value to agricultural production for poverty reduction and wealth creation, and of ensuring that agro-industrial exports from developing countries are able to meet international quality standards and regulations. They led to a number of specific policy recommendations, and several concrete follow-up activities, including the establishment of a partnership with the METRO group, one of the world's largest retail groups, to enhance the compliance of small-scale farmers and small and medium-size agro-processing industries with international standards in production techniques, post-harvest practices and food safety.

In March this year, together with the African Union, FAO, IFAD, UNECA and the African Development Bank, UNIDO organized the High-level Conference on the Development of Agribusiness and Agro-industries in Africa. The conference brought together over 500 participants, including Heads of State and Ministers from 44 African countries. And there was a tangible outcome, with the endorsement of the new African Agribusiness and Agro-industries Development Initiative, through which public and private sectors can mobilize resources for investment in agri-food sector development in Africa.

This will not be the end of it. Our approach to agro-industry, like our strategies for LDCs and green industry, are living frameworks, always open to changing circumstances and ideas.

Technology

An essential element in all of this is technology – access to technology, technology transfer, innovation, and capacity building. It is vital to building value chains in agro-industry and all sectors. It is needed to ensure access to energy and energy efficiency, and to “green” industry. Our cooperation with ITU, WIPO and others in the public and private sector is testament to this importance. WHO has approached us to work together on access to medications – in this connection, I wish to thank the Government of Germany, which has consistently highlighted the importance of promoting the production of generic pharmaceuticals in developing countries, and which provided significant funding for UNIDO activities in this area.

This short video illustrates the point clearly. It highlights GET-IT, the UNIDO – Hewlett Packard partnership to provide entrepreneurship and IT training to young people in Africa and the Middle East. The programme operates in 10 countries and has so far trained some 15,000 students in total. It is a prime example of partnership in action, bringing UNIDO together with the private sector and national governments, each with its own complementary role to play.

[VIDEO: GET-IT PROGRAMME]

[SLIDE: PARTNER FOR PROSPERITY]

Mr. President,
Excellencies,
Distinguished delegates,

In this video, you have seen the kind of connections that spark decisive action and provoke real change for the better.

I have taken you on a journey through a number of the grave challenges facing us all at this point in time. The world moves on; so too should the bodies of the United Nations system. As a specialized agency, we cannot remain mired in the past.

Nor can we take a narrow view of our role. New-style industrial policy, which is private-sector led but entails strong collaboration with government, especially in areas such as green industry and energy systems, requires a broad and open approach on our part.

In helping to bring about sustainable industrial development, we will continue to put our expertise to work across all our four pillars. We will be a better and stronger partner for prosperity.

Thank you.



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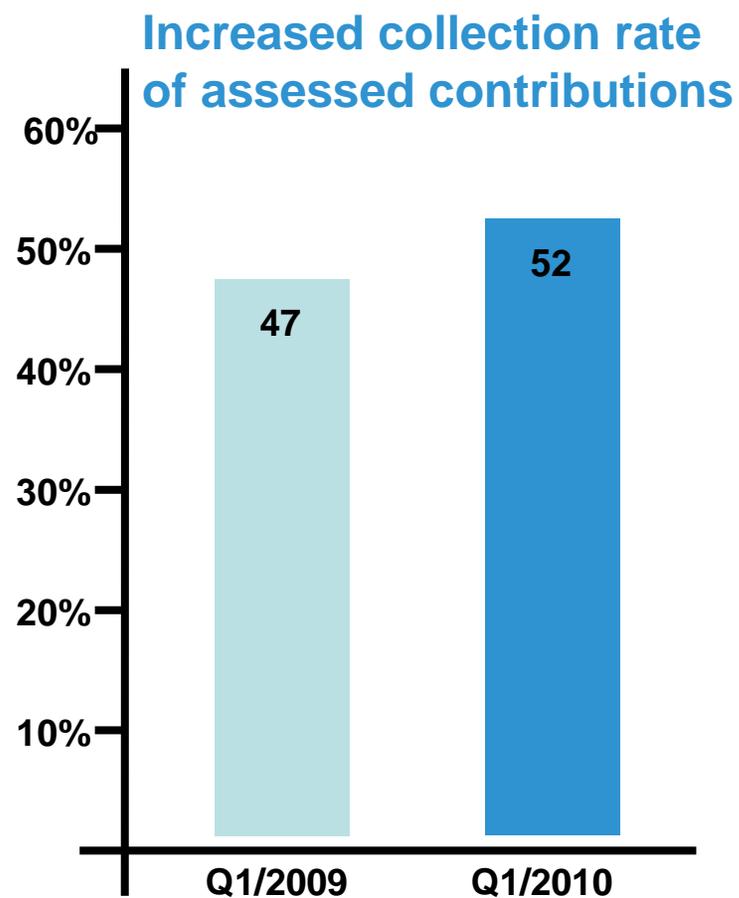
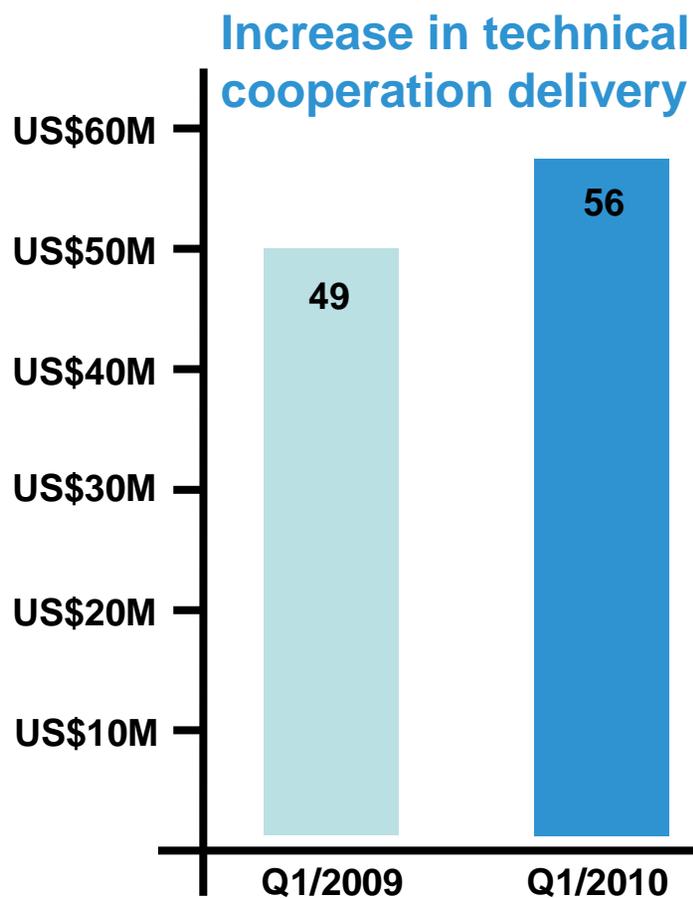
**Thirty-seventh session of the
Industrial Development Board
Vienna, 10-12 May 2010**

Opening Statement

By
Kandeh K. Yumkella
Director-General



Growth with Quality

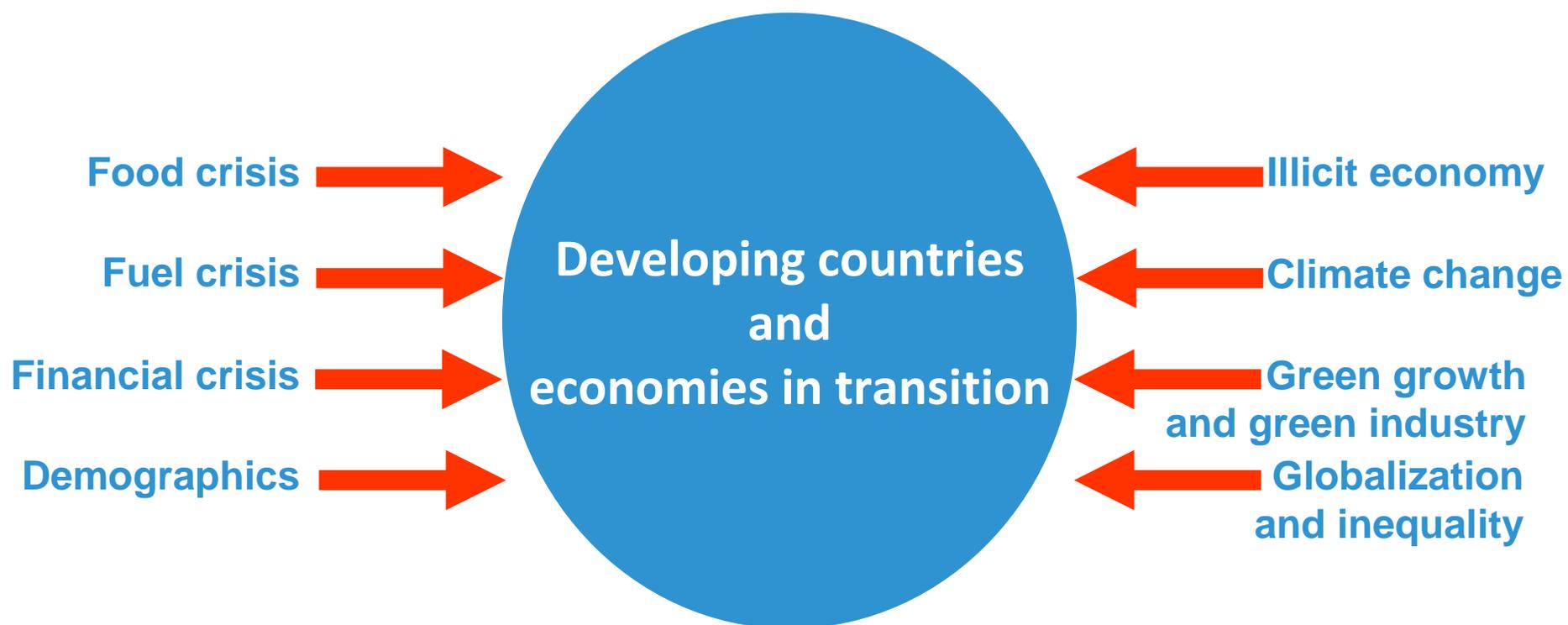




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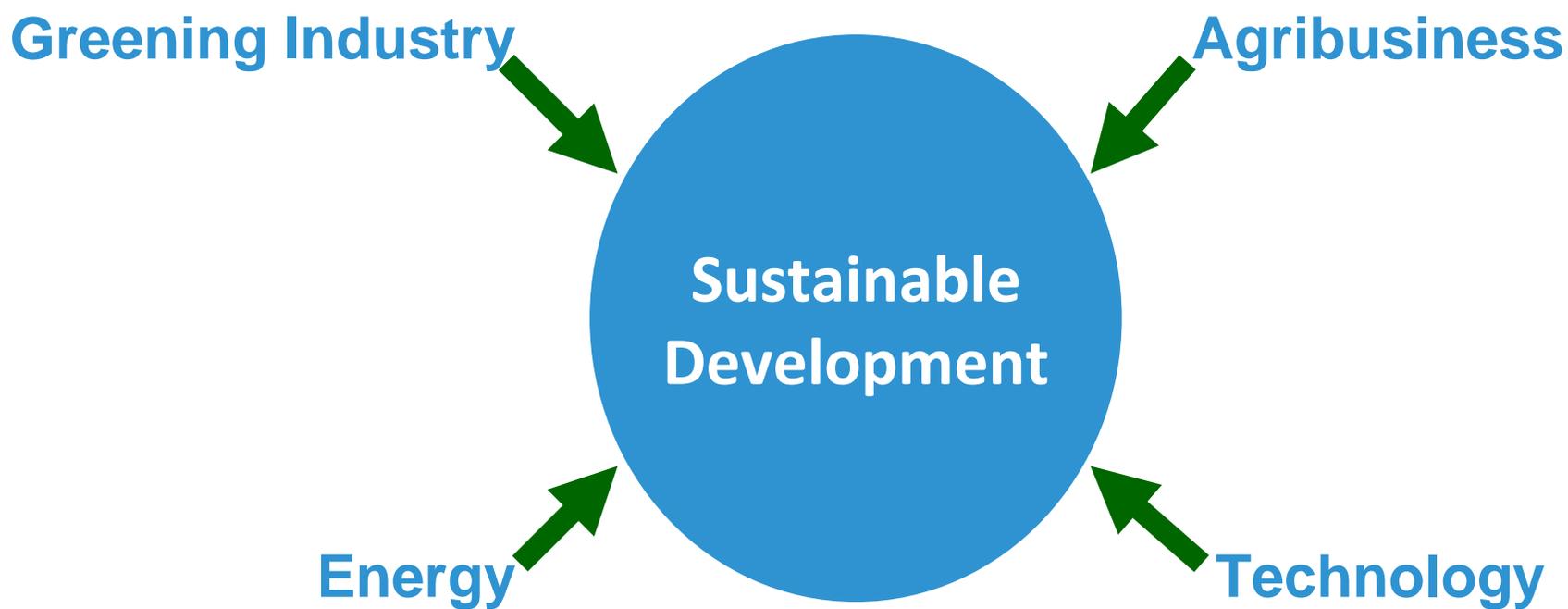


Megatrends





PARTNER FOR PROSPERITY



Energy for a Sustainable Future



**THE SECRETARY-GENERAL'S
ADVISORY GROUP ON
ENERGY AND CLIMATE
CHANGE (AGECC)**

**SUMMARY REPORT AND
RECOMMENDATIONS**

**28 April 2010
New York**



REPUBLIC of RWANDA
Ministry of Infrastructure
Mutobo Mini Hydro Power plant



Major Project Parameters:

- **Capacity:** 200kW
- **Type of Turbine:** Turgo Impulse
- **Length of Headrace Channel:** 417 m
- **Net Head:** 123 m
- **Generation voltage:** 400 V
- **Length of T & D Line:** 8.5 km
- **Length of Penstock Line:** 223 m

Start of Construction: July 2006

Start of Operation: June 2009

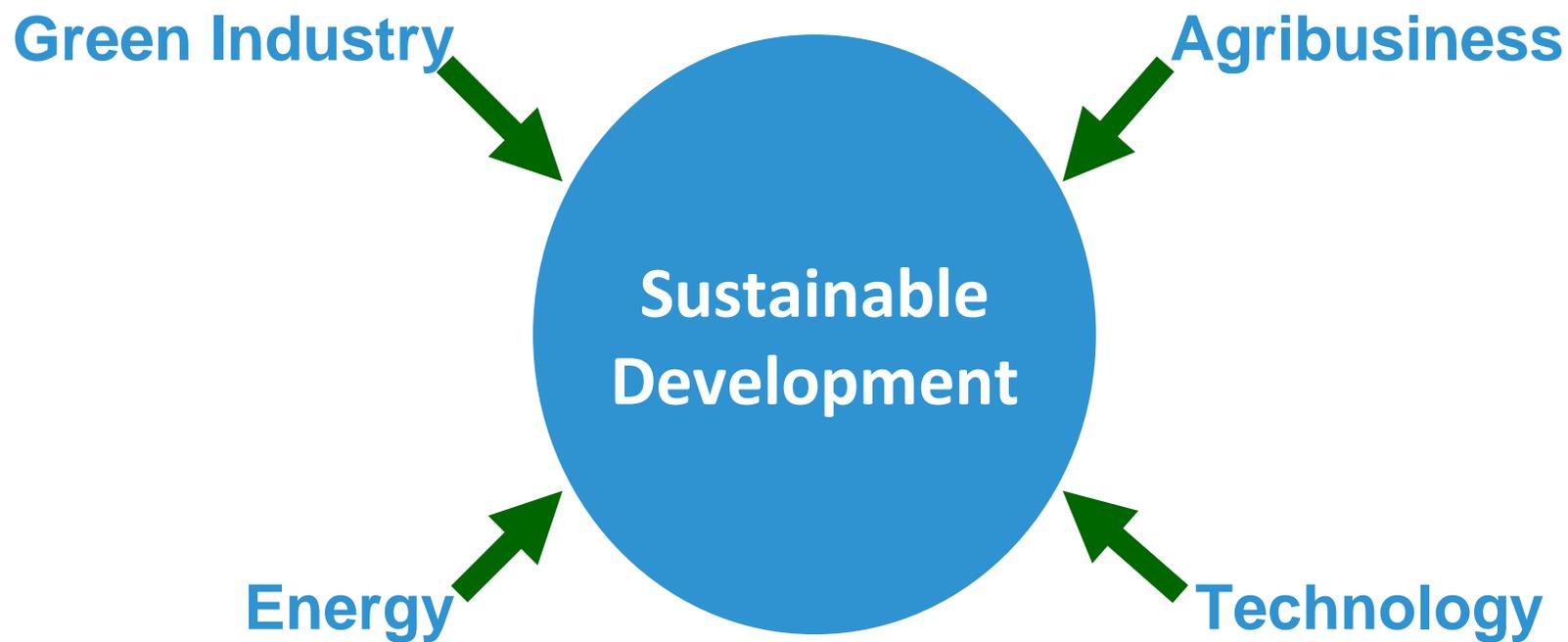
Subcontractor:



ENCO(Pvt.)Ltd.
Sri Lanka









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