



**Industrial Development Board
37th Session, 10-12 May 2010 Vienna
Statement by Spain on behalf of the European Union**

**Item 3: Annual report of the Director-General for 2009 on the activities of
the Organization**

Final

Thank you, Mr Chairperson,

1. I have the honour to speak on behalf of the European Union. The Candidate Countries Croatia, The Former Yugoslav Republic of Macedonia¹ and Turkey, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia, as well as Armenia, the Republic of Moldova and Ukraine associate themselves with this statement.
2. Mr. Chairperson, Ambassador Böck, the EU also wishes to welcome you in your new capacity. We are confident that your work during these next three days of the 37th IDB will be successful. The EU would also like to welcome the other members of the Bureau and thank those outgoing for their committed work.
3. Mr. Chairperson, the EU notes with satisfaction the publication of the Annual Report, which illustrates in a clear fashion UNIDO's achievements in support of its mission during 2009. This report also details the continued growth in UNIDO's technical assistance delivery.
4. The EU would like to congratulate UNIDO for the actual volume of project services delivered in 2009, which at over \$139 million, constitutes a significant increase on the figure of \$124 million achieved in the previous year. We note with satisfaction that the sum available for future implementation exceeded \$355 million by the end of the year, the highest level ever recorded.

¹ Croatia and The Former Yugoslav Republic of Macedonia continue to be part of the Stabilization and Association Process

5. Hand in hand with an increase in the overall volume, the EU welcomes diversification of the sources of funding, reflecting a growing appreciation of UNIDO's mandate and the quality of its services. Indeed, beyond traditional and still today important contributors, the Multilateral Fund for the Implementation of the Montreal Protocol and Global Environment Facility (GEF), UNIDO has attracted a growing number of multi-donor trust funds and individual donor countries. The EU is the largest contributor to UNIDO, with funds from both the European Commission and individual Member States.
6. As the annual report also notes, quantity and volume are not enough. It is of great importance to the EU and to the relevance of UNIDO's activities that UNIDO also continues to increase the focus on measurable results and development impact on the ground. We value the efforts of UNIDO to apply results based management (RBM) very much and encourage the organization to further its implementation of the RBM action plan.
7. In line with the call by the UN General Assembly for all agencies to harmonize their planning cycles with that of the comprehensive policy review, the EU commends that UNIDO has revised its medium-term programme framework 2010-2013. Areas that have been enhanced include South-South cooperation; gender equality and the empowerment of women; strengthened capacity building; and measures to improve aid effectiveness. The EU notes with satisfaction that UNIDO will seek to fully align its next medium-term programme framework with the planned cycle of the new quadrennial comprehensive policy review (QCPR).
8. Coherence within the UN is vital and the EU welcomes UNIDO's continued involvement in the "Delivering as One" countries and in the Chief Executive Board for Coordination and its subsidiary bodies. We look forward to reviewing the "Delivering as One" country led evaluations and receiving further information on how UNIDO will continue to harmonize its practices with other UN bodies and systems.
9. The EU fully supports UNIDO's focus on its three thematic priorities, namely poverty reduction through productive activities, trade capacity building, environment and energy.
10. The EU is fully aware of the valuable contribution of foreign direct investment (FDI) to the economic growth of developing countries and as a catalyst for poverty reduction and social development. Therefore, the EU welcomes UNIDO efforts in this important field, in particular through the Regional Programme on Investment Promotion, launched by the African Investment Promotion Agency Network (AfriPANet) and is looking forward to the presentation of UNIDO's new strategy for Investment and Technology promotion, in particular with regard to the role and functioning of the ITPO network.
11. The EU would like to reaffirm its support for DG Dr. Kandeh Yumkella's

activities as Chair of UN-Energy and looks forward to receiving more information on the work of UN-Energy. We invite UNIDO to cooperate through Agreements or Joint Working programmes in the implementation of projects and initiatives, within UN Energy and with other international organizations in the field of energy, such as the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA) and the International Partnership for Energy Efficiency Cooperation (IPEEC), in order to avoid duplication.

12. The EU, encouraging UNIDO to continue to work with multilateral institutions and Funds, is aware that the Council of the Global Environment Facility (GEF) has recommended minimum fiduciary standards for implementing and executing agencies and that compliance with these standards is a condition for direct access to GEF funds. Therefore the EU fully supports UNIDO's efforts to comply to those standards, with a particular regard to the implementation of the Action Plan for upgrading the existing Project Management Cycle.
13. The EU would like to commend UNIDO for initiating the Change Management Initiative (CMI) process in 2009 with the full involvement of internal staff and stakeholders, aiming at improving administrative procedures, investing in appropriate and well adapted IT and further developing the work culture in the organization. In particular, the EU would like to express its gratitude to the Secretariat for the useful informal briefing to Member States on the CMI, held on 31st March.
14. The EU invites UNIDO to continue to schedule regular meetings to update Member States on the progress achieved in formulating the action plan for the CMI.
15. As a general guideline for the IT investment, the EU recommends to make every reasonable effort to adopt commercial software and best industry practice with minimal if any tailoring. Moreover, in the spirit of System Wide Coherence and based on recommendations expressed by the Joint Inspection Unit, the EU believes that the Secretariat should also consider to look for administrative and management support systems, which are compatible with other UN Organizations, having major potential for savings.
16. Mr. Chairperson, the financial crisis has placed a further strain on the 1.4 billion people which still live on less than \$1.25 a day. In this scenario the work of UNIDO, whose main mission is inclusive, equitable and sustainable industrial development, is more important than ever.
17. Mr. Chairperson, please allow me to conclude by reiterating the support of the EU to UNIDO.

2010-04-29 IDB37 Annual Report

Thank you, Mr. Chairperson.

Final

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Permanent Mission of Spain to the
International Organisations in Vienna



Delegation of the European Union to
the International Organisations in Vienna

**Industrial Development Board
37th Session, 10-12 May 2010 Vienna
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Item 4: Cooperation with the UNDP and UNIDO's field representation

Final

Thank you, Mr Chairperson,

1. I have the honour to speak on behalf of the European Union. The Candidate Countries Croatia, The Former Yugoslav Republic of Macedonia¹ and Turkey, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia. The EFTA country Norway, member of the European Economic Area, as well as Armenia, the Republic of Moldova and Ukraine associate themselves with this statement.

2. The EU commends the UNIDO evaluation group for co-authoring an excellent evaluation report and welcomes the findings and recommendations of the joint terminal evaluation of the cooperation agreement signed in 2004 between UNIDO and the UNDP.

3. The EU welcomes the strengthened UNIDO field presence facilitated through the UNDP-UNIDO Cooperation Agreement. Thanks to the agreement UNIDO has expanded its country presence by over 50 per cent and has also seen an increase in the amount of UNIDO Heads of Operations admitted to UN Country Teams.

4. The EU notes that whilst the 2004 agreement was an early and unique model for United Nations system-wide coherence at the country level, since that date much has been achieved in UN system-wide harmonization and cooperation in the framework of Delivering as One and in the light of the United Nations Development Assistance Framework (UNADF). As a result, UNIDO can pursue decentralisation and contribute proactively to the Common Country Assessment and UN Development Assistance Framework process through other means, rather than partnering with a single UN organization.

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5. In addition, any further development of UNIDO's field presence should be commensurate with the technical, human and financial capacities of UNIDO headquarters so as to be able to provide the necessary support and to respond effectively to the increased demand for technical assistance triggered by the new UNIDO desks.

6. The EU notes the fact that the Private Sector Development component of the agreement did not fully achieve the intended results but is pleased that UNIDO will very soon conclude an operation and administrative agreement with UNDP to ensure the continued operation of UNDP hosted UNIDO desks, as mandated by the GC13/Res7. The EU encourages UNIDO to follow up on the suggested reforms set out in the Joint Terminal Evaluation regarding the UNIDO desks. The evaluation report states that in some cases the presence of UNIDO desks has not proven to add value to the country programme and that UNIDO should establish a functioning review mechanism for UNIDO country desks. The EU recommends that UNIDO establishes such a transparent selection and review mechanism to guide the development of its country presence. Such a review should be conducted on the basis of clear and transparent criteria, as referred to in Joint Evaluation Report, including the recommendation that the ratio between UNIDO desk costs and TC delivery should, at least in the medium or long term, not be higher than around 50%. The EU is looking forward to UNIDO's proposal in this regard, if possible at the next meeting of the IDB. If need be, individual UNIDO desks should be reconsidered.

7. Regarding the private sector development component of the agreement, the EU shares the view expressed in the evaluation that in line with United Nations reform efforts, bilateral agreements among United Nations organizations working on private sector development should be replaced with a system-wide cluster approach involving all relevant units, so as to further coordination, coherence and synergies.

Thank you, Mr Chairperson.



**Industrial Development Board
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**Agenda item 5: UNIDO's contribution to the Millennium Development
Goals (MDGs)**

Thank you, Mr Chairperson,

1. I have the honour to speak on behalf of the European Union. The Candidate Countries Croatia, The Former Yugoslav Republic of Macedonia¹ and Turkey, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia. The EFTA country Norway, member of the European Economic Area, as well as Armenia, the Republic of Moldova and Ukraine associate themselves with this statement.
2. Mr Chairperson, the fact is that 1.4 billion people still live on less than \$1.25 a day and progress achieved is uneven. However, significant progress has been made on the MDGs, particularly in countries where governmental commitment is backed by strong policies and appropriate public expenditure.
3. The EU has been engaged in this exercise from the beginning and is committed to working towards the MDGs as agreed by all countries in 2000. With only five years left until the 2015 deadline to achieve the MDGs, UN Secretary-General Ban Ki-moon has called on world leaders to attend a summit in New York on 20-22 September 2010 to boost progress towards them. At this juncture we should not discuss possible refinements of the MDGs, but we should concentrate on a joint and

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consolidated effort on the part of all countries for the achievement of these goals.

4. On Wednesday, the 21st April, the European Commission announced its 12-point Action Plan for the MDGs. The aim is for the EU to take a lead in getting back on track towards the MDGs in the five years which remain to the 2015 deadline.
5. To further this aim all EU policies would be made coherent for development - trade and finance, climate change, food security, migration and security are all part of the fight against poverty. The EU would develop further its partnerships with poor countries to combat climate change, rising food prices and illegal migration, and to achieve security and financial stability.
6. EU member states and the Commission will work together even more closely in developing countries to make EU aid more effective. Targeted aid would focus on the goals and countries where progress is slow, particularly fragile states.
7. This proposal will become effective when the message is delivered at the UN summit on MDGs in New York.
8. In this context, the EU considers UNIDO and its partners, with its focus on industrial development, an essential agency for the delivery of technical assistance to achieve the MDGs.

Goal 1: Eradicate extreme poverty and hunger

9. The EU supports UNIDO's approach to reducing poverty through sustained economic growth, generated through private-sector led industrial development.
10. The EU recognizes the agro-value chain development as the fundamental component of UNIDO's efforts to contribute to the achievement of Goal 1. The EU is of the opinion that UNIDO adds much value in the promotion of private sector development, particularly to small and medium sized enterprises and agro-business.

Goal 3: Promote gender equality and empower women

11. The EU views with satisfaction UNIDO's commitment to full gender mainstreaming in all its programmes, projects and organizational practices. It commends the updated policy on gender equality and the empowerment of women that was recently adopted by the Organization, in an effort to adhere to the intergovernmental and United Nations system-wide commitments on gender equality. The EU congratulates UNIDO for having hosted the Joint biennial workshop of the Inter-Agency

Network on Women and Gender Equality (IANWGE) and the OECD-DAC Network on Gender Equality (GENDERNET) in February 2010.

Goal 7: Ensure environmental sustainability

12. The EU believes that UNIDO plays an important role in assisting beneficiary countries in promoting awareness of cleaner, resource efficient and sustainable low carbon systems of production and to foster the use of renewable energy sources, as well as sustainable and clean industrial technologies. In this respect, the EU is convinced that the transfer of sound technologies, through North-South and South-South cooperation, and the promotion of local investments in the energy sector can play a key role, with secondary important impacts on job creation and development.
13. The EU recognizes the joint UNIDO-United Nations Environment Programme National Cleaner Production Centres, and commends the extension of this programme to focus on the enhancement of national capacities to facilitate and manage the transfer, adaptation and replication of environmentally sound technologies (ESTs) and sustainable product development.

Goal 8: Develop a global partnership for development

14. The EU shares UNIDO's view that the importance of strategic partnerships for development is based on the premise that no single United Nations organization acting on its own can effectively address all the challenges and encourages UNIDO to continue building partnerships with other organizations and entities to strengthen the impact of its activities. In this sense, the EU welcomes UNIDO's contribution to Goal 8 and supports trade capacity building in developing countries and economies in transition to work towards a full integration into an open, rule-based, non-discriminatory and predictable trading system. In the context of the new Economic Partnership Agreements (EPAs) the EU looks forward to working with UNIDO within this framework.

Further Contributions

15. The EU would like to congratulate UNIDO on its first time hosting a United Nations System Chief Executives Board for Coordination meeting this past 9th and 10th of April, and welcomes the role UNIDO is taking in the CEB Inter-Agency Cluster on Trade and Productive Capacity. The EU encourages UNIDO to continue to work towards achieving the current MDG targets and indicators.

Thank you, Mr. Chairperson.



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Agenda item 6: Financial situation of UNIDO

Final

Thank you, Mr. Chairperson,

1. I have the honour to speak on behalf of the European Union. The Candidate Countries Croatia, The Former Yugoslav Republic of Macedonia¹ and Turkey, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia. The EFTA country Norway, member of the European Economic Area, as well as Armenia, the Republic of Moldova and Ukraine associate themselves with this statement.
2. The EU notes with satisfaction the fact that the collection rate so far for 2010 assessed contributions was 52.3 per cent, compared to the 2009 and 2008 rates of 47.3 and 38.1 respectively.
3. The EU commends UNIDO for having delivered technical cooperation activities during the first quarter of 2010, which reached \$56.3 million, exceeding the 2009 level for comparable expenditure.
4. The EU shares the view of the Secretariat that Member States in arrears should be strongly encouraged to pay those arrears or consider submitting payment plans to steadily reduce their outstanding assessed contributions.
5. The EU encourages the Secretariat to continue its efforts to collect the outstanding arrears owed by former Member States to the Organization.
6. The EU takes note of the implementation of General Conference decision GC.13/Dec.15(h), adopted in December 2009, by which, a total €6,798,386

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have become available for the two purposes of financing the change management initiative and for special accounts for technical cooperation activities during the biennium 2010-2011.

7. The EU supports the adoption of the draft resolution contained in document IDB.37/7 paragraph 20.

Thank you Mr. Chairperson



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Agenda item 8: Activities of the Evaluation Group

Thank you, Mr. Chairperson,

1. I have the honour to speak on behalf of the European Union. The Candidate Countries Croatia, The Former Yugoslav Republic of Macedonia¹ and Turkey, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro. The EFTA country Norway, member of the European Economic Area, as well as Armenia, Moldova and Ukraine associate themselves with this statement.
2. The EU appreciates the smooth implementation of the Evaluation group's work program during the period 2008-2009.
3. The EU believes impartial, independent, evaluation is an indispensable element for the determination and implementation of technical cooperation programmes and projects. Evaluations should determine the relevance and fulfillment of objectives, effectiveness and impact of work. They should also be used as a learning tool; encouraging review and revision of projects to ensure maximum output.
4. UNIDO is no exception to the above. Hence, the EU welcomes the importance UNIDO is attaching to evaluation. Furthermore the EU congratulates UNIDO on its 2009 external peer review and welcomes the outcome which found UNIDO generally meets the UN/DAC norms and standards and is a driving force for organizational improvement.
5. The EU encourages UNIDO to continue this path and to work in areas with room for improvement, namely in; i) assessing and documenting the relevance and the impact of evaluation; and ii) evaluating UNIDO's impact on poverty reduction.

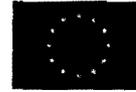
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6. As to the integrated programmes (IPs), the EU welcomes the generally positive evaluation result. We encourage the Organization to develop more in-depth and results-oriented assessments; to place emphasis on the strategic implication of the pilot projects; and to exploit opportunities for intra programme synergies.
7. As to the field mobility policy (FMP) and the Agreement with the UNDP on field representation, the EU recalls its statement regarding agenda item 4 and encourages UNIDO to develop an overall policy on field presence and function which takes into account the recommendations by the joint terminal evaluation team.
8. The EU welcomes the increased focus on thematic evaluations.
9. The EU takes note of the identified untapped potential offered by UNIDO's expertise on Cluster and networking initiatives (CND) and would welcome the Organization's views on its intention to exploit such potential. The same is applicable to Investment and Technology Promotion Offices (ITPOs), the network of which the EU supports be further integrated with UNIDO's entire technical cooperation programme. In relation to projects in the area of Standards, Metrology, Testing and Quality (SMTQ), UNIDO should take into account that, especially in least developed countries (LDCs), the private sector demand for these standards-related services needs to be developed in parallel to the building of a corresponding infrastructure. Where possible, the EU supports UNIDO partnering with key relevant private sector providers. The EU has taken note of the thematic review of UNIDO's small hydro power projects in which some serious problems were identified. The EU would be grateful to receive information on how UNIDO plans to address these problems.
10. The Global Forum function is a significant part of UNIDO's activities. The EU invites the Secretariat to actively examine how these activities could be best evaluated in the future.
11. The EU commends UNIDO's efforts to increase the efficacy of evaluations and their contribution to organizational learning, and encourages the Organization to follow this path in the context of "management and working culture" within the framework of the Change Management Initiative (CMI).
12. The EU strongly believes in Results-based management (RBM) and hence welcomes the efforts UNIDO is making to implement the RBM action plan, including a RBM framework of strategic objectives, RBM for field offices and for Professional staff training. RBM must be integrated into every part of UNIDO's activities to ensure that results can be captured at outcome and impact level and UNIDO's impact can be efficiently monitored.
13. The EU commends UNIDO for having developed joint evaluations with other agencies, such as the Food and Agriculture Organization (FAO) the United Nations for Development Programme (UNDP), the United Nations Environmental Programme (UNEP) and the Global Environment Facility

2010-05-04 IDB37 EVA

(GEF). In particular, it commends the joint Evaluation of the GEF Activity Cycle and Modalities, and the fact it helped to pave the way for a more effective GEF activity cycle and a more direct access by UNIDO to GEF.

Thank you Mr. Chairperson



**Industrial Development Board
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Item 9: Activities of the Joint Inspection Unit

Mr. Chairperson,

1. I have the honour to speak on behalf of the European Union. The Candidate Countries Croatia, The Former Yugoslav Republic of Macedonia¹ and Turkey, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia. The EFTA country Norway, members of the European Economic Area, as well as Armenia, the Republic of Moldova and Ukraine associate themselves with this statement.

2. The EU views with satisfaction that UNIDO continues to take note and give consideration to the recommendations of the Joint Inspection Unit.

3. The EU welcomes the evaluation and supports the recommendations contained in the report JIU/REP/2009/5 titled *Towards more coherent United Nations system support to Africa*, which aims at assessing and improving systemwide communication and information sharing concerning Africa within the United Nations system.

4. Aid coherence is needed in general, but even more so in Africa and is a priority for the EU as demonstrated inter alia in the EU-Africa Strategy (Lisbon Summit, 2007) and through the Paris Declaration (2005). We encourage UNIDO to review and implement the relevant recommendations; strengthening communication and information sharing within the UN and increasing engagement with beneficiary countries and Regional Economic Communities to ensure projects are aligned with national development priorities.

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5. The EU also welcomes the recommendations of the JIU report concerning Offshoring in UN system organizations and takes note of UNIDO's conclusion that the option of offshoring services is not advisable at this juncture. Whilst being aware of the current reforms underway in UNIDO, the EU encourages UNIDO to continue to look into inter-agency opportunities as part of its change management process.

Mr. Chairperson,

6. Concerning corporate sponsoring in the UN system, the EU shares the opinion of the JIU note that corporate partnerships can help strengthen the work of the UN, but that certain risks might occur and should be avoided. Therefore, the EU supports the revision of guidelines for cooperation with the private sector which should be applied across the United Nations system in order to avoid any incoherence. The EU also supports further development of system-wide mechanisms for partnership information and knowledge sharing.

7. The EU looks forward to receiving information on UNIDO's implementation of the JIU recommendations, specifically those that aim at creating incentives for interns from developing countries and the elimination of the mandatory break upon completion of the internship programme.

8. The EU welcomes UNIDO's full consideration of JIU reports and recommendations but notes that only 36.8% of the recommendations considered between 2004 and 2008 have been implemented and 20% of recommendations accepted by UNIDO have not yet started being implemented. The EU encourages UNIDO to implement relevant recommendations and to keep Member States informed of the status of implementation. The EU welcomes JIU's intention to better monitor follow up of recommendations using a web based system and hopes that UNIDO will continue to work closely with JIU.

9. The EU agrees with UNIDO on the relevant JIU topics for consideration under the 2010 work programme, and takes particular interest in the reviews on Audit functions and Procurement reform.

Thank you Mr. Chairperson