



European Union

UNIDO Industrial Development Board, 22-24 June 2011.

Statement of Hungary on behalf of the European Union

Item 3. Annual report of the DG for 2010 and item 4. e Programme for Change and Organizational Renewal

Mr Chairman,

1. I have the honour to speak on behalf of the European Union. [The Candidate Countries Turkey, Croatia¹, Montenegro and the former Yugoslav Republic of Macedonia, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina and Serbia, ~~the EFTA country Norway, member of the European Economic Area~~, as well as Ukraine, the Republic of Moldova and Armenia associate themselves with this statement.]

Mr. Chairman, first of all I would like to congratulate you and the other members of the Bureau on your election. I would like to assure you of the active and constructive participation of the EU in this session.

At the outset let me inform you that with this statement I will also address the item 4 e on Programme for Change and Organizational Renewal.

2. The EU appreciates the efforts made by UNIDO during 2010 to improve the overall performance of the Organization. The EU commends that in 2010 UNIDO was able to build upon the success of the preceding years and was once again deemed to be the best performing implementing agency of the Montreal Protocol.
3. The EU congratulates UNIDO on the fact that the positive trend in the volume of funding for technical cooperation programmes continued in 2010. The net increase of funds in current project budgets amounted to over \$182 million, which is almost 15% more than in 2009 and simultaneously the highest increase in the history of UNIDO. The largest contributor was once again the European Commission, with a net increase in project budgets of \$20,1 million. The substantial contribution of the EU and its Member States shows our strong attachment and interest in the technical cooperation programmes. The EU welcomes the support of an ever-broadening base of donors and funds, that recognize the relevance and quality of UNIDO services. At the same time the EU is convinced that the record level will enable a further increase in the volume of technical cooperation services in 2011.

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

4. The EU commends UNIDO for being united in purpose and actions. The UE notes with satisfaction, that the Organization's dedication to the process of system-wide coherence reached a milestone in 2010, the fourth year of implementation of the "Delivering as One" initiative. The EU encourages UNIDO to continue working with sister organizations, both within and outside the UN system (FAO, ISO, WIPO, OECD).
5. Hand in hand with support for the close work with other organizations, the EU appreciates the UNIDO's partnerships with the private sector and academia. The EU is convinced that sharing the vast repository of knowledge and experience will enable broadening the scope of UNIDO activities, improve the performance of the Organization, and accelerate the transition from stand-alone projects to country programmes.

The EU supports UNIDO's focus on the three thematic priorities, namely poverty reduction through productive activities, trade capacity building as well as environment and energy. . The EU welcomes the fact that environment and energy drew the largest share of funding with \$90,1 million; poverty reduction through productive activities received \$58,5 million and trade capacity building \$28,9 million. The EU also notes with satisfaction that UNIDO's objective to continue in niche areas where it has a comparative advantage and can bring value added.

6. The EU appreciates the trade capacity building programme of UNIDO offering its clients a cohesive approach to market success based on three elements: compete, conform and connect. The EU encourages UNIDO to continue its work in this field.
7. The bulk of work during 2010 was related to UNIDO activities in Africa. As the annual report also notes, UNIDO continues to give special attention to poverty reduction in the LDCs. The EU appreciates the endorsement of the African Agribusiness and Agro-industries Development Initiative (3ADI). The EU believes that the 3ADI initiative very well complements the Action Plan for the Accelerated Industrial Development for Africa (AIDA) - another initiative to help Africa move forward. Moreover, the EU appreciates the UNIDO's close involvement in the formulation of the Joint EU-Africa Action Plan (2011-2013).
8. The EU welcomes the introduction of the revised system for screening, appraisal and approval of programmes and projects, with which the review mechanism for technical cooperation activities underwent a major change. The EU believes that it will serve to strengthen the checks and balances of the review process, leading to higher quality standards.
9. The EU attaches great importance to the Change Management process and commends UNIDO for the speed, accuracy and inclusiveness that have characterized the implementation of the Programme for Change and Organizational Renewal – PCOR - so far. The EU will continue to follow the implementation closely and foresees that the PCOR will have beneficial structural effects on efficiency, relevance and transparency as well as impact of UNIDO's technical assistance on the ground.
10. One of the more interesting features of the PCOR is that it facilitates the ability of UNIDO to put the objectives of Results Based Management – RBM - into action. We

welcome the efforts of UNIDO and the PCOR-team to redesign project preparation, reporting and monitoring in a way that lives up to the RBM-principles.

11. Given the central role of RBM in the Change Management-process as well as for the improvements of UNIDO's operations in general it is surprising that this subject is not a topic in the Annual Report of 2010. The EU encourages UNIDO to report to Member States on its work to implement the RBM in the organization as whole as well as in the context of Change Management in its future Annual Reports and in other relevant reporting documents.
12. The EU welcomes the Revised Human Resource Management Framework founded on two premises, namely succession planning and career development. As the annual report also notes, learning is both a process and an outcome and should be linked to the overall goals of UNIDO. Therefore the EU appreciates the new Online Administrative Handbook for the UNIDO staff, as well as the UNIDO's Code of Ethical Conduct.
13. The year 2010 marks five years to the deadline of achieving the MDGs. The EU shares the view of UNIDO that although there is a specific goal dedicated to monitoring progress towards gender equality (MDG 3), this important issue should be treated as a cross-cutting theme.
14. The EU supports the UNIDO's new mission statement of growth with quality and invites the Organization to further improve the impact of its services.

Thank you Mr. Chairman.



European Union

UNIDO Industrial Development Board, 22-24 June 2011

Statement of Hungary on behalf of the European Union

Item 4(a): Report of the External Auditor

Mr Chairman,

1. I have the honour to speak on behalf of the European Union. [The Candidate Countries Turkey, Croatia¹, Montenegro and the former Yugoslav Republic of Macedonia, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina and Serbia, the EFTA country Norway, member of the European Economic Area, as well as Ukraine, the Republic of Moldova and Armenia associate themselves with this statement.]
2. The EU takes note with interest of the report of the External Auditor for the period 1st January to 31st December 2010 (contained in document IDB.39/22) and wishes to express its appreciation to the work of the External Auditor.
3. The EU is pleased to see that UNIDO received an Unqualified Opinion from the External Auditor.
4. The EU considered with great interest, the findings and recommendations of the External Auditor, particularly in relation to:
 - IPSAS implementation
 - The Programme for Change and Organizational Renewal
 - Audit of Information Systems
 - Project Portfolio Management
 - Internal Oversight Services
 - Ethics and Accountability
 - Procurement
 - Human Resource Management
5. It shares the concerns of the External Auditor on a number of observations:
 - Regarding the PCOR, we encourage the Secretariat to follow up on the recommendation concerning the need for staff to receive the proper training for the specific job they have to perform.
 - Regarding “Project Portfolio Management” and the need for measurable performance indicators: The EU notes the Secretariat’s efforts under the PCOR in this regards, to address the issue of performance monitoring (through the establishment of a “Bureau

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

for Programme Results Monitoring”). The EU shares the view of the External Auditor that a robust monitoring and evaluation framework for technical cooperation projects, including risk management provisions, is critical in assessing the achievements of programme objectives, for making suitable adjustments and strengthening accountability.

- The EU would encourage UNIDO in this sense to continue to improve the linkages from financial information to expected development results and reported results, better enabling UNIDO to capture outcomes of projects and assess cost effectiveness.
 - Risk management and risk mitigation is an essential part of project documentation and the EU would encourage UNIDO to implement measures to improve its risk management in line with the external auditors recommendations.
 - The EU shares the concerns and recommendations of the External Auditor issued after reviewing the procurement function as several principles and rules, as set out in the procurement manual were not respected in different instances.
6. The European Union calls on the Secretariat to implement the measures contained in the External Auditor’s report.
 7. The EU welcomes annex I of the External Auditor's report on the follow-up of the recommendations made in prior external audit reports. This table is helpful in providing an outline of the progress towards implementing the recommendations of the External Auditor. We note - with appreciation - the fact that the Secretariat has implemented most of the recommendations contained in External Auditor's previous reports. EU is encouraging UNIDO to take further necessary steps in implementing the external auditor’s recommendations.

Thank you Mr Chairman.



European Union

UNIDO Industrial Development Board, 22-24 June 2011

Statement of Hungary on behalf of the European Union

Agenda item 4 (f)

Trust funds on food security and renewable energy

Mr Chairman,

I have the honour to speak on behalf of the European Union. [The Candidate Countries Turkey, Croatia¹, Montenegro and the former Yugoslav Republic of Macedonia, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina and Serbia, the EFTA country Norway, member of the European Economic Area, as well as Ukraine, the Republic of Moldova and Armenia associate themselves with this statement.]

1. The EU takes note of the document IDB39/10 and IDB 39/11 on the Trust fund on food security and on the Trust fund on renewable energy.
2. We welcome the important activities carried out by UNIDO in the 3ADI programme, which is putting together the respective competences of IFAD, FAO and UNIDO, in a productive partnership around the value chain analysis.
3. The EU particularly commends the capacity of the trust fund for food security to yield a return of 45 times in relation to all funds mobilised (10 million Euros), as well as the evaluation and monitoring mechanism set in place, which includes particular performance indicators for each phase of implementation.
4. The EU encourages UNIDO to continue focusing the resources of this Trust fund on poverty reduction and in LDCs countries, especially in Africa. This initiative raises resources from different stakeholders through an innovative approach that could increase the impact of UNIDO initiatives in the field of agribusiness development.
5. The EU, in appreciating the activities carried out in the last year in initiating the project in the field of the Trust fund on food security, takes note with concern of the delay in implementing the project design under the Trust fund on renewable energy.
6. The EU recognizes the high quality of the approach of partnership and networking proposed in the report, but expects UNIDO to take further action in accelerating the application of this approach, as described in document IDB 39/11.

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7. The EU looks forward to receive regular information on the performance of the two Trust Funds.

Thank you Mr. Chairman.



European Union

UNIDO Industrial Development Board, 22-24 June 2011

Statement of Hungary on behalf of the European Union

Agenda item 5

Programme and budgets 2012-2013

~~Draft 3. 22/06/2011~~ Final

Mr Chairman,

I have the honour to speak on behalf of the European Union. [~~The Candidate Countries associate themselves with this statement.~~]

1. At the outset we would like to thank the Director General and the Secretariat for preparing the revised draft of the Programme and Budget for the next biennium 2012-2013. The EU recognises that after the constructive discussion we had at the last PBC meeting difficult decisions needed to be taken to achieve a budget in line with the recommendations by the PBC in May in its Conclusion 2011/3. The EU endorses all the recommendations in this conclusion. The conclusion reflects a carefully balanced compromise, including the acknowledgement of the principle that the withdrawal of any Member State should not be covered by increasing assessed contributions of remaining Member States;
2. The EU acknowledges the efforts by the DG and the secretariat and would like to inform you that we consider the amount of the Programme and Budget 2012-2013 proposal acceptable for the EU having in mind this element was part of a carefully balanced compromise and view the revised budget proposal as a good basis for an agreement.
3. In consideration of the present time of financial constraints for the Organization, the EU sees the proposed cut of one IDB Session as one possible option for reducing costs. This goes along with the understanding that the dialogue and exchange of information between the Secretariat and Member States will be ensured by UNIDO with more regular informal briefings on the activities of the Secretariat. A timely release of documentation in preparation of the Regular Sessions of the policy making bodies should also be ensured.
4. Concerning the proposed cut in the resources for the preparatory phase of GEF, we would like to reaffirm that the EU attaches utmost interest at the implementation and further development of UNIDO activities in the field of energy and renewable energy. We are confident that such cuts will only slow down the preparatory phase of few projects, without consequences in terms of effective implementation of the commitments already in place with the GEF.

5. On UNIDO's personnel policy, the EU wishes to recall the Organisation's mobility policy. In this context, the EU stresses the importance it attaches to the field and to the implementation of the RBM principles in the framework of the PCOR initiative, in order to further the impact of UNIDO in the field.



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UNIDO Industrial Development Board, 22-24 June 2011

Statement of Hungary on behalf of the European Union

**Agenda item 6 (only energy related, IDB 39/8/Add.2) and item 7,
*UNIDO activities and events related to energy and environment.***

Mr Chairman,

I have the honour to speak on behalf of the European Union. [The Candidate Countries Turkey, Croatia¹, Montenegro and the former Yugoslav Republic of Macedonia, the Countries of the Stabilization and Association Process and potential candidates Albania, Bosnia and Herzegovina and Serbia, the EFTA country Norway, member of the European Economic Area, as well as Ukraine, the Republic of Moldova and Armenia associate themselves with this statement.]

1. The European Union takes note of the Director General's report on implementation of activities of UNIDO in the field of energy and environment according to decision IDB 38/10 (IDB.39/8/Add.2 and IDB39/20).
2. The EU welcomes the update on the status of implementation of the GEF co-funded projects and appreciates the capacity of the organization to raise GEF funds and the required co-funding. While recognizing the increasing number of countries seeking UNIDO Technical Assistance for energy and climate change related projects, the EU would like to have further information on the projects already implemented in terms of effectiveness and impact.
3. The EU wishes to express appreciation for the GEF co-funded project "Greening the COP17 in Durban", awarded in April 2011 by UNIDO in South Africa. As the project will be a showcase for the partnership GEF-UNIDO in the field of climate change, we strongly encourage UNIDO to monitor on the quality of the implementation of such an important initiative.
4. Considering the increasing portfolio of initiatives in the field of energy and climate change, we encourage the Director General to take urgent steps to define a strategy in the field of energy in particular considering the role of UNIDO in the celebration of 2012 "International Year of Sustainable Energy for All".
5. The EU would like to thank UNIDO for the progress in areas related to development of the new international standard on energy management systems, ISO 50001. We believe that UNIDO can provide a particular support to developing countries for designing sound policies and a special help to private companies in those countries in order to facilitate the

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update of their productive capacity adapting in a timely manner to the demand of international market.

6. The EU would like to express its appreciation for the activities initiated by the International Centre for Hydrogen Energy Technologies (ICHET), the ECOWAS Centre on Renewable Energy and Energy Efficiency and the Observatory for Renewable Energy in Latin America and the Caribbean. We hope that the further development of the initiatives just started will allow the Centres to become fully operational and identify an increasing number of projects to be implemented in the field of renewable energy and energy efficiency, promoting public-private partnerships and raising contributions from multilateral and bilateral public and private donors.
7. The EU, in recognizing the effort carried out by UNIDO in mobilizing the network of its South-South and International Technology Centres and ITPO's, would ask the Secretariat to continue promoting a stronger involvement of those Centres in the implementation of technical cooperation activities in the field of energy and environment.
8. While acknowledging the commitment of the organization in global forum activities, considering the shortage of resources faced by the organization following the withdrawal of an important MS, the EU would like to stress that the funds required for such activities should not have a negative impact on the capacity of UNIDO to answer effectively to the request of developing countries for assistance. The implementation of technical assistance activities should be the top priority for the organization.
9. The EU acknowledges and supports UNIDO's Green Industry initiative, and its commitment to ensure that Green Industry is given significant importance in the organization's future programmes and projects, and given priority in international negotiations ahead of the 17th Conference of Parties under the UNFCCC and the Rio+20 Summit on Sustainable Development. We believe that with the initiative moving in the right direction as Green Industry approaches contribute to decoupling growth from resource use and pollution; it is thereby an effective point of entry and a driving force towards a Green Economy and a way forward in achieving sustainable industrial development.
10. The EU welcomes UNIDO's concept of Green Industry as the sector strategy for implementation of the Green Economy in the manufacturing and related sectors. The strategies, tools, approaches and institutional structures defined by UNIDO under the Green Industry initiative can form the basis for cost-effective measures to guide and expedite progress towards resource-efficient and cleaner development required for the transition towards a Green Economy. Within its mandate, UNIDO can play a significant role in the implementation of Green Economy through its Green Industry approaches. Therefore, the EU looks forward to have more information about these initiatives.
11. The EU would like to inform the Board on its significant flagship initiative for a "resource-efficient Europe under the Europe 2020 strategy" that supports the shift towards a resource-efficient and environmentally friendly economy to achieve sustainable growth. We, in recognizing the efforts carried out by UNIDO under the Resource Efficient and Cleaner Production (RECP) programme and the newly formulated global RECP network, would like to commend UNIDO for the activities initiated thus far. Resource efficiency practices and methods which include in particular energy efficiency, material efficiency, waste and water management are key aspects in ensuring the greening of industries for the

development of a sustainable future, therefore we encourage UNIDO to continue the efforts carried out in this area.

12. The EU would like to express its appreciation for the activities initiated under the programme to eliminate persistent organic pollutants (POPs). Considering the increasing portfolio of initiative in this area, we believe UNIDO is well positioned to continue providing the necessary support and technical assistance in the implementation of the Stockholm Convention in developing countries.
13. The EU takes note of UNIDO's active participation in activities related to chemicals management and the development of a legally binding international agreement on mercury. We recognize that UNIDO has a leading role in the area of Artisanal and Small-Scale Gold Mining and actively participates in the areas of industrial use of mercury, under the UNEP Global Mercury Partnership.
14. The EU recognizes UNIDO's prominent role in the integrated approach of transfer of environmentally sound technologies (TEST), and commends UNIDO's active participation in the overall water and sanitation objectives of the MDGs, and effective technical support provided to countries aimed at reducing liquid and solid effluents from industrial activities.
15. The EU commends UNIDO for taking the initiative to carry out effective activities in areas related to electrical and electronic waste (E-waste) in developing countries. We believe that UNIDO can provide in this field technical support needed to develop and apply effective policies and methodologies, build appropriate infrastructure, job creation, increase the recycling rate of metals, and contribute the reduction of environmental pollution in these countries.
16. The EU commends the active contribution of UNIDO to the preparation of the 2012 Rio Negotiations through the organization of three high level meetings in Vienna this week: the Ministerial Meeting on Energy and Green Industry, the Vienna Energy Forum, and the Circulo de Montevideo. We support the effective contribution of UNIDO to promote sustainable energy access according to the UN Energy division of labour scheme. Furthermore, we take note of the DG's proposal to promote the idea of achieving renewable energy share of 30 % of the energy production on a global scale by 2030. We are confident that UNIDO, within its mandate, can contribute to the preparatory process of Rio+20 negotiations.

Thank you Mr. Chairman