

LDC Ministerial Conference: UNIDO DDG Mr. Taizo Nishikawa talking points

Excellences, Honorable Ministers,
Heads of Delegations,
Distinguished guest, Ladies and Gentlemen,

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We are gathered today for 6th Ministerial Conference for Least Developed Countries under the theme: “Operationalizing ISID for LDCs: The path to graduation and beyond”. Since 2007, UNIDO organized a series of successful conferences (Vienna, Siem Reap, Istanbul, and Lima) with the goal to provide LDCs Member States with an open platform for dialogue in order to engage in fruitful debates, allowing them to further define the specific challenges they face while fostering best practices exchanges. It also offers a unique opportunity for the international sphere in general and UNIDO in particular to better customize and enhance the efficiency of its technical assistance delivered towards LDCs graduation while deepening potential joint action and highlighting synergies among major development stakeholders.

LDCs have been averaging a growth rate of over 5% through the last decade which reached 5.7 % in 2014. Additionally, the LDC population is accounting for 1/8 of the global population - 898 million people. This number is expected to double by 2050. Nonetheless, despite this tremendous potential of their human resource and a sound economic growth, major barriers still hamper LDCs development endeavor and graduation's efforts. In this regard, oil export still dominates LDCs economies, accounting for up to 53% of the total exports and offering both very limited backward and forward linkages with the rest of the economy and job creation opportunities. Additionally, the 48 LDCs combined exports was representing 1.1% of worldwide exports in 2013 bearing in mind that the 2 largest LDC economies Angola and Bangladesh export nearly as much as the 46 other combined. Moreover, 50.8% of LDCs total population, around 450 million people, still lives under \$1.25 per day and only 35% of the LDCs population had access to electricity (2013).

Concomitantly, the lack of adequate and maintained infrastructure stands as a major impediment to the development of a wider and integrated economy directly hampering the graduation aspirations of these countries. For instance, only 22% of the roads are paved in LDCs compared with 43% in developing countries; therefore, tackling sporadic infrastructure and obsolete transportation systems stand as central priorities to enhance the integration and participation of LDCs in the global economy.

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In this context, after the adoption of the Istanbul Plan of Action (2011-2020) in June 2011, UNIDO was one of the first agencies to have mainstreamed the IPoA into its agenda. UNIDO's operational strategy for LDC 2012 – 2020 has been prepared and endorsed during UNIDO LDC Ministerial meeting held in December 2011. It is based on a three pillars namely (i) Conversion of commodities into products (ii) empowerment of communities; and (iii) Regional industrial infrastructure for value chain development across border.

Since then, UNIDO reiterated its full commitment to provide LDCs with the necessary enabling environment to overcome the specific structural challenges they face, ensure smooth graduation and build up their economic capacities through its Inclusive and Sustainable Industrial Development (ISID) mandate adopted at the Lima conference (in December 2013) following the 5th UNIDO LDC Ministerial Conference. With the aim of harnessing the full potential of industry's contribution to the achievement of sustainable development in the 2030 Agenda for sustainable development era, ISID directly participates to achieve the goals set by the IPoA. Furthermore, ISID has been widely and increasingly recognized as a key tool to support the structural transformation as well as industrialization process of developing countries in general and LDCs in particular while safeguarding the environment and promoting the inclusion of the marginalized. The two pilot countries elected to operationalize ISID are both part of the LDC category: Ethiopia and Senegal.

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Over the last 3 years UNIDO's resources geared toward LDCs amounted to over 170 Million Euros and were split among the three core areas of intervention of UNIDO as follow: poverty reduction – 49%, trade capacity building – 22.2% and environment and energy – 30.2. In order to respond to the priorities depicted in the IPoA, UNIDO developed and offers a concrete set of tools in support of each pillar.

I will give you a minute to read through the projected slide which underlines UNIDO's technical intervention in each priority of the IPoA.

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In this regard, UNIDO provides support in the area of productive capacities, agriculture, food security and rural development: UNIDO intervenes in strengthening agro-industries and developing value chains and supplier development. As an example, UNIDO is helping Burundi to improve its competitiveness by facilitating local products access to regional and international markets through strengthening the country's compliance capacity with Sanitary and Phitosanitary measures (SPS). By building up a national quality infrastructure (standardization, testing, metrology, etc.) as well as human capital through trainings; UNIDO aims at improving the products quality and ensure knowledge retention while generating extra incomes for small scale producers especially women and youth. To date several achievements can already be underlined: 80 inspectors have been trained in ISO/IEC 17020 and market

surveillance; over 100 executives have been sensitized on standardization and regulation. Moreover a pool of national experts on international food safety and environmental standard is currently available. Moreover, 110 executives of processing units have been trained in quality and food safety. In order to boost trade and enhance LDCs market access and value addition of local commodities UNIDO also fosters the creation of clusters, business linkages, export consortia and implement competitiveness, upgrading and modernization programmes nationally and regionally (West Africa, Central Africa).

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Additionally, UNIDO's intervene in developing entrepreneurship and productive activities for young people while promoting gender equity to ensure human and social development and encourage the development of entrepreneurial aptitude and skills. In Mozambique UNIDO in collaboration with the government of Norway (NORAD) and the Ministry of Education and Culture introduced the Entrepreneurship Curriculum Programme (ECP) in secondary and vocational schools throughout Mozambique. With a budget of USD 2, 7 million, the ECP aimed at developing entrepreneurial aptitude and skills, the project has been integrated in the formal National Education Strategy. Concomitantly, 331 schools are currently implementing the programmes and 1, 654 teachers have been trained, 496, 4000 students took the course and 127,800 have graduated (45% are female); 85% of the students have acquired entrepreneurial skills.

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UNIDO also provide assistance in developing adequate infrastructure especially promoting renewable energy and environmental protection. In this regard, In Cambodia UNIDO with the support of the Government of Austria is developing photovoltaic and Biogas mini grids in order to develop the electricity grids while increasing the renewable energy participation in the country's electrical production. The EUR 500, 000 project goals is to harness renewable energy technologies and improve living conditions in remote rural areas with a special focus on young and women. Accordingly, photovoltaic battery-charging stations were installed in 6 remote villages providing energy for 1, 073 households and a solar dryer technology unit was installed to improve dried fish production which significantly boosted the capacity of local businesses. Alongside, a 150Kw rice husk gasifier allowed to connect an additional 300 households (300 people) while reducing CO2 emissions per year by 900 tons.

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UNIDO assists LDC governments in building their industrial policymaking schemes/strategies by providing tailored and timely advices, capacity building and facilitation services. For example in Tanzania, UNIDO assisted the country in formulating and implementing evidence based industrial policies and strategies. So far, the USD 432, 962 project developed in cooperation with Ministry of Industry and Trade (MIT, Tanzania Mainland), the Ministry of Industry Trade and Marketing (zMoTIM, Zanzibar), and the President's Office Planning Commission (POPC, Mainland) has resulted in 54 people trained in key institutions as well as for the National Bureau of Statistics and two Industrial Intelligence Units have been set up permanently to support government's activities. In parallel and complementarily, UNIDO provided its expertise to collect, compile and disseminate global industrial statistics through

training provided to national statisticians to the latest available survey techniques and international guidelines on industrial statistics. Tanzania was able to publish the very first industrial competitiveness report in 2013. A second report covering 2014 is being drafted. Due to these successes the project is being replicated and scaled up to all the EAC countries. Additionally, UNIDO has been requested to provide similar assistance to Malawi, Burundi, Burkina Faso, Niger, Zambia, Mozambique, Ethiopia and Senegal etc. as well as to SIDS of the Pacific including Tuvalu and the Salomon Island.

You will find these examples and others in the Session one background paper and I size this opportunity to invite you to visit our booth at the rotunda in order to explore the intervention of UNIDO worldwide.

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Indeed, this conference is timely to offer the opportunity for LDCs and their development partners to embark on an open dialogue to find a common understanding of how “ISID” can better integrate the key priorities of the IPoA. Building upon the outcomes of the Third Conference for Financing Development (FFD 3) as well as on the adoption of the new SDGs at the UN summit last September and the discussions of the side event organized by UNIDO on how to industrialize Africa within the post 2015 era the 6th LDC Ministerial Conference stand at a crossroad to allow us to take stock on the path we made and the remaining challenges ahead. The conference also offer a very good transition platform from the United Nations Summit in September 2015 towards the IPoA mid-term review in June 2016 and lay the basis of future debates and discussions.

2015 marks a turning point for development policies: from a period when development efforts focused on the MDGs, to a 2030 Agenda for sustainable Development which encapsulates a broader and much more ambitious set of Sustainable Development Goals (SDGs) to be achieved by 2030. While industrialization was not factored into the Millennium Development Goals framework, inclusive and sustainable industrialization now features strongly in the 2030 Agenda for sustainable development, goal 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”. Therefore, it is of utmost importance to assess available tools for its implementation. The IPoA and ISID are both emphasizing that industrialization provides the necessary ground for sound structural transformation together with developing of productive capacities, creating jobs and wealth while promoting environmental sustainability and partnership creation. At UNIDO we support the vision that Graduation should not be an end in itself but a stepping stone towards sound and sustainable development and long lasting growth. Accordingly, UNIDO intended to gather High Level stakeholders in order to foster joint response and partnership development to ensure LDCs graduation but also to pinpoint the correlation between industrialization, private sector development and sustainable economic and social development in order lay the basis of a prosperous inclusive growth for all.

Thank you