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INDUSTRIAL DEVELOPMENT ORGANIZATION



INCLUSIVE AND  
SUSTAINABLE  
INDUSTRIAL  
DEVELOPMENT

# SIXTH ISID FORUM

## 27 November 2017

VIENNA, AUSTRIA

PARTNERING FOR IMPACT  
ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

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PARTNERING FOR IMPACT  
ACHIEVING THE SDGS



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# Introduction

## Opening Remarks



### **LI Yong – Director General, UNIDO**

Excellencies, Distinguished delegates, Ladies and gentlemen,

I would like to welcome you to the Sixth Inclusive and Sustainable Industrial Development (ISID) Forum. As you know, this is an event UNIDO organizes on regular basis to allow for you, Member States and partners, to exchange ideas and experiences, and foster greater cooperation. Today, we will discuss the Programme for Country Partnership approach, the PCP, as part of the broader theme of the General Conference “Partnering for impact – achieving the Sustainable Development Goals”.

We have the honour to have government representatives from our first pilot PCPs here with us this afternoon. Also present with us today are representatives of new PCP countries. Excellencies welcome. And of course, we have our partners here from financial institutions, the business sector and the development community because, as you know, addressing today’s development challenges are so complex that it only by working together through multi-stakeholder partnerships that we can achieve a sustainable future for all.

Since the introduction of the PCP concept, in 2014, I am very proud to say that UNIDO, together with the strong

commitment and leadership of national governments, has worked hard to make the PCP concept not just a reality, but a successful, evolving approach.

Industrialization is a long process; there is no doubt about that. The PCP also is a process, one founded in partnerships. It is a synchronization of efforts, under the leadership of the host government, to help countries advance their industrial development goals. It focuses on a limited number of prioritized industrial sectors or areas essential to the host country's industrial development agenda, taking into account technical areas where UNIDO holds a comparative advantage and interventions which have the potential to leverage additional large-scale finance and investment.

Today – in Ethiopia, Senegal and Peru, our first pilot PCPs – we already are witnessing the added value of this model, with important milestones achieved.

Experience shows that the PCP is bringing together different national ministries – from Industry, to Finance to Agriculture or Environment, etc. – and development partners around the same table, to create more synergy between the different interventions that support ISID. This cooperation platform is essential for ensuring the effective coordination of resources, be it finance, technology or expertise needed to realize large-scale industrial development projects, which are now starting to bear fruit.

We are learning from this experience to deliver the best possible service to our Member States. An independent mid-term evaluation of the PCP recently concluded. I am happy to say that, albeit we are still

in early stages of PCP programmes, the evaluation confirms the PCP's potential to play a significantly more important role in the development of countries, compared to our Organization's previous, technical cooperation approach. The PCP combines UNIDO's policy advisory services, traditional technical assistance and convening function to deliver an integrated service package for countries.

UNIDO is committed to engaging with you, our Member States, as the PCP evolves. Just last month, we organized a study tour for representatives of Member States to one of the PCP countries, specifically Ethiopia. And the feedback received was greatly positive. Representatives had an opportunity to better understand the PCP model, engage in a dialogue with government officials, and see first-hand the progress made under PCP Ethiopia so far.

We are also taking note of the evaluation's recommendations and will work on refining the PCP approach as we move forward. The PCP is now in the process of expanding to additional regions to enable us to learn from different geographical contexts. In parallel, we are working on a set of comprehensive guidelines to facilitate the mainstreaming of the PCP approach as the Organization's standard programmatic service from next year. This is something you will hear more about later on during the Forum from the UNIDO Managing Director of Programme Development and Technical Cooperation, Mr. Philippe Scholtès. Therefore, without further ado, I want to thank you again for being here today at our Sixth ISID Forum and wish you fruitful discussions.

# Proceedings

## Panel Sessions

This report summarizes the session's proceedings based on the audio transcript.

### SESSION 1

#### KEYNOTE REMARKS

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Over the past four years, we have been pleased to see the improvement in industrial development and the promotion of sustainable development in pilot PCP countries.

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#### **MR. WANG SHOUWEN, VICE MINISTER OF COMMERCE, CHINA**

Your Excellencies, Ladies and Gentlemen, the concept of inclusive and sustainable industrial development was first put forward four years ago by the United Nations Development Organization (UNIDO), in Lima, Peru. Over the past four years, we have been pleased to see the improvement in industrial development and the promotion of sustainable development in pilot PCP countries. This is representative of the endeavours to implement the 2030 Sustainable Development Agenda. Today, I would like to share some of our experiences and ideas with colleagues.

First, industrialization is an important means to alleviate poverty. In comparison with agriculture industry has higher productivity and can contribute significantly to urbanization and sustainable poverty reduction. Since the reform and opening up of China, which started in 1978, we have transferred over 200 million members of the surplus rural labour force from agriculture to industry. Today, in China's foreign trade sector, there are many trade and industrial goods that are contributing to 180 million job opportunities. Foreign investment enterprises are providing jobs for 40 million people in China. Our poverty

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Green development is a prerequisite for sustainable industrial development.

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rate has decreased to less than 4 per cent of the total population. But none of these figures could have been achieved without large-scale industrialization.

It is also necessary to follow a new path. Green development is a prerequisite for sustainable industrial development. In China, in order to achieve industrialization in line with environmental standards, we have embraced the new approach to science and technology innovation through environmental friendliness and energy efficiency. We have also strengthened the awareness that clean water and green mountains are more valuable than industrial plants.

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China is supporting UNIDO in implementing PCP pilots in Ethiopia, Senegal and Peru, with a view to helping them integrate into the global value chain.

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Clean water and green mountains are invaluable assets in themselves. The green development philosophy emphasized by President Xi Jinping of China strongly advocates green production and consumption, and this methodology has yielded remarkable results. We want to assure you that China is willing to maintain dialogue and cooperate with Member Countries on this new path to industrialization.

It is also essential that Member Countries participate in the global value chain process. Economic globalization has entered a new era for the global value chain. In order to achieve rapid industrialization, developing countries that are anchored in their own comparative advantages, should position themselves more accurately in order to integrate into the international division of labour. Our experience has proven that this can be a shortcut to success.

China is supporting UNIDO in implementing PCP pilots in Ethiopia, Senegal and Peru, with a view to helping them integrate into the global value chain. We are willing to do so to an even greater extent in the future. In our view, efforts should also be made to secure both domestic and foreign capital in this process. A substantial amount of capital, technology and essential resources are required to enable developing Member Countries to promote inclusive and sustainable industrial development.

Our practice is that we give full attention to both domestic and foreign capital. We encourage the

society to participate through public/private capital collaboration and industrial policies. Furthermore, we have expanded our market access by opening up to foreign participation and we have attracted foreign enterprises in various sectors in China, including manufacturing and services. This has helped us shape a diversified and multi-layered capital supply model.

We will continue to encourage businesses in China to invest abroad and support local poverty alleviation efforts, as well as sustainable development in host economies. China is committed to joining hands with UNIDO and the Member States and taking concrete actions to promote inclusive growth and achieve sustainable prosperity.

Ladies and Gentlemen, under the leadership of Director General Li Yong, the PCP has produced multiple results.

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In alignment with the Addis Ababa Action Agenda, the World Bank has embarked on an effort to help countries maximize financing for development.

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**MR. MAHMOUD MOHIELDIN, SENIOR VICE-PRESIDENT AT THE WORLD BANK GROUP**

Maximizing financing for development has many aspects and each one is an important component of the whole. We must mobilize domestic as well as international and financial resources. We need to harness the role of the private sector in finance and development and maximize the use of innovative financing sources and mechanisms. In alignment with the Addis Ababa Agenda for Action, the World Bank has embarked on an effort to help countries maximize financing for development.

The first step is improving domestic resource mobilization and reducing

illicit financial flows. There is no way that we can fund development while there is an enormous leakage of resources. These are central to enabling countries, communities and individuals to benefit from economic activities. It has been proven that if your country has resources from tax revenues that are less than 15 per cent of GDP, the country will have difficulty funding basic state functions and services. In the face of the growing momentum, in April 2016 the International Monetary Fund, the Organization for Economic Cooperation and Development, the United Nations and the World Bank Group, launched the Platform for

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The World Bank Group is spearheading global efforts to encourage investment in people as a critical step to boosting inclusive economic growth.

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Collaboration on Tax. This aims to intensify cooperation on tax issues, with a view to strengthening the capacity-building support intended for developing countries.

Illicit financial flows are estimated to be several times the level of official development assistance. On average, the official development assistance is around \$145 billion a year. Over the last three years, the illicit financial flows are multiple of that amount. The World Bank Group is trying to respond to this challenge in three ways. First, by trying to measure these illicit financial flows; second by assisting client countries in preventing the underlying behaviours that give rise to illicit funds; and, finally, by supporting countries' and international efforts to stop the flow of illicit funds and recover stolen assets.

Let me emphasize that when it comes to illicit financial flows, prevention is much more important than recovery. Ultimately, if countries can create jobs and drive economic growth, they will maximize domestic resource mobilization and minimize illicit

financial flows at the same time. It is all about governance, transparency and building efficient systems.

In our discussions of financing for development, we often overlook the dimension of human capital. It is not just about fiscal capital or infrastructure: it is also about preparing the workforce with the relevant capacities and skillsets needed for the fourth industrial revolution that will be fundamental for any kind of inclusive economic growth. This is the reason why the World Bank Group is spearheading global efforts to encourage investment in people as a critical step to boosting inclusive economic growth and what occupies most of our time now as the senior management of the World Bank Group.

Another important component will be partnerships involving all the development players, including the private sector. These partnerships will be key to scaling up the financing needs for industrial infrastructure and projects. UNIDO's PCPs represent a very solid model for operationalizing and advancing Sustainable Development Goal

When it comes to illicit financial flows, prevention is much more important than recovery.

The World Bank is looking to use concessional finances more constructively than in the past.

9 by bringing together different partners. We are pleased to be supporting the three pilot PCP countries of Ethiopia, Senegal and Peru in achieving their goals, and we appreciate the tailored approach to the country-specific programme that has been designed for these three countries. We will also be very happy to engage in the second wave.

In order to better sequence our interventions, we have developed the cascade approach. This is a new programme for engaging with countries to fund inclusive growth and sustainable development. If a government seeks assistance from World Bank for an infrastructure project, such as constructing an airport terminal, the bank will not support directly, through funding. However, it can help the government establish a public/private consortium partnership that will enable the building of the airport.

Because such project can be conducted by the private sector, we will encourage the government to use the concessional financing to

fund the social sector, as for example by funding projects where it is hard to get private sector involvement, such as infrastructure projects in remote and underprivileged areas, or projects that improve education opportunities for girls. The World Bank is looking to use concessional finances more constructively than in the past. We have many good programmes where we can apply the cascade approach and which can accomplish far more than the initial infrastructure project originally sought; not only in the areas that I just mentioned, but beyond those too.

In addition, let me add that we are talking today about a new era for funding, based on financial innovation. I would like to highlight three aspects. The first concerns green finance. All the projects we have been discussing, especially in the infrastructure sector, could benefit from green financing schemes. The World Bank has so far issued more than \$12 billion worth of bonds for the benefit of funding different projects, and today, there are 130 different green bonds in more than 20 currencies.

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The second aspect involves Sustainable Development-Goal-linked bonds, which are a new, innovative funding mechanism. This scheme links the financing to the sustainable development goals. We have completed the first bond with BNP Paribas, which is worth €163 million. This is just the start. We have seen that institutional investors from France, Italy and other countries are very much interested in this.

Finally, in the area of finance, one cannot do business today without thinking seriously about how to benefit from fintech while minimizing the challenges. The cost of transactions is reduced and new opportunities for funding are opening, but these benefits are not risk-free. We are therefore working with countries to maximize the benefits of fintech, while establishing strong foundations of consumer protection, financial literacy and effective and well-coordinated regulations. This is all while making sure that market development and innovation

support the sustainable development goals.

I am pleased that all the projects we are engaged in with UNIDO have this kind of local emphasis. We are not forgetting the importance of municipal finance as this is the level where all the essential services are being provided. We are happy to be engaging at the subnational level to improve the quality of funding for municipalities and local communities. We are proud of our renewed partnership with UNIDO, and through the support of governments, the private sector and civil society, we can do even more.

## PANELLISTS

### MS. ZEINAB BADAWI, MODERATOR, BBC NEWS

We are now going to listen to three representatives from the countries where UNIDO initiated the pilot PCPs three years ago – Peru, Ethiopia and Senegal.

Mr Ahmed Abtew, you are the Minister of Industry of Ethiopia. You have a good record because Ethiopia

is not only one of the fastest-growing economies in Africa but in the world. You have got the ambition to become a middle-income country by 2025 and to become a light manufacturing hub? To what extent has the PCP helped you in trying to achieve these goals so far?

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Foreign direct investors can get the right information on Ethiopia and we have had ample opportunities to make money and create additional wealth.

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### H.E. MR. AHMED ABTEW, MINISTER OF INDUSTRY, ETHIOPIA

We have set an ambitious target in our Growth and Transformation Plan: To continue the double-digit growth, to significantly reduce the poverty level from 23 to 16 per cent and to drive economic transformation. These targets require structural, social and political transformation, which require new capacity and a new mindset – and that is why we need the PCP. We need to coordinate experiences from the rest of the world to coordinate our limited resources – both human and financial resources– and to mobilize people working together in the same direction to bring transformation. That was our intention when we designed the PCP.

We now have three years of experience and in this time we have attained coordination among public enterprises, especially the key ministries, in terms of developing production capacity. We have also achieved minimum coordination among the donor communities, both bilateral and multilateral. We have a PCP platform and have identified projects that are aligned with government programmes. As a result, our efforts are now being coordinated and we have achieved the target applied for our Growth and Transformation Plan. This is one of the achievements we have seen as part of the PCP experience.

The second achievement that we observe is that the PCP is stimulating our private sector, both local and foreign. There is a significant movement within the local private sector to transform from agricultural and service economy activities to industrial ones. This engagement in industrial activities is due to the PCP programme. It is stimulating the local private sector to engage in transformational economic activities.

The PCP also explains the reality of what is happening in Ethiopia to the multilateral and bilateral donor communities, and to big international financial institutions, such as the World Bank.

Now, foreign direct investors can get the right information on Ethiopia and we have had ample opportunities to make money and create additional wealth. That is why, in 2017, we are number two for attracting foreign direct investors, particularly in textiles and apparel, second only to Vietnam. And we are number one in Africa in attracting foreign direct investors. The PCP has created a mechanism to explain to the rest of the world what is going on in Ethiopia, especially for foreign direct investors to come and invest.

**MS. ZEINAB BADAWI**

That sounds like a ringing endorsement from the Government of Ethiopia for the success of the PCP. Thank you, Minister. Marco Velarde Bravo, you are Vice Minister of SMEs and Industry in Peru, another pilot country. You are a middle-income country,

but your ambition is to achieve membership of the Organization for Economic Cooperation and Development. To what extent did the PCP help you achieve this goal so far?

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Peru has been one of the fastest-growing economies in Latin America.

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**MR. MARCO VELARDE BRAVO, VICE MINISTER OF SMALL AND MEDIUM ENTERPRISES AND INDUSTRY, PERU**

Let me first say that Peru also shares the aspirations mentioned by the Director General and the President of the General Assembly of improving the life of its citizens and poverty reduction. In that regard we see that a key to economic sustainable development is having a strong industrial strategy that will

be perfectly aligned with the 2030 development agenda.

As you know, Peru has been one of the fastest-growing economies in Latin America. Over the last two decades Peru has implemented a set of policies that have allowed us to lay the foundations for

comprehensive and sustained development. From that vantage point we can see that poverty levels have fallen, and we have made important trade deals with key economic partners. However, there is still some room for improvement and in order to operationalize our aspirations, we are making strategic use of our partnership with UNIDO and the PCP, with the objective of becoming an Organization for Economic Cooperation and Development Member State by 2021.

This ambition has prompted us to implement many reforms throughout these years and we are looking

forward to long-term cooperation with UNIDO. Our relationship started in 2015, and we are currently beginning the implementation phase of the PCP. This will help us construct a national industrial policy that will move towards this objective. With the help of other organizations, we are working to reach the goal of building an industrial strategy that looks not only for outputs but for outcomes, and leverages UNIDO's competitive advantages, such as convening power, technical advice and attracting financial support. So, in that context, the PCP offers us a great opportunity to accelerate this process.

#### **MS. ZEINAB BADAWI**

We have heard from East Africa and now we are going to West Africa, to Senegal. Mr Yatma Mody Ndiaye, you are the Director of the Cabinet at the Ministry of Industry and Small and Medium Industries in the Republic of Senegal. We have just heard Peru's view about the importance of the approach fitting in with your own national industrial strategy.

Perhaps you can just give us an overview of what are your national goals in Senegal and how the PCP fits those goals.

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The PCP serves to accelerate the implementation of the industrial component of Senegal's development strategy, focusing on key industrial projects.

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#### **MR. YATMA MODY NDIAYE, DIRECTOR OF CABINET, MINISTRY OF INDUSTRY AND SMALL AND MEDIUM INDUSTRIES, SENEGAL**

Senegal's objective is to stabilize a growth rate between 7 and 8 per cent by 2025, with double-digit growth by 2035. This is set out in the Senegalese National Plan, which is the main point of reference for our macroeconomic policy. The

PCP's contribution to achieving this stabilized growth rate can be assessed in both strategic and operational terms.

It is perhaps at the operational level that the magnitude and

impact of the PCP can be most clearly demonstrated. This is in terms of the provision of preparatory technical assistance and the mobilization of UNIDO's technological expertise which has awakened a keen interest within the technical and financial partners for further development. This also raises the interest of the private sector in creating public-private partnerships.

Furthermore, it is useful for knowledge and technology transfer. This enables our administration to step up its capacity and facilitation in terms of implementation of programme projects. A further important aspect underpinning this planned growth rate of 7 to 8 per cent is the following: the multi-sectoral partnership approach, bringing on board the public and private sectors from the inception of designs through to the implementation of projects. Ultimately, this results in joint resource mobilization, working with our technical and financial partners, under the aegis of the Senegalese leadership while at the same time building on UNIDO's technical assistance in all major public and private investment projects.

**MS. ZEINAB BADAWI**

**You have talked about public/private partnerships that are at the heart of the entire PCP idea. We are discussing a multi-stakeholder partnership which needs partners, particularly from the developed world.**

All of this builds upon a well-designed, relevant steering committee led by the President of Senegal, which ensures oversight from the implementation of the project and throughout its lifecycle. The PCP serves to formalize the implementation strategy for the key industrial project components in Senegal – the agricultural hubs and mining, as well as digital hubs and, of course, the industrial parks, which are the key projects.

Since 2016, we have established the industrial park at Diamniadio, which is operating in the textile, logistics and packaging sectors, and already employs 5,000 individuals. That is an outline of our results, but what is equally important is to achieve “cruising speed” through the implementation of the PCP, as I have just pointed out.

**Mr. Gianluca Grandi, Minister Plenipotentiary from the Director General for Development and Cooperation at the Italian Ministry of Foreign Affairs and International Cooperation, as both a bilateral partner and donor within the PCP model, tell us about the importance of the multi-stakeholder partnership that we are discussing.**

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Italy has applied the multi-stakeholder partnership within the country's system of development cooperation.

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**MR. GIANLUCA GRANDI, MINISTER PLENIPOTENTIARY, DIRECTORATE GENERAL FOR DEVELOPMENT COOPERATION, MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION, ITALY**

The multi-stakeholder partnership is a principle that has inspired the reform of our cooperation system. So, Italy has applied the multi-stakeholder partnership within the country's system of development cooperation. In this respect and in order to make the policy of development cooperation with our partners more efficient and coherent, some new institutions have been created. This includes the Interministerial Committee for Development Cooperation, which is chaired by our Prime Minister to ensure the coherence of development policy.

Moreover, a National Committee for Development Cooperation has been created where all of the stakeholders make input into policies and actions for development cooperation. This means there is dialogue and interaction between our government ministries, academia, parliamentarians, the business sector and all the various actors. The aim is to create a policy of

cooperation development that is ever more inclusive.

This is the principle that has been put into place. I would like to elaborate more on the policy aspect. The energy sector is deemed to be an important factor for development, according to Agenda 2030 and for reaching Sustainable Development Goal 7. A working group has been set up where business-sector ministries, academia and civil society have participated in refining a document that sets national guidelines for an energy project in cooperation development. This will be approved by the Interministerial committee, which is chaired by the Prime Minister and demonstrates the importance of the multi-stakeholder partnership.

The guidelines are intended to set criteria that should be met in cooperation development projects. An assessment will be carried out to establish the best practices, at international level, within the energy sector.

On a more practical level, within a PCP framework, I want to highlight a project that Italy has financed in Ethiopia, in the coffee sector. Italy gave €2.5 million in grants to support the coffee sector, in order to enhance productivity and the quality of coffee. This was undertaken together with the Ethiopian authorities and the assistance of UNIDO. The greatest challenge, however, was the engagement of the private sector.

We talk about private sector development but, in reality, we need to talk about private sector engagement in

#### **MS. ZEINAB BADAWI**

We had the President of Ghana, Nana Akufo-Addo, visiting London last week because he was celebrating Ghana at 60. I attended a talk he gave where he shared a very startling figure about the lack of value added in Africa. He said that Ivory Coast and Ghana between them have 65 per cent of the world's cocoa production; that the entire chocolate industry is worth \$100 billion; and that Ghana and Ivory Coast between them receive only \$6 billion of that. So, he said, even if they just made it into cocoa paste, that would really help. Thank you for giving us the examples.

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UNIDO is all about sustainable, inclusive industrial development and the PCP is a flagship programme.

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#### **MR. ZHANG HUARONG, CHAIRMAN, HUAJIAN GROUP**

UNIDO is all about sustainable, inclusive industrial development and the PCP is a flagship programme. Currently, UNIDO is working with some pilot countries for the Huajian Group. We are

cooperation development. In this respect there have been some training opportunities that have been financed and provided by Illy Caffè, which is a leading Italian coffee producer. It provided scholarships and advice to the coffee authority of Ethiopia to enable it to improve production, and for Ethiopia to achieve better certification at the international level. It has also benefited 21,000 small producers and their families.

You mentioned, Gianluca Grandi, the importance of the private sector and that brings me to Mr Zhang Huarong, Chair of the Huajian Group from China. We heard Minister Abteu talking about how Ethiopia is now a popular destination for foreign direct investment. You went into Ethiopia quite a while ago for the light manufacturing of shoes. Perhaps you could tell us why Huajian was motivated to invest in Ethiopia.

investing in one of the PCP countries, Ethiopia, and today we have speakers from Ethiopia and Peru, among other countries. When it comes to industrial development, there are four actors.

First, the recipient country that needs the industrial development. Second is the need for investment in enterprises. As an investor, we need to know what type of enterprises need investment. For investors to succeed in a recipient country, we must figure out what kind of support we need. In the last three years, UNIDO has made a lot of meaningful effort for these recipient countries, on behalf of the pilot countries.

For example, Director General Li Yong paid a visit to one of our factories in Ethiopia. He has actually visited us three times. During his visit, he provided valuable advice to the Government of Ethiopia, as well as to us as an investor. Therefore, UNIDO played an important advisory role in the country. We have provided jobs to 7,000 people and contributed to a large share of the country's exports. For inclusive sustainable industrial development, we must create stronger opportunities and then generate revenues in terms of foreign reserves.

And what do we need as investors? First, our partner countries to have more open policies. In addition, we need more understanding locally for the development of manufacturing. We also show them how to take more responsibility to create more job opportunities in the recipient country. At the same time, we need financing from international finance institutions to serve local development. We hope that UNIDO will convene the resources internationally in terms of human, financial and educational resources,

and even software. In this way we can contribute to the meaningful development of developing countries.

Of course, we are not philanthropists: we are seeking revenue. In Ethiopia, when having discussions with the government, I made it clear that only revenue can make the projects more sustainable and contribute to growth. Therefore, my participation in this forum is very relevant to the Huajian Group and other cooperation with Ethiopia. It provides a good platform for the exchange of ideas.

We look forward to the UNIDO PCP playing a greater role, especially in promoting more open policies in recipient countries. Some countries lag because they do not have a forward-thinking mentality, and some are attracting a lot of foreign investment, but that has to go hand in hand with follow-up work – for example regulations and policies. This should serve the development of enterprises and is the only way to alleviate poverty and create jobs. All these issues are complementary. Some countries are facing a myriad of problems that UNIDO and its partners can help solve.

We have heard the speaker from the World Bank, which I believe can play a role in better supporting these partner countries, especially in developing efficient and effective enterprises and entrepreneurship. Thank you.

**MS. ZEINAB BADAWI**

Mr. Mohieldin from the World Bank talked about the importance of domestic resource mobilization in financing development. Thank you, Mr Zhang, for your forceful speech on the importance of the private sector. Isabella Greoegor-Cechowicz, you are the Senior Vice-President and Global General Manager of Public Services at SAP. So, you are quite new to this.

SAP and UNIDO have recently announced their intention to work together on information and communications technology, Industry 4.0 and artificial intelligence. Would you agree that, in a developing-country context, these areas are critical?

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In three to four years from now, about 90 per cent of the jobs in Europe, the Middle East and Africa will need digital skills.

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**MS. ISABELLA GREOEGOR-CECHOWICZ, SENIOR VICE PRESIDENT, GLOBAL GENERAL MANAGER PUBLIC SERVICES, SAP SE**

Yes, absolutely. We were very excited to announce the partnership and engage on new technologies. We have heard a lot from His Excellency the Minister from Ethiopia and others about how industrialization is key for their countries. Nowadays, industrialization really comes with IT engagement. In three to four years from now, about 90 per cent of the jobs in Europe, the Middle East and Africa will need digital skills.

This will be a transformation that can support the projects we are discussing here, as well as leapfrogging, engaging, learning

and taking these best practices worldwide. I think that our sector can contribute greatly. We are a global leader in business software and artificial intelligence and new technologies will help provide best practices.

Taking into consideration our vast project experience and the best practices we can bring to the workforce and the latest technologies that enable emerging economies to adopt technology rapidly. I think this is going to contribute greatly to overall engagement and specifically to PCP engagement in the future.

**MS. ZEINAB BADAWI**

I would like to invite comments from the floor.

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This year we created the G20 partnership with Africa and the compacts designed to foster private investment, both domestic and international.

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**REPRESENTATIVE FROM GERMANY**

You may know we are in the final four days of Germany's G20 presidency and I want to thank UNIDO, and especially those responsible for the PCP, for the ample support you have provided throughout this presidency. A special word of thanks goes to Ayumi Fujino, who represented UNIDO in the G20 Development Working Group and did a fantastic job.

Let me explain why I mention the G20. There are strong links between its agenda and the work of UNIDO – and specific linkages to the PCP. The G20 is very committed to the 2030 Agenda, and under the Chinese presidency, we had already developed a Sustainable Development Goal action plan which was supplemented, under the German presidency, with the Hamburg update, which assesses how all the G20 workstreams contribute to the achievement of the Sustainable Development Goals. Both documents have highlighted the importance of industrial development and Sustainable

Development Goal 9, which is UNIDO's core area of experience.

More specifically, this year we created the G20 partnership with Africa and the compacts designed to foster private investment, both domestic and international. We are very pleased that UNIDO is supporting this process and that PCPs in Senegal and Ethiopia are addressing industrial investments in these two compact countries. We think this is a wonderful example of multilateral alignment and cooperation. As the Director General mentioned, we need a common mindset, and this is an excellent expression of one.

First, we would like to know what UNIDO has learned from the evaluation, and about its plans to adjust the PCPs. Second, what plans do you have to select new PCP countries? Which methodology will be applied? Third, how many PCP countries will there be ultimately? If every country has a PCP, where are the specifics?

Lastly, let me remind everyone that we need to continuously improve the effectiveness of our work and focus more on results. For Germany, this is an integral part of efforts to strengthen the whole United Nations system, because our legitimacy ultimately depends on the tangible difference we can make together. It

is therefore important to us that UNIDO and its core undertakings, like the PCP, commit themselves to the United Nations reform process and participate in efforts to better align United Nations Development Cooperation agencies on the ground, in partner countries.

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UNIDO has unique technical competence in screening programmes and projects to decrease investment risks for international financial institutions. We therefore complement each other.

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#### **REPRESENTATIVE FROM THE EURASIAN DEVELOPMENT BANK**

The Eurasian Development Bank, the EDB is an international financial organization focused on economic integration. The Member States of the Bank are the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation and the Republic of Tajikistan. The partnership between the Bank and United Nations agencies is of great importance to us. That is why, tomorrow, we will be signing the relationship agreement between the EDB and UNIDO. The Bank believes the key principle of partnership between these international institutions offers a mutually complementary mechanism.

Given this, we support the PCP, particularly in the Kyrgyz Republic, one of our Bank's Member States. With its implementation, we will

be able to identify the priority industries, which is important for us because we work mainly with the private sector. If the industries and projects selected align with the Bank's goals, strategies and priorities, the EDB could invest in these projects.

We believe that such complementary partnerships are one of the most efficient forms of collaboration between United Nations organizations and development financial institutions. UNIDO has unique technical competence in screening programmes and projects to decrease investment risks for international financial institutions. We therefore complement each other, and by doing so, can achieve our goals and develop synergies in the implementation of the Sustainable Development Goals.

**MS. ZEINAB BADAWI**

May I ask for the panel's closing remarks, please. We have reviewed what has happened in the three pilot countries and you all agree it was a huge success. But, looking forward, how do you think the whole concept can be developed?

Also, we have heard about the role of financing, the private sector and clusters for comparative advantage. The Director General told us about clusters in medicine and manufacturing. How do you see this evolving? I will come back to you, Minister Abteu.

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Experience shows us that the PCP is superior to traditional project engagement.

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**H.E. MR. AHMED ABTEW**

Government needs structural transformation, which is complex. In order to mobilize resources and technology, and experience and know how across the world. The right platform is required, such as the PCP. We have gained experience with it over the last decade and have had support from the rest of the world through traditional projects; but experience shows us that the PCP is superior to traditional project engagement.

The PCP covers the entire value chain, while traditional project engagement is fragmented and so less effective for our general plan. So, I would like to encourage donor communities – both multinational, bilateral and multilateral – to use these vehicles and coordinate their efforts with others to increase scale and impact.

I would also like to thank those who are participating in the PCP. From Ethiopia's point of view, we have some prime supporters, like the World Bank, the UK and Italian Governments, UNDP and UNIDO. These are major actors helping to materialize the PCP and supporting coordinated efforts. I would like to encourage them to continue in that direction, and encourage other donor communities, international and bilateral organizations, to use the PCP to support us.

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In Peru we have different challenges compared to the other PCP countries.

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**MR. MARCO VELARDE BRAVO**

I think that the challenge is to understand how an important tool like the PCP can engage different types of countries. For Peru's objective – to avoid the middle-income trap and move towards

being a member of the OECD – we have different challenges compared to the other PCP countries. Peru is only beginning its implementation, but we look forward to updating you next year.

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The new financial institution must work more on blending private-sector and public funds.

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**MR. GIANLUCA GRANDI**

The crucial part of effectiveness is how we best mobilize the private sector to engage. There is work to do to further benefit from the financial resources available, for example, from the European Union and the European Investment Plan to mobilize private investment in

Africa, which is going to be launched in Abidjan. I think we have a new financial institution that needs to become operational because it is not yet very active in finding specific financial instruments; it must work more on blending private-sector and public funds.

**MS. ZEINAB BADAWI**

We have heard about how mobilizing private investment is critical, but how do you see things developing, both nationally and within the cluster?

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The PCP is a relevant framework to build up our industry and production.

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**MR. YATMA MODY NDIAYE**

Senegal has already committed itself to implementing its industrial sector within the PCP. The rest will depend on political will, but we still have time to conduct a comprehensive analysis of what has been achieved. Industry's contribution to GDP in Senegal is 13

per cent. Much has been achieved since we began implementing the PCP: it is a relevant framework to build up our industry and production, and, especially, to ensure that small and medium-sized industries are the drivers of our economic growth.

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I hope the PCP will receive more support and increase communication between the government, UNIDO and businesses.

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**MR. ZHANG HUARONG**

Ethiopia's efforts have been a success in recent years and we have been improving with regard to the PCP. My company's business is a real case. I hope the PCP will receive more support and increase communication between the government, UNIDO and businesses. We are going to

build a community with a common future, as President Xi Jinping has advocated. We hope that private businesses, such as Huawei and host countries, will work out a comprehensive programme. This requires training effort, and action is more important than words.

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Development is fuelled by strong multilateral engagement and a strong culture of taking away the lessons learned.

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**MS. ISABELLA GREOEGOR-CECHOWICZ**

If I can summarize my understanding as a newcomer: development is fuelled by strong multilateral engagement and a strong culture of taking away the lessons learned. This includes engaging with new technologies, which should be taken as an opportunity to leapfrog, and, perhaps, could become a specific part of the programme.

To understand progress, it will be key for the private sector to see how the Sustainable Development Goals and the PCP countries are progressing. But also, digital literacy will become more and more important. I fully agree that governments and the private sector should work hand in hand to solve the complex problems we still face.



The Sixth ISID Forum took place as part of the seventeenth session of the UNIDO General Conference

## SESSION 2

### KEYNOTE REMARKS

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There is great potential and many new opportunities for Thailand and UNIDO to create high-impact collaboration in the region.

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#### MR. UTTAMA SAVANAYANA, MINISTER OF INDUSTRY OF THAILAND

Distinguished Representatives, Ladies and Gentlemen. Thailand has been cooperating with UNIDO since 1968. Since 2000, we have hosted UNIDO's first regional office, providing a base for outreach programmes in the Asia Pacific region. Looking forward, we are confident that there is great potential and many new opportunities for Thailand and UNIDO to create high-impact collaboration in the region. Today, I want to share briefly what Thailand is doing with regard to industrial development.

Thailand is at a crucial juncture in its national development. We have a clear vision of where we want to go and how we intend to get there. Central to our vision are three goals: stability, prosperity and sustainability. These are collectively challenging in an era of rapid change and disruption. Therefore, to assist us on the journey, we have developed Thailand 4.0, a

holistic road map to guide the transformation of Thailand towards a value-based, innovation-driven economy that will enable us to achieve the three goals.

Thailand 4.0 contains interrelated strategic thrusts. Allow me to highlight a few, which are directly driving our 4.0 industrial transformation, and offer opportunities for wide-ranging cooperation, both local and international. First is the massive upgrading of Thailand's infrastructure. We are currently constructing extensive, urban, mass-transit networks, and new high-speed and dual-track railways, which connect destinations in Thailand, its neighbouring countries and beyond. A new, expanded, high-performance Internet network, which covers the whole of Thailand, is also being put in place, so that we can embrace the digital age and participate in fast-changing global connectivity.

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We aim to promote closer linkage between the industrial and education sectors to spur synergies for creativity and innovation.

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Second, is the development of new core technologies and innovative industries. Thailand has identified 10 priority industries. They will be our new engines for sustainable growth to drive the industrial transformation. Five existing priority industries, such as automotive, electronics and agriculture are being upgraded, and their core competencies enhanced. Five new industries, with high added value, are also being developed. These include the bioeconomy, automation and robotics, aviation and health care.

Third is human capital development. The key skillsets necessary for today's sustainable industrial progress must be innovatively developed. To this end, we aim to promote closer linkage between the industrial and education sectors to spur synergies for creativity and innovation. And, of course, international collaboration is crucial to human capital development.

Fourth is area-based development, to ensure that growth is not only sustained but also inclusive; Thailand 4.0 gives top priority to area-based development initiatives

that accelerate such growth. These initiatives take a holistic approach to social, economic and human-capital development. Leading our effort is the Eastern Economic Corridor (the EEC), a massive new growth hub with a combined surface area of 13,000 square kilometres, which is strategically located on Thailand's eastern seaboard. The EEC has great potential to serve not only Thailand but southeast Asia and other regions as well. The EEC, and other area-based development initiatives, will help local business activities connect into the global value chain.

The real challenge in doing all this lies in the commitment and the continuity of execution. In this regard, the Thai Government uses the public-private partnership (PPP) mechanism extensively. Today, with representatives of the private sector, government, civil society and the public, who are actively working together, more than 10 PPP groups are key drivers of the various transformation initiatives. These groups are also active at both the local and international levels.

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Thai Government uses the public-private partnership (PPP) mechanism extensively.

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In fact, as a result of Director General Li Yong's visit to Thailand in September this year, Thailand and UNIDO have jointly developed the first strategic cooperation framework for the period 2018 to 2021. This framework will focus on initiatives such as core technology and industries, small and medium-sized enterprise capacity-building and big-data industrial intelligence platforms. Thailand's partnership with UNIDO will not only be about acting in Thailand, but also about reaching out to our friends in Asia and beyond, to foster inclusive participation and long-term shared benefits.

Distinguished guests, sustainability is a common thread running through the Thailand 4.0 road map. Our fundamental goal is to establish platforms for effective execution to be able to achieve long-term sustainable growth that includes all stakeholders, both locally and internationally. I reaffirm Thailand's full support for UNIDO in promoting inclusive and sustainable industrial development, and we look forward to working closely with our friends in the international community.

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Russia has very actively assisted the Kyrgyz Republic in adapting to the Eurasian Economic Union requirements.

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**MR. GENNADY MIKHAILOVICH GATILOV, THE DEPUTY MINISTER OF FOREIGN AFFAIRS, RUSSIAN FEDERATION**

UNIDO's PCP is a unique model for providing assistance to Member States and comprehensive assistance to achieve inclusive and sustainable industrial development.

Let me specifically note our vision to develop a UNIDO PCP for the Kyrgyz Republic. Russia and the Kyrgyz Republic are long-standing strategic partners and members of the Eurasian Economic Union. The Kyrgyz Republic is one of Russia's most important trading partners; in 2016, for example, the trade volume between our countries was US\$1.10 billion. Russia's membership of the Union brings the Kyrgyz Republic many benefits. For example, customs, health and

phytosanitary barrier elimination have helped us to form close links on trade, industry and agriculture.

Russia has very actively assisted the Kyrgyz Republic in adapting to the Eurasian Economic Union requirements. The Kyrgyz Republic has modernized its customs offices and provided customs checkpoints. Russia is also providing assistance in reforming the Kyrgyz Republic's economy by restructuring and developing the private sector and making production more competitive. To do this, we have created a Russia-Kyrgyz Development Fund, to which Russia has already contributed \$500 million. The fund invests in

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The Kyrgyz Republic is working in partnership with UNIDO to implement two major projects. The Kyrgyz Republic is also part of a regional UNIDO project.

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promising projects that can have a multiplier effect.

With contributions from the fund, we are implementing projects to a value of \$200 million. Also, to stabilize the budget, we have a total grant of \$225 million. We are writing off the Kyrgyz Republic's debts, slowly but surely. This is freeing funds for crucial projects, including socioeconomic programmes. Support is also being provided through duty-free exports to Russia, including petroleum products.

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We believe that participation in the UNIDO PCP programme will be promising, will harness the country's industrial potential, and attract new donors and investors.

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In 2016, over one million tons of petroleum products were supplied to Russia. Russian companies are also greatly assisting in the development of the Kyrgyz Republic. Gazprom is implementing a major gas supply programme that will significantly improve access to affordable energy in the country.

Aggregate investment in the gas transport and distribution networks will amount to 100 billion roubles. As a result, access to gas is expected to grow from 22 per cent today to 60 per cent in the future. We are specifically focusing on preparing and training professional

staff in various sectors, including the industrial sector. Today, there are over 60,000 students from the Kyrgyz Republic in Russian higher education; of these, educational costs for 5,000 are being covered by the Russian budget.

The Kyrgyz Republic is working in partnership with UNIDO to implement two major projects. The first is to develop the production of efficient construction materials, create jobs and support entrepreneurship. The second is to strengthen links between productive sectors and the tourism sector.

The Kyrgyz Republic is also part of a regional UNIDO project, financed by Russia, on improving industrial statistics. We believe that participation in the UNIDO PCP programme will be promising, will harness the country's industrial potential, and attract new donors and investors. Russia has allocated over \$500,000, between 2017 and 2020, for the UNIDO Partnership Fund in order to prepare the sustainable industrial development programme in the Kyrgyz Republic and develop the PCP framework.

We continue to work with other potential participants and donors. IIASA and the UN Resident Coordinator have provided support to the Kyrgyz Republic on the PCP programme. The country's leaders are very committed to promoting inclusive and resilient industrial

development. We are convinced that participation in the programme will advance socioeconomic development in the country and the central Asian region as a whole. Thank you.

## PANELLISTS

### MS. ZEINAB BADAWI

Mr. Cham Prasidh, the Senior Minister and Minister of Industry and Handicraft for the Government of the Kingdom of Cambodia. Cambodia will be a new PCP country. I know you have succeeded very well in

textiles and tourism, but you want to diversify your economy and develop the country as a regional hub for trade. Could you tell us more about that, in the context of the PCP?

Without a PCP, our industrial development policy will not progress very quickly.

### H.E. MR. CHAM PRASIDH, SENIOR MINISTER AND MINISTER OF INDUSTRY AND HANDICRAFT, CAMBODIA

First, Thailand, which neighbours Cambodia, is a model for economic development. What was important when we were deciding to join the PCP was Cambodia's graduation from a low-income country to a lower-middle-income country, two years ago. Over the past 26 years, UNIDO has assisted Cambodia to a level of about \$42 million. But this sum was dedicated to cleaner production, green industry, green growth, developing and supporting energy efficiency, and market diversification – especially in marine products. Additionally, it assisted low-carbon productivity, and, more recently, accreditation

and conformity assessment in metallurgy and the development of standards.

As we advance, it is important that the industrial development policy we have adopted for the period 2015 to 2025 can still be applied and remains relevant. We believe that, without a PCP, our industrial development policy will not progress very quickly, because a PCP, as we observe in Ethiopia, Senegal and Peru, complements the policy. We believe that the PCP offers a good opportunity for us to move ahead, and when Director General Li Yong was in Cambodia last April, we took

the opportunity to discuss experiences of PCPs in those three countries.

We are also at the forefront of the Least Developed Countries and we want to move quickly, as do Ethiopia and Senegal. Immediately after the Director General's visit, our government followed up with a request letter for a PCP.

Why did we choose PCP? Because it is a major initiative that blends both loan and grants. It also blends private- and public-sector interests, and interventions from international financial institutions and other donor countries. In summary, it offers a recipe to enhance our industrial development policy, ensure it is inclusive and sustainable, and enable Cambodia to achieve the Sustainable Development Goals in the near future.

#### **MS. ZEINAB BADAWI**

**Mr. Ulanbek Ryskulov, Chair of the State Committee for Industry, Energy and Subsoil Use for the Government of the Kyrgyz Republic, the blueprint that the PCP offers the Kyrgyz Republic is something that you find very attractive. But we know that part**

**of its rationale is to focus on particular sectors. In the Kyrgyz Republic, you will be focusing on information and communications technology. Tell us about that.**

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We now have a special project aimed at boosting transparency and openness in all spheres of our life, as well as introducing new information and communications technologies.

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#### **MR. ULANBEK RYSKULOV, CHAIRMAN OF THE STATE COMMITTEE FOR INDUSTRY, ENERGY AND SUBSOIL USE, KYRGYZ REPUBLIC**

The programme focuses on sectors of the economy that will create more jobs, strong intersectoral links and have high export potential. We now have a special project aimed at boosting transparency and openness in all spheres of our life, as well as introducing new information and communications technologies, which will enable us to improve the links between the various sectors of the economy.

growth. My government has started to implement a range of programmes, for example, one to develop technology zones for light industry. We are also considering how developing the metallurgical sector could create new jobs. Last year, our government created a committee, which I chair, that brings together energy, industrial and mineral source development – all of which are linked.

This is crucial for the country to develop and achieve lasting

Minerals and raw materials are key to economic growth. We have very

good natural resources and mountainous areas with high potential for the energy sector. These provide an ideal foundation for growth; and with support from the

international community, we can implement a robust industrial growth programme throughout the country.

**MS. ZEINAB BADAWI**

Talking about the importance of information and communications technology, let me turn to you, Mr Gao Hong, Vice-President of the Alibaba Group and President of AliResearch. Since Alibaba was established in 1999, it has opened up this world to people, starting at the grass roots level and moving

up. It is important to understand how one sees innovation and technology being used for inclusive and sustainable industrial development, especially in terms of leapfrogging the various stages of development.

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We are seeing rapid changes in business models and technology, and the gap is therefore becoming more significant. PCPs provide us with a road map to solve this.

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**MR. GAO HONGBING, VICE PRESIDENT OF ALIBABA GROUP AND PRESIDENT OF ALIRESEARCH**

UNIDO has played a major role in helping developing countries to develop industrially, especially by rolling out the PCP, which is a visionary programme. There is a yawning gap between the rich and poor countries of the world, which have a 110-fold difference between their GDPs. If we take the 10 richest and 10 poorest provinces of China, the gap is 25-fold, so there is an even greater gap internationally.

We are seeing rapid changes in business models and technology, and the gap is therefore becoming more significant. PCPs provide us with a road map to solve this: they offer not only finance, they also promote understanding

among people about industrial development, as well as offering the tools, framework and road map to achieve rural development. That is where their significance lies.

Second, we are experiencing a business, science and technology revolution. This is where Industry 4.0 comes in. While there are numerous misconceptions about it, industrial and business development cannot be separated: we are joint promoters of the UNIDO PCPs.

We should not focus just on manufacturing, we need to connect manufacturing and global markets, enabled by the development of the Internet. If we cannot connect the

dots between manufacturing, consumption and other factors, the effectiveness of such programmes will be weakened. We must leverage the new information and communications technologies to develop the digital economy.

Third, the innovative development of the Internet in a grass roots economy is driven by young people and the general public. Therefore, programmes and projects should provide a way for young people to access the market. We must provide a favourable environment for them to be innovators and entrepreneurs, which will help fuel innovation.

Alibaba is a platform – not an economy. We have many small and medium-sized enterprises, and even more consumers, on the platform, which is based on sharing and collaboration. Nobody is giving directions, rather it is an indigenously developed platform, not limited by borders, where openness, transparency and responsibility are the main principles.

By 2036, we want to build a platform that provides 100 million jobs. Therefore inclusiveness, and healthy and sustainable development are the principles we are following. We are ready to work with UNIDO, especially through a PCP and we are jointly looking forward to the opportunities that will bring. Thank you.

#### **MS. ZEINAB BADAWI**

**Paulo Dal Santo, Education Business Development Manager for Europe, the Middle East and Africa for HP, the printer and PC business of Hewlett Packard. Unlike Alibaba, you are a very well-established**

**partner of UNIDO and education is your focus. Please give us your vision of education, within the context of the PCP, as a way of operationalizing such partnerships.**

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HP has been a UNIDO partner since 2008. The first project was in Kenya in 2010, and we recently had a highly successful project in Tunisia.

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#### **MR. PAULO DAL SANTO, EDUCATION BUSINESS DEVELOPMENT MANAGER IN EUROPE THE MIDDLE EAST AND AFRICA, HP**

HP has been a UNIDO partner since 2008. The first project was in Kenya in 2010, and we recently had a highly successful project in Tunisia. What has been interesting in listening to all the participants today is the connection between prosperity, jobs and education; everybody has mentioned skills and developing new skills for the

future. That is exactly what HP has been doing for the last 10 years, especially in its collaboration with UNIDO.

The PCP framework offers two benefits. One is the process and procedures. We can implement and monitor something in a country that is tangible, certified and

already taking place. At the same time there is scope for partnership and education. Nelson Mandela said that education is the biggest weapon in the fight against poverty, and in this context, it is the biggest weapon to create jobs and overall prosperity. Education is a key

focus throughout our business, and in all the countries – from Thailand, to Cambodia and The Kyrgyz Republic. UNIDO has been a great partner for HP over the last 10 years and we are looking forward to working in more countries in the context of the current PCP pilot.

**MS. ZEINAB BADAWI**

So education is also about educating young people and equipping them with the skills for the jobs that economies need.

In Tunisia we supported investment in local communities, which has helped create about 1,500 jobs. 37 per cent of these are managed by women, with a focus on entrepreneurship.

**MR. PAULO DAL SANTO**

Exactly. It is not just about the education levels or OECD scores, but the capacity to conduct business and expand what you can do. A good example is Tunisia, where we supported investment in local communities, which has helped create about

1,500 jobs. 37 per cent of these are managed by women, with a focus on entrepreneurship, how to build a new company, quantify budgets and marketing. These are long-duration jobs that encourage broader, and more extensive, industry and culture.

**MS. ZEINAB BADAWI**

Debra Kertzman, you are a representative for the European Representative Office of the Asian Development Bank (ADB), which we know has an emphasis on infrastructure. Sustainable Development Goal 9 stresses the importance of

building resilient infrastructure, especially for the kinds of regional hubs and trade we have heard about today. How does the Asian Development Bank see partnership with UNIDO in this context?

ADB sees its partnership with UNIDO expanding as a result of the new opportunities under the Sustainable Development Goals.

**MS. DEBRA KERTZMAN, REPRESENTATIVE, EUROPEAN REPRESENTATIVE OFFICE, ASIAN DEVELOPMENT BANK**

ADB sees its partnership with UNIDO expanding as a result of the new opportunities under the Sustainable Development Goals

and demands from our developing Member Countries and common clients.

One of the new areas that we have been focusing on is making more use of innovative technologies like information and communications technology as a way to have greater development impact. We have recently amended our procurement rules, and are considering ways that our countries and contractors can make these technologies more central.

To date, ADB's partnership with UNIDO has focused on regional cooperation and integration, and, in addition to the PCP, we have been working with UNIDO on our strategy in Central Asia.

This is termed Central Asia Regional Economic Cooperation, and a new strategy, CAREC 2030, has

recently been adopted. It prioritizes the Sustainable Development Goals and will deepen ADB's work with the Countries and other partners on transportation, energy, trade and economic corridor operations. But it will also expand into new areas such as tourism and agriculture. In addition, we are creating new avenues for our partners to become more involved and lead new initiatives.

We see even greater scope with UNIDO and are discussing opportunities in quite a few countries. We think this is an excellent initiative and we look forward to a stronger partnership.

**MS. ZEINAB BADAWI**

You see that the PCP model can support ADB's development strategies in these two Asian

countries, Central Asia and the Kyrgyz Republic, and also in Cambodia.

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In Cambodia, we will be starting a new country strategy and programme next year, and we welcome working closely with UNIDO on this.

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**MS. DEBRA KERTZMAN**

We have been working in both countries and have performed a lot of studies. We are happy to share all the work done and getting deep into the entire value chain will be very beneficial in informing

the dialogue. In Cambodia, we will be starting a new country strategy and programme next year, and we welcome working closely with UNIDO on this.

**MS. ZEINAB BADAWI**

Let me ask the private sector representatives a question. As UNIDO continues to roll out the PCP model, what are the essential incentives that the

business sector needs to get involved? Mr Dal Santo?

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The great improvement we are seeing is predictability, which will be part of the future PCPs in general.

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**MR. PAULO DAL SANTO**

I think the great improvement we are seeing is predictability, which will be part of the future PCPs in general. It involves more planning and joint work on sharing information, and especially trying to run smaller initiatives. Instead of one huge project that is multi-year and highly complex, we are seeing opportunities for more-targeted pilot projects.

And at the same time, for private business, you could see it as recognition or a badge of excellence. Participating in this programme also gives the private sector new skills and knowledge. This looks like a return, but really it is a badge that says the company supported the call and participated in the PCP.

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We should enable more young people to enter the market in a new, open and inclusive environment.

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**MR. GAO HONGBING**

I believe that UNIDO goals are also a responsibility that Alibaba shoulders. It is not simply a business issue: there is also the very important issue of the gaps between rich and poor countries. I believe that businesses should not only consider themselves, they should also shoulder their social responsibilities. This aspiration alone creates a different dynamic: we should pursue new ideas and not think in the traditional way.

businesses. As I have said, we should lower the thresholds for markets. We should let private-sector activity dominate the market, not the government. We should enable more young people to enter the market in a new, open and inclusive environment.

Therefore, in developing the national economy, the government should consider forces that can promote the sustainable development of

Naturally, governments should encourage spontaneous entry into the market. We should also consider new partnerships between the private and public sectors. Therefore, some very successful projects involving Alibaba, like the Taobao villages and the business parks, were not actually created by Alibaba, but

by grass roots businesspeople themselves. So, some developments are not dictated by us, but rather they occur spontaneously in the market. Governments should let them grow.

**MS. ZEINAB BADAWI**

The representative from Poland would like to speak.

It is very important to focus not only on the education of young people but also on that of the employees of current and future enterprises.

We are going to support this project and would be happy to see even more countries participating. Based on our experience, I would like to say that it is very important

to focus not only on the education of young people but also on that of the employees of current and future enterprises.

**MS. ZEINAB BADAWI**

Let's sum up for us why the PCP differs from the traditional kind of country programmes. What are the main features of the PCP model that distinguish it?

I think that the PCP model provides an excellent platform through its emphasis on multiple stakeholders and the entire value chain.

**MS. DEBRA KERTZMAN**

I think that the PCP model provides an excellent platform through its emphasis on multiple stakeholders

and the entire value chain; it is very focused on specific industries and on results.

**MS. ZEINAB BADAWI**

Mr Prasad, PCPs involve an evolving framework that has been adapted to each country. Is it that aspect that really appeals to you?

The type of PCP we are going to develop must be relevant for at least 20 years.

**H.E. MR. CHAM PRASIDH**

We could draw on the successful experiences of Ethiopia and Peru, but I believe we must be innovative in Cambodia. The type of PCP we are

going to develop must be relevant for at least 20 years. It should be based on IT or ET, a platform like the one Alibaba/Alibaba Research are

creating and developing the skills that will be needed in the next 20 years.

When we develop a PCP, it must be able to define the products that will remain relevant and that we need to make for the next 20 years. Based on this, we will develop the skills through education, such as that

provided by HP, and use platforms to support the business, as AliResearch/Alibaba or SAP are doing. It must also support and extend business development services to the private sector to help us produce in a different way from what we call industry 3.0. It should be a PCP with industry 4.0 as its basis.

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The PCP is unique because it helps each country find its own path to achieving industrial development and improving quality of life for its people.

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**MR. ULANBEK RYSKULOV**

The PCP is unique because it helps each country find its own path to achieving industrial development and improving quality of life for its people. For a comprehensive approach, you need to provide training. Employees must have qualifications, and you need to improve and develop the financial sector.

Countries may have their own raw materials, commodities or products; or they may produce similar products. This programme helps each individual country find its own niche and make a unique contribution to the world economy.

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Joint financing ensures cooperation along the different links in the value chain.

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**MR. GAO HONGBING**

Traditionally, projects were carried out by the countries themselves, but there is now a partnership to carry out joint projects. I think joint financing ensures cooperation along the different links in the value chain. Second, experience and

learning lessons is a good basis for future development. Third, we should attract young people to participate: those in their 30s are the most important talents that should be brought into the process.

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PCP is a good, forward-looking tool for private-public collaboration.

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**MR. PAULO DAL SANTO**

PCP is a good, forward-looking tool for private-public collaboration. We have heard about Manufacturing 4.0 factories. This is the future. 4.0 also means attracting and training new people to use tools for jobs and products that may not even exist today. We are looking 20 or

30 years from now, when children who are in school today will have the right professional skills and personal capabilities to develop and build the future. And the PCP really helps us in looking ahead to this.

**MS. ZEINAB BADAWI**

A ringing endorsement from you all. Thank you to the panel. May I now invite Mr. Philippe Scholtès, the Managing Director of UNIDO's Directorate for Programme Development and Technical Cooperation, to make some brief closing remarks.

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Our work started in 2013 when you, the Member States, agreed the Lima Declaration on Inclusive and Sustainable Industrial Development.

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**MR. PHILIPPE SCHOLTÈS, THE MANAGING DIRECTOR OF UNIDO'S DIRECTORATE FOR PROGRAMME DEVELOPMENT AND TECHNICAL COOPERATION**

Ladies and Gentlemen, Excellencies, it is my privilege on behalf of UNIDO to bring this exciting debate to a close and I would like to do so briefly with a few pointers on what it means to us, how it started and, most importantly, how we see the future.

We are not the only ones talking about partnership, but we have perhaps had a seminal role in it. We started in 2013 when you, the Member States, agreed the Lima Declaration on Inclusive

and Sustainable Industrial Development. This put a central emphasis on partnership to leverage additional resources beyond those that UNIDO alone could provide.

Two years later, at the Addis Ababa Agenda for Action, the third Financing for Development Conference also gave a central role to partnerships between banks, development assistance, business, industry and others, in working together towards

We found governments had taken ownership of the programme and that there was very close alignment of the PCP with national development strategies.

Agenda 2030. Two months later, when the Agenda was published, Sustainable Development Goal 17 was specifically about partnerships. More recently, in 2016, the G20 paper on Industrialization in Africa covered the role of partnerships.

With the arrival of Director General Li Yong in 2013, the UNIDO Secretariat started thinking about developing the tools and capacity to better deliver technical assistance and leverage its resources.

We are planning to expand the approach based on the strength and the success we have observed over the last three to four years.

At the beginning of 2015, we felt the best approach was to test the thinking and see how it worked in practice – in terms of strengths, weaknesses and benefits. This was how we engaged the first three PCP countries: Ethiopia, Senegal and Peru. The PCP was designed to be both a new form of technical assistance and a means of learning from daily interactions with governments, officials and institutions – to see whether it could fulfil its promise.

In parallel, we began corporate-level negotiations with development finance institutions, because the PCP concept recognizes

that there is only so much an organization like UNIDO, which works exclusively on grant-funded technical assistance services, can achieve. We can build capacity, train people and strengthen institutions, but industrialization requires investment in infrastructure, such as roads, ports and utilities – and private investment in factories and production capacity.

So, we believed that the best way to demonstrate the concept was by applying it in different countries with totally different environments and systems, but which all had a clearly articulated national development strategy involving industrialization.

We conducted discussions with development banks, the World Bank, the African Development Bank, and ADB, on harmonizing our systems and procedures to meet the fiduciary requirements for partnerships.

After working on this for the last three years or so, we wanted to assess the effectiveness of what had been achieved. First, we commissioned a midterm review of the partnership strategy: we engaged professional evaluators,

who spent several weeks visiting the relevant countries and government officials, to develop a comprehensive picture. Second, we organized a study tour, about a month ago, where I and seven permanent representatives from UNIDO spent three days visiting projects and interviewing stakeholders in Ethiopia.

To summarize some of the key findings: We found governments had taken ownership of the programme and that there was very close alignment of the PCP with national development strategies. This is fundamental because, as panellists have mentioned, we are not there to impose ideas or views, but to understand the specific situations in countries and see how we can help in terms of partnership. Another critical observation is the effect of a PCP on coordination. While we can develop and quantify key performance indicators, a key benefit of partnership, which is often overlooked – but is supported by a growing body of empirical evidence, is its positive effect on coordination, which it achieves by facilitating dialogue between ministries and the international donor community.

Looking ahead, we are planning to expand the approach based on the strength and the success we have observed over the last three to four years. But we will do so in a way that is cautious and mindful of the capacities we have here at headquarters. It is clear that we cannot expand dramatically with our current level of human resources and we have to ensure that we can deliver any commitments to the satisfaction of our partners.

We will also produce some standard operating procedures based on lessons learned in the first three

countries and the programmes we are now engaging in in Cambodia and The Kyrgyz Republic. We want to see how we can expand the empirical base of our activities and develop some early and solid standard operating procedures – to develop the PCP as the typical way of providing UNIDO technical assistance in the future.

I would like to conclude by reassuring Member States that all these initiatives are fully compliant and consistent with the medium-term programme framework and the programmatic guidelines you have provided to the Secretariat.

As you can see, the UNIDO workforce, its skillsets and the way we deliver technical assistance services, have not changed. What we are changing with the PCP is the way we programme this technical assistance and interact with stakeholders, development finance institutions and the private sector – around the common goal of inclusive and sustainable industrial development. We are taking on board the recommendations from the professional evaluators in the midterm review and the views expressed by the seven distinguished permanent representatives who visited Ethiopia last month.

We will revise and refine our approaches to technical assistance and proceed, in 2018, in a cautious way, with a limited number of countries. Again, we will learn from interactions in different contexts and with countries of different profiles. Our aim is to roll it out throughout the organization and, ultimately, to provide more meaningful and impactful services to you, our Member States, within the resource constraints we face here at headquarters. Thank you.

# Biographies

**LI YONG****Director General****United Nations Industrial Development Organization (UNIDO)**

Li Yong, Director General of the United Nations Industrial Development Organization (UNIDO), has had an extensive career as a senior economic and financial policymaker. As Vice-Minister of Finance of the People's Republic of China and a member of the Monetary Policy Committee of the Central Bank for a decade, LI has long been involved in setting and harmonizing fiscal, monetary and industrial policies and in supporting sound economic growth in China. Throughout his career, he has advocated financial-sector reform and prompted major financial institutions to establish corporate governance, deal with toxic assets and strengthen risk management. LI prioritizes fiscal and financial measures to promote agricultural development and small and medium-sized enterprises, both of which represent cornerstones for creating economic opportunities, reducing poverty and promoting gender equality. He played a key role in China's cooperation with multilateral development organizations, such as the World Bank Group and the Asian Development Bank.

**WANG SHOUWEN****Vice Minister of Commerce  
China**

Prior being appointed to his current role in 2015, Wang Shouwen served in various positions within the Ministry of Foreign Trade and Economic cooperation and the Ministry of Commerce. His most recent roles in the Ministry of Commerce include the Director General of the Department of Foreign Trade and Assistant Minister of Commerce.

**PHILIPPE SCHOLTÈS****Managing Director, Programme Development and Technical Cooperation Division  
United Nations Industrial Development Organization (UNIDO)**

Philippe Scholtès joined UNIDO in 1988. He has since served in various capacities including as Director of the Agribusiness Development Department, UNIDO Representative in Viet Nam and Regional Director for South Asia in India. Scholtès holds a Master of Science in engineering from the Institut supérieur industriel du Luxembourg and a Master of Science in Economics from the Catholic University of Louvain.

**MAHMOUD MOHIELDIN**

**Senior Vice President for the 2030 Development Agenda, United Nations Relations, and Partnership  
World Bank Group**

Mahmoud Mohieldin is the World Bank Group's Senior Vice-President for the 2030 Development Agenda, United Nations Relations, and Partnerships. He served on several boards of directors such as the Central Bank of Egypt as well as the corporate sector. He was a member of the Commission on Growth and Development and selected as a Young Global Leader of the World Economic Forum. He is also a Professor of economics and finance at Cairo University, an Honorary Professor at Durham University and a member of the Advisory Board of the Durham Business School.

**ZHANG HUARONG**

**Chairman  
Huajian Group**

Prior to his current position, Zhang Huarong successively served as Chairman and General Manager of Nanchang Hufang Shoe factory, Jiangxi Huajian Shoes Co., Ltd, Huajian International (Hong Kong) Industrial Company and Dongguan Huajian Shoes Co., Ltd. Zhang has held many social positions including: member of the national committee of Chinese People's Political Consultative Conference, President of the Asia Footwear Association, Executive President of Footwear Manufacturers Association of Guangdong Province and Vice President of World Dongguan Merchants Association. He holds an EMBA from Jiangxi Finance University, China.

**AHMED ABTEW**

**Minister of Industry  
Ethiopia**

Ahmed Abtew is the Minister of Industry of Ethiopia. He has over 20 years of experience in high-level government positions. He is the former Deputy Governor of the Amhara Regional State and Head of the Bureau of Industry and Urban Development. He has also worked as Bureau Head of Finance and Economic Development, Bureau Head of Trade, Industry and Urban Development, and other bureaus of the Government of Ethiopia.



**MARCO VELARDE BRAVO**  
**Vice Minister of SME and Industry**  
**Peru**

Prior to his current role, Marco Velarde Bravo served as the head of the Ministry of Industry's advisory cabinet, and advisor to the General Directorate of Youth in the Ministry of Education. Velarde Bravo also has experience in development finance, as he also served as an official at the Inter-American Development Bank (IDB) in Washington DC.



**YATMA MODY NDIAYE**  
**Director of Cabinet, Minister of Industry and Small and Medium Industry**  
**Senegal**

As a certified expert in the Senegalese Order of Experts, he has been a consultant and lecturer for several years before taking up the position of Director of Cabinet in several ministries since 2002.



**ISABELLA GROEGOR-CECHOWICZ**  
**Senior Vice President, Global General Manager Public Services**  
**SAP SE**

Isabella Groegor-Cechowicz is the Senior Vice President responsible for SAP's global Public Services, including of public sector, higher education and research and defence and security. Groegor-Cechowicz has a strong industry background in services for variety of industries, including of Oil & Gas, of Energy and Natural Resources, and of Public Services. Prior to her current role, Groegor-Cechowicz served as the Vice President of SAP's Oil & Gas business unit.



**GIANLUCA GRANDI**  
**Minister Plenipotentiary, Directorate General for Development Cooperation, Italian**  
**Ministry of Foreign Affairs and International Cooperation**

Grandi held various positions in the Ministry of Foreign Affairs, serving at the Directorate General for Political Affairs, at the Directorate General for Global Affairs and at the Press and Information Department. He dealt mainly with multilateralism, International Organizations and bilateral relations with Asian Countries. Currently, he serves at the Directorate General for Development Cooperation, where he is in charge of the partnership with the private sector.

**UTTAMA SAVANAYANA****Minister of Industry  
Thailand**

Prior to his current role, Savanayana served as the Minister of Information and Communication Technology, Vice Minister of Commerce, Vice Minister at the Prime Minister's Office, and Advisor to the Minister of Finance. Holding a PhD, Minister Savanayana also held several high-level roles in Bangkok University, including of the President and Member of the Board of the Trustees, Member of the Board of Executives, and Executive Vice President.

**GENNADIY MIKHAILOVICH GATILOV****Deputy Minister of Foreign Affairs  
Russian Federation**

Gatilov is responsible for a broad range of multilateral diplomatic matters related to Russia's participation in the UN, its specialized agencies for international economic, environmental and humanitarian cooperation, and human rights; its UNESCO-related issues; and its interstate cooperation in sport, tourism and culture. Prior to his current role, Gatilov held a variety of diplomatic roles, including Director of the Department of International Organizations, Senior Adviser at the UN Secretary-General's Executive Office, and First Deputy Permanent Representative to the UN.

**CHAM PRASIDH****Senior Minister and Minister of Industry and Handicraft  
Cambodia**

Prior to appointment of his current role in 2013, Prasidh served as the Minister of Commerce for 15 years. Prasidh also had extensive high-level roles, including of the Chief Negotiator for Cambodia's Accession to the World Trade Organization, ASEAN Economic Minister for Cambodia, and ASEM Economic Minister for Cambodia.

**ULANBEK RYSKULOV****Chairman, State Committee of Industry, Energy and Subsoil Use  
Kyrgyz Republic**

Prior to his current position, Ulanbek Ryskulov headed JSC Kyrgyzneftegaz and the Department of the State Agency for Geology and Mineral Resources under the Government of the Kyrgyz Republic. He also held managerial positions in the companies JSC Sevodielektrostroy, JSC Rovnoe and Image Plus.



**DEBRA KERTZMAN**

**Representative, European Representative Office  
Asian Development Bank**

Prior to her current role, Kertzman served as the Director of the ADB's Strategy, Policy and Interagency Relations Division for 13 years. Kertzman holds a Master of Laws from the Georgetown University Law Center, a Doctor of Law from the Columbus School of Law, and a Bachelor degree in Political Science and Government from Boston University.



**GAO HONGBING**

**Vice President of Alibaba Group and President of AliResearch  
Alibaba Group**

Gao Hongbing is a member of the council of the Center for Informatization Study and a professor at the Zhejiang Provincial Party School and the China Executive Leadership Academy in Pudong. Gao has extensive experience in drafting informatization development strategies, internet regulations and policies. Prior to joining Alibaba, Gao served as a member of policy and strategic council of many companies, including of Huawei, Tencent, and Baidu.



**PAOLO DAL SANTO**

**Education Business Development Manager in Europe, Middle East and Africa  
Hewlett-Packard (HP)**

Dal Santo has over 20 years of international experience on sales and business development with extensive knowledge in B2B, online and retail sales channels.



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BCC News**

Zeinab Badawi is a renowned and award winning television and radio journalist and presenter working for BBC.





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