



**Statement of Mr. LI Yong
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United Nations Industrial Development Organization**

at the

**Opening of the
48th Session of the
Industrial Development Board**

**23-25 November 2020
Vienna, Austria**

Mr. President,
Excellencies,
Distinguished delegates,
Ladies and gentlemen,

It is my great pleasure to welcome you to the forty-eight session of the Industrial Development Board. I welcome all of you, from wherever you may be joining this session of the Board.

At the outset, let me express my gratitude to the outgoing Bureau.

I would like to thank His Excellency Ambassador PALAU of Spain for his support as President of the thirty-seventh session, and Her Excellency Ambassador Maria CLEOFE NATIVIDAD of the Philippines who took over as Acting President after his departure. In particular, I commend her constructive and proficient leadership of the informal consultations leading up to this session.

Let me also congratulate our new President, His Excellency Ambassador DJUMALA of Indonesia, as well as the new Bureau, on their election. I am confident that under your able leadership, Mr. President, we can be assured of constructive deliberations and a successful conclusion of this session.

Excellencies,
Distinguished delegates,

In a world turned upside down this year, holding this session of the Board in a virtual format may be strange but absolutely adequate. The COVID-19 pandemic has changed the lives of billions beyond recognition.

Just looking back at the past 10 months, we witnessed a decline in demand and a drop in global trade. Business and workplace closures resulted in major income losses and increased unemployment across the globe.

Two vital sources of income, essential for companies and individuals alike, namely foreign direct investments and remittances, have also dropped sharply.

The global gross domestic product is expected to contract by 5 per cent this year.

Poverty is increasing for the first time in three decades, and 70-100 million people are at risk of falling into extreme poverty.

At the same time, the pandemic is exacerbating inequalities of all kinds, including the digital divide.

A new technological era is upon us, and a giant leap in digital transformation is already taking place. The pandemic changed the way we work, the way we learn, and the way we meet and connect with others. But those without access to digital technologies — almost half the world — are denied opportunities to study, communicate, trade, shop, work and participate in much of modern life, thus increasing inequalities for already vulnerable groups.

The spread of technology requires the private sector and governments to adapt. It is not only a question of infrastructure but also about investments in human capital to equip workers with the right knowledge and best skills, helping them adapt to new realities, future labour markets and to join the Fourth Industrial Revolution.

Particularly at the beginning of the year, as we observed disruptions in global value chains and supply networks, fears about the reshoring of industry and increased automation were on the rise. Concerns about the future of work and robot-induced unemployment are being raised, with declining costs of machines and advanced technologies.

As we move forward, we urgently need to address the growing digital divide and put digital technology to work for those who need it most.

Our joint task will be to harness digital technologies to serve the world, with digitalization as an enabler, an equalizer, and an accelerator for the achievement of the 2030 Agenda.

Excellencies,
Ladies and gentlemen,

The COVID-19 crisis is a tragedy. But it has also created a moment of possibility for us — a moment to think about the other major crises that lie ahead of us. Among them, climate change is the biggest threat, yet to come. We need to use the wake-up call of the pandemic to address future threats with a sense of urgency today.

The recovery from the COVID-19 and its socio-economic impact is our chance to get things right for the future, and to address the world's fragilities. In no other area will this be more important than in overcoming climate change and steering the world onto an environmentally sustainable, carbon-neutral path.

We will continue to give urgent priority to climate action and the special role that industry can play in meeting the agreed commitments under the Paris Agreement.

Today, industry still accounts for one third of the global greenhouse gas emissions. Therefore we need to scale up our efforts to advance the decarbonization of industry. We believe that energy efficiency measures, the integration of renewable energy, and digitalization can deliver a substantive share of the decarbonization target associated with manufacturing industries, especially among small and medium-sized enterprises.

UNIDO is striving to play a strong role in both decarbonization of industry and the adoption of circular economy principles and practices, which in combination have the potential to reduce industry-related climate emissions dramatically.

Excellencies,
Ladies and gentlemen,

Allow me to provide further comments on selected items on our agenda of this session.

Among those items, the financial situation of UNIDO is always at the core of deliberations of the Industrial Development Board.

I am pleased to inform you about the collection rate of assessed contributions, which stands at 86 per cent of the total assessed contributions, which is comparable to the collection rate of previous years, despite the challenging external circumstances.

I wish to express my sincere appreciation to those Member States that have met their obligations during this difficult time. And I urge those that have not yet paid their assessed contributions to do so without delay.

I would also like to thank the 11 Member States that voluntarily renounced their share of the unutilized balances of appropriations and am pleased to inform you that €1 million was thereby made available for various purposes in support of the Organization's work or to bridge the funding gap.

Considering expectations concerning the financial situation next year, I would like to encourage Member States to renounce their shares of unutilized balances of appropriations, so as to strengthening the financial situation of the Organization during the remainder of this budget biennium, in particular towards the funding gap of some €800,000 in the second year of the biennium. A formal appeal in this regard will be sent to you after this session of the Board.

Excellencies,

We stand presently also in the run-up to the formulation of the Programme and Budgets 2022-2023. Following the guidance given by the 18th Session of the General Conference in Abu Dhabi, the next Programme and Budgets will be based on results-based budget principles.

As outlined in the briefing on 16 November, a proposal has been developed that integrates voluntary and assessed contributions, aligns with the medium-term programme framework (MTPF) and with results areas and indicators drawn from the integrated results and performance framework (IRPF). We are currently in the process of fine-tuning the mapping of budget components and results, as we move from a budget with programmatic focus by thematic areas to a results-based approach by results areas. In line with the budget preparation timelines, we will present preliminary draft figures for consideration at the next presentation scheduled for early December.

With regard to the mobilization of financial resources, I recall with pleasure that the Green Climate Fund (GCF) recently approved the application of UNIDO to become an accredited entity.

For UNIDO this is an important achievement, as the Green Climate Fund is the world's largest dedicated fund helping developing countries reduce their greenhouse gas emissions and enhance their ability to respond to climate change. This accreditation is expected to allow

UNIDO to scale up and increase impact when collaborating with developing countries in meeting their climate change goals or strengthening their resilience to climate change.

As far as the delivery of our technical cooperation during 2020 is concerned, I am pleased to inform you that the implementation of our mandate never stopped, even during the most difficult time and lock-down periods. As of today, the value of technical cooperation delivery reached \$155 million. This is equivalent to 90 per cent of the implementation volume at this time last year, which was the year with the second highest delivery level in UNIDO history.

Our staff are busy implementing and designing projects to advance the mandate of ISID and to support the socio-economic recovery from COVID-19. I appreciate the efforts of our staff. We will continue to do our best to deliver our services efficiently and effectively, and I am confident that we will reach a relatively high volume of implementation, despite the challenging situation that we are all experiencing since the beginning of this year.

Ladies and gentlemen,

The evolving business environment and changes in the UNIDO business model require that we reinforce and strengthen our internal governance mechanisms in support of our mandate, mission, and objectives.

We aim to accomplish this, amongst others, through the establishment of the Integrated Accountability System of UNIDO, which interlinks the existing regulatory framework of the Organization, with its objectives, while ensuring that the entrusted resources are safeguarded.

In doing so, UNIDO has placed emphasis this year on establishing the UNIDO Accountability Framework, which underscores the commitment of the Organization to strengthen its governance and results-based approach for achieving objectives and high-quality results in a timely and cost-effective manner.

The framework clarifies and assigns the essential roles, responsibilities and accountabilities at appropriate levels to all UNIDO personnel. It is supported by an updated Enterprise Risk Management policy and Internal Control Framework. Together, the three policies define how UNIDO manages risk and how it safeguards its resources, while providing reasonable assurance regarding the achievement of its strategic, operational, reporting and compliance objectives. The three policies were approved by the Executive Board recently and will be issued in the coming weeks.

In particular, the Enterprise Risk Management policy focuses on the processes and provides practical guidance for embedding risk-results management at all levels of the Organization within strategic decision-making, linking risk management to the achievement of the Organization's objectives. It is an important element of good organizational governance and accountability, allowing the Organization to look forward, while managing the effect of uncertainty on the achievement of corporate objectives. Implementation of the Enterprise Risk Management strategy in 2021 will focus on critical risks at each one of the four levels of the IRPF.

At the same time, we are also moving ahead with the implementation of internal operational improvements through the full cost recovery, the resource optimization for technical cooperation (ROTC) initiative, as well as the IRPF and MTPF. These improvements of internal management will help reduce risks to a certain extent as well.

With regard to gender equality and the empowerment of women, I am pleased to inform you that, in 2019, UNIDO maintained its above-average performance by meeting or exceeding 13 out of 17 performance indicators of UN-SWAP 2.0. This was achieved with the support of the Gender Focal Point Network and senior management. According to UN Women, in 2019, UNIDO continued to outperform not only other technical organizations, but also the UN system as a whole.

Despite the disruptions of the COVID-19 pandemic, we continued efforts to deliver on the implementation of the Organization's 2020-2023 Gender Strategy. Initiated by the Gender Equality and Empowerment of Women Office, and in collaboration with the Department of External Relations, UNIDO adopted a policy on panel parity towards the Organization's objective of the equal representation of women and men.

We also spearheaded the organization of the 2020 Enabling Environment Week with six other Vienna-based Organizations to sustain progress on fostering diversity and inclusion in line with the Secretary General's System-wide Strategy on Gender Parity.

As part of the International Gender Champions initiative, I created an Impact Group in 2019 to promote gender-responsive assemblies through the use of artificial intelligence, together with Permanent Missions of Afghanistan and Finland. In this connection, I would like to extend our appreciation to our donor countries and the strong guidance from Member States. We will continue this process and welcome the policy guidance and financial support from our Member States.

Excellencies,

I would like to take this opportunity to thank those Member States and funding partners that have expressed their support to the COVID-19 socio-economic response through voluntary financial contributions to UNIDO projects in this area.

As I have mentioned at the outset of my statement, the current crisis calls for global solidarity and support. During this special time, the donor community plays a very critical role.

UNIDO is implementing a number of joint projects with funding of the United Nations COVID-19 Response and Recovery Fund.

Amongst those, UNIDO facilitates the massive local production of personal protective equipment and hygiene kits in a joint project with UNDP in Guinea, based on innovative and environment-friendly technologies. In Madagascar, UNIDO joins forces with WHO and UNICEF, to address the supply shortages of facial masks as well as the risks of business closures and of increased unemployment. The joint project in Morocco with UNFPA and WHO aims at ensuring the continuity of essential services. The UNIDO component, which is implemented together with ILO supports the workplace of non-health-care essential industries that are affected by the

pandemic. This includes SMEs, agro-industry, commerce and waste management. UNIDO supports the country in developing and disseminating tools and manuals on good practices and hygiene to protect the workforce. In Armenia, UNIDO is implementing a light sector initiative supporting local SMEs in the production of personal protective equipment.

In addition to projects funded by our traditional donors and from the UN COVID-19 Response and Recovery Fund, UNIDO is implementing a range of projects to advance the mandate of ISID in all parts of the world, as industrial development is key to the economic recovery from the crisis.

In the context of the reinvigorated United Nations development system, I am also pleased to note that the “COVID-19 Socio-economic Response Plans” (SERP) prepared by UN Country Teams around the world, with inputs and support from UNIDO, include a strong economic component. This is important for the future, as the SERPs will feed into the new UN Sustainable Development Cooperation Frameworks.

In the context of the reform of the United Nations development system, I would like to inform you that the United Nations Sustainable Development Group (UNSDG) held two meetings to discuss a review of the working modalities of the Group and a review of the cost-sharing formula for the calculation of contributions to the UN resident coordinator system.

The discussion on the working arrangements of the UNSDG, centred around the role of the Core Group. It was decided that the Core Group should continue for at least another year, to give it a chance to be involved in the implementation of the reform that the Group had shaped over the past two years. It was also decided that the UNSDG should meet four times a year.

Regarding the cost-sharing, I am pleased to inform you that an agreement was reached to update the data used for the calculation. For the 2021 contribution, the Secretariat is still applying data from 2012-2013 for the calculation. I am therefore pleased that for the 2022 contribution, newer data will be used, as requested by UNSDG entities.

I regret to inform you, however, that the structure and elements of the cost-sharing formula will remain unchanged. Several entities, including UNIDO, voiced strong support for innovative options that would have made the cost-sharing burden fairer, but it seems the time is not ripe for such changes.

I expect that the UNSDG proposal for the cost-sharing formula will next be presented to Member States at the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee, in addition to a broader review of the reinvigorated UNRC system in 2021.

Mr. President,
Excellencies,
Ladies and gentlemen,

I would like to close my opening remarks by thanking you for your support to the Organization. I continue to count on you for your guidance, your political and financial support, as we move forward to advance inclusive and sustainable industrial development, both to help address the socio-economic consequences of COVID-19 and to build back better.

In the twelve months ahead of us, important decisions concerning the Programmes and Budget 2022-2023 and a new MTPF 2022-2025 will need to be made. Internally, we are also thinking how we can best position UNIDO in the long-term, beyond COVID-19 as we accelerate efforts towards the target year 2030, as we step up measures to address climate change, and as we strive to catch the opportunities of the Fourth Industrial Revolution.

It is clear that in the months and years to come, your continued support and important guidance will be critical to ensure that UNIDO can fulfill its vital mandate and make its contribution to economic recovery and a more sustainable and inclusive future for humankind.

Thank you.