



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

at the

**Opening of the
49th Session of the
Industrial Development Board**

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Vienna, Austria**

Madam President,
Excellencies,
Distinguished delegates,
Ladies and gentlemen,

It is my great pleasure to warmly welcome you to the forty-ninth 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 DJUMALA of Indonesia for his support as President of the forty-eighth session.

Let me also warmly welcome and congratulate our new President, Her Excellency Ambassador KROIS from Poland, as well as the new Bureau, on their election. I am confident that under your able leadership, Madam President, we can be assured of constructive deliberations and a successful conclusion of this session.

Madam President,
Excellencies,
Distinguished delegates,

Still today, the COVID-19 pandemic and its socioeconomic effects continue to lay bare the urgent need to increase all of our efforts towards the achievement of the 2030 Agenda for Sustainable Development in the few years that remain of the Decade of Action. The worldwide vaccination campaign has given us hope that there is light at the end of the tunnel of this pandemic, yet our struggle is not over, as the international community works to ensure vaccine equity around the world.

Among the top priorities that Secretary-General António Guterres identified for his second term of office are three central challenges to the future of humankind: the eradication of poverty; the triple planetary crisis of climate change, nature loss and pollution; and the challenge of the digital transformation.

Inclusive and sustainable industrial development remains the driving engine to recover from the socioeconomic crisis, advance the urgently needed digital transformation, and protect the world from environmental degradation and climate change. Evidence shows that inclusive and sustainable industrial development, ISID, is fundamental to confront these three challenges.

The last year also made abundantly clear that multilateralism and international development cooperation remain essential to human wellbeing. To effectively implement the vital mandate of ISID, UNIDO needs strong leadership and most of all the guidance and the strong support of its Member States.

This session of the Board is significant in many ways: it is the last time that I address the Industrial Development Board as your Director General, as you will be selecting my successor in the course of the current session. In recommending a candidate for appointment by the General Conference, this meeting is decisive for the future of our Organization. In view of the excellent and experienced candidates that have come forward, I know that the decision you will take is not an easy one, and I wish you all the best in reaching it. You will also consider and adopt two

main strategic documents of UNIDO, the medium-term programme framework (MTPF) 2022–2025 and the programme and budgets 2022–2023. These decisions taken together will build a solid foundation for the Organization for the crucial years ahead.

To that end, I would like to use the opportunity to present selected major achievements of the Organization as we head towards the forthcoming General Conference, and follow the practice of providing comments on the agenda before us. My statement will first address important aspects of the management of the Organization before turning to the programmatic areas of work.

We will start by discussing the deliberations of the thirty-seventh session of the Programme and Budget Committee, which covered crucial issues for the effective functioning and the future of the Organization.

The consideration and adoption of the MTPF 2022–2025 and the programme and budgets 2022–2023 is at the core of our deliberations.

The new strategic framework for the next four years presented to you maintains the dual objective of integration and scale-up introduced by the current MTPF 2018–2021 while it consolidates and deepens the progress made during the previous cycle.

Based on your request at the eighteenth session of the General Conference, we prepared the draft budget 2022–2023 according to results-based budgeting principles. We present the contribution of both regular and voluntary resources towards five results areas, in full alignment with the MTPF and the integrated results and performance framework (IRPF). I am pleased with the positive feedback on this novel exercise for the Organization, and hope this important policy will guide UNIDO on the continuous path towards efficiency, effectiveness, outcome-orientation and the maximization of our impact on the ground.

Excellencies,

I would like to express my particular and sincere appreciation for your clear expression of support at the Programme and Budget Committee in May.

The Secretariat and I acknowledge the difficulties faced by Member States in light of the financial impact of the COVID-19 crisis on national budgets. The consensus at the Committee on a zero real growth budget is a strong expression of your trust in the Organization to contribute to building a better future, for which we are very grateful. We remain committed to a transparent and accountable use of resources and the continuous improvement of our operations, so as to maintain and strengthen this trust and better deliver UNIDO's global mandate.

I appreciate the thorough review of the proposal to allow transfers of up to 10 per cent between the major objects of expenditure in the new results-based budget structure. I hope that the flexibility proposal will receive the full support of Member States in the near future, as this is a reasonable and common practice with the sole purpose of enhancing responsiveness and raising efficiencies in the delivery of our mandate.

In this context, I would like to specifically thank the Co-Chairs and Member States engaged in the Informal Working Group on PBC-related issues for their active dialogue on the aforementioned important issues for the Organization.

Regarding the current financial situation of the Organization, I would like to inform you that the collection rate of assessed contributions stands at 62 per cent of the total assessed contribution and the assessed contribution from the People's Republic of China is to be received in due course. 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.

As far as the implementation of our technical cooperation portfolio during 2021 is concerned, the value of delivery to June 2021 reached \$115.7 million, which is 15.7 per cent above the level of June last year and 5 per cent over the level of June 2019, the year with the second-highest delivery level in UNIDO history. This is a strong demonstration of the commitment of UNIDO staff to support our Member States during this difficult period and the innovative means by which we have kept our operations running. It is furthermore an indication of the increasing demand for our services.

I am proud to say that UNIDO personnel showed full dedication and a sense of urgency during the difficult period of the past year. Their commitment, hard work, and innovative spirit led to solid results. With two-thirds of UNIDO personnel stationed in the field, this was not always an easy task. I take this opportunity to thank staff members, consultants, interns and our partners for their perseverance.

While we continued with the implementation of ongoing programmes and projects, we started specific activities to respond to the COVID-19 crisis from early February 2020 and participated in several joint interventions with other UN partner agencies, including those funded by the COVID-19 multi-partner trust fund.

The recently published 2020 Global Report of that fund reported on UNIDO projects in Armenia, Guinea, Madagascar and Morocco, and informed that UNIDO ranks second among implementing UN agencies in terms of its delivery rate.

Apart from the strong delivery of our technical cooperation interventions on the ground, we also continued our strong engagement to build the basis for future programmes.

In March, I joined a group of world leaders, including the Head of the World Health Organization and several Heads of Government and State, to call for an international treaty to improve pandemic preparedness and response for the sake of future generations. The main goal of the treaty is to foster a comprehensive approach to strengthen national, regional and global capacities and resilience to future pandemics. UNIDO will play a role in the promotion of health industry development.

In this context — and building, amongst others, on the experiences of the UNIDO programme to strengthen local manufacturing of essential medicines in developing countries — we recently started preparing a strategy on post-pandemic health industry development. As one of the intellectual inputs to the initiative, the recent meeting of the “The Group of Friends of Industry” in Geneva in May, convened by UNIDO, highlighted the importance of advancing

Sustainable Development Goals 3 and 9 in closer partnership among UN agencies, governments, and the private sector.

On the side of building back better and greener, we signed the Accreditation Master Agreement with the Green Climate Fund (GCF) on 28 June, which paves the way for UNIDO to submit climate project proposals for GCF funding. We are currently working on the programmes for the next three years.

Addressing the climate change challenge will indeed remain a priority and I am convinced that the decarbonization of industry will play an important part if we are to reach the 2050 climate targets. I strongly believe that without decarbonization these targets cannot be achieved.

The Vienna Energy Forum held last week served as an important milestone on the road to the high-level dialogue on energy scheduled for 20 September at the General Assembly and the twenty-sixth United Nations Climate Change Conference in November 2021. UNIDO also co-led the review of achievements towards SDG 12 for the High-Level Political Forum (HLPF).

In promoting circular economy, I would like to thank Member States for their active contributions to the global consultations and to particularly highlight the leadership of Austria and Costa Rica in advancing the international dialogue on this important issue. Further, the establishment of the Global Alliance on Circular Economy and Resource Efficiency (GACERE) — a partnership between the EU, UNEP and UNIDO — will help to position UNIDO and drive forward a global just transition to circular and resource efficient economies.

Excellencies,

In view of the enhancements to the UNIDO business model, we continue to reinforce and strengthen our internal governance mechanisms in support of our mandate, mission, and objectives.

I am pleased to inform you that following the comprehensive overhaul of the Secretariat's governance system, we have been giving closer attention to oversight, governance and accountability in the course of this year. The Three Lines Model has been formalized through the concurrent issuance of key policy documents, namely the enterprise risk management policy, the accountability framework, and the internal control framework.

As we become more focused on the results and impact that we aim to deliver under our pioneering results-based budget, we must also be much sharper in the understanding, mitigation and overall management of the inherent risks attached to these results. In conjuncture with the establishment of a results and risk focal point network, an internal training course on results and risks will bring about the change in attitude and culture that can be expected of a risk- and results-conscious institution. It will also support the result-based management principles adopted by the Organization and its Member States.

As far as the assurance providers that are located in the third line are concerned — namely, the External Auditor, the Joint Inspection Unit, and the evaluation and internal oversight functions — we appreciate the increased value they provide to the Organization.

I am pleased that the External Auditor issued an unqualified opinion on the financial statements for the year 2020 and confirmed that UNIDO's financial system is robust and conforms to international public sector accounting standards.

The External Auditor has also provided important observations that are valuable for me and the management of UNIDO to identify and address gaps and performance challenges. I am pleased to inform you that a number of recommendations from previous External Auditor reports have been implemented and closed.

The Joint Inspection Unit helps UNIDO reflect on and take stock of UN system-wide reviews of important areas, such as the investigation function, enterprise risk management, and the ethics function.

The Office of Evaluation and Internal Oversight has also increased its attention to strategic areas and risks. It has been adding value with its independent assessments, evaluations, internal audits, investigations and advisory engagements. An enhanced mechanism to follow-up and implement recommendations and management action plans to address evaluation and internal audit findings has been developed with stronger commitment and ownership by senior management and the Executive Board. The investigation function has also been instrumental in contributing to a better justice system in UNIDO and to further implement our "zero tolerance" approach to wrongdoing, such as fraud, harassment, or sexual exploitation and abuse.

I would also like to express my appreciation to the Independent Oversight Advisory Committee, and look forward to the presentation of its report by Mr. Vinh-Thomas, the Chair of the Committee. I would like to really commend their professional and excellent work. We will pay particular attention to the areas for improvement highlighted in the report and I look forward to further engaging with the OAC on its three priority areas for 2021, namely results-based management for impact; investigation and independence; and accountability for implementing management action plans.

Overall, from an accountability, governance and oversight point of view, I am confident that UNIDO is on the right track of a rules- and results-based Organization.

At the same time, we are also moving ahead with the implementation of internal operational improvements through the resource optimization for technical cooperation (ROTC) initiative, in alignment with the MTPF and IRPF. The improvements of internal management will help reduce risks and improve governance as well, in addition to providing a clearer focus on the areas of our ISID expertise. The ROTC initiative in particular enhances efficiencies and the better integration of services through, inter alia, the development of standardized and programmatic modular approaches, the capacity-building of staff and new opportunities for the promotion of UNIDO expertise.

The implementation of full cost recovery, ROTC and the MTPF 2022-2025 are complementary and mutually reinforcing, with the common objectives of improving UNIDO's organizational performance and maximizing its impact.

With regard to gender equality and the empowerment of women, I am pleased to inform you that, despite the disruptions of the pandemic, UNIDO is on track in the implementation of its 2020–2023 Gender Strategy.

UNIDO has developed and implemented a wide range of programmes and projects to promote the economic empowerment and leadership of women, including on access to markets and finance, digitalization, green industry and entrepreneurship development. Many of these projects build on effective partnerships with other United Nations entities or the private sector. On the global level, as an example, the UNIDO-REEEP Private Financing Advisory Network (PFAN) employs a gender strategy to mobilize investments to close the financing gap faced by women clean energy entrepreneurs, and is currently co-developing a publicly accessible online training on gender lens investing, together with our Gender Office and ITPO Germany.

To measure our contribution to gender equality and empowerment of women, and to track and monitor financial resource allocation to projects with gender-related activities, UNIDO has strengthened its use of its gender marker tool. Personnel is continuously trained on accurately assigning the gender marker and carrying out gender analyses to develop gender-responsive programme and project activities. In 2020, 34.6 per cent of programmes and projects were approved with gender markers 2A and 2B, compared to 19.1 per cent in 2019. This indicates that UNIDO is well on track to meet its goal of having 45 per cent of projects approved annually that “at least significantly contribute to gender equality and the empowerment of women” (gender markers 2A and 2B) by 2023, as established in the current Gender Strategy.

The recently launched “UNIDO Guide to Gender Analysis and Gender Mainstreaming the Project Cycle”, developed with generous funding support from the Government of Finland, will be essential to achieve this goal. It will help us further implement the Gender Strategy with a view to continuously scale up UNIDO’s delivery of gender equality results through our four core functions, across all industrial development interventions in our Member States.

As part of the International Gender Champions initiative, I created an Impact Group in 2020 to promote gender-responsive assemblies, together with the Permanent Missions of Afghanistan and Finland in Vienna. The initiative supports the implementation of the Code of Conduct to prevent harassment, including sexual harassment at UN system events in Vienna, and is piloting an artificial intelligence-based software that analyzes the share of speaking time of women and men at events of Vienna-based organizations.

An awareness-raising video on the Code of Conduct, featuring supportive messages from 22 Vienna-based International Champions was prepared and launched on social media at the beginning of July, in parallel to the landmark Generation Equality Forum.

Excellencies,

Following the guidance of Member States, UNIDO is continuously enhancing its strategic work in the three interconnected focus areas digital transformation and innovation; climate neutral industry and the circular economy; and structural transformation and sectoral expertise.

To better guide the work of the Organization in these important areas, we are currently working on the development of strategies on climate action, digitalization and the Fourth Industrial Revolution, and on a definition of UNIDO's normative role.

Upon the request of the General Conference, UNIDO has also convened regional and global consultations on circular economy. The documentation before you under item 11 (a) summarizes the policy and technical recommendations emerging from the global consultations held in May as well as containing a proposal for further actions to be considered by the Board. The main findings will also feed into intergovernmental processes, such as the High-level political forum on sustainable development 2021 and the United Nations Climate Change Conference (COP26) in November.

In the area of our knowledge products and flagship publications, we organized a high-level panel discussion of the findings of the Industrial Development Report 2020 at the margins of the fifty-third session of the UN Economic Commission for Africa Conference of African Ministers of Finance, Planning, and Economic Development.

The Industrial Development Report 2022 will discuss the future of manufacturing in a post-pandemic world. The report will document a wide range of recovery strategies and will engage a broad base of stakeholders, incorporating evidence at the level of firms, industries and policy interventions. Issues of equity, environmental sustainability and gender will be at the core of the discussion.

In preparation of the report, 12 eminent experts, including Marianna Mazzucato, Jeffrey Sachs, Justin Lin and Joseph Stiglitz, amongst others discussed lessons and feasible solutions to improve the governance of global manufacturing in the face of the COVID-19 pandemic and future crises. We hope that the international debate around concrete proposals for recovery can bring the world closer to a better future through inclusive and sustainable industrial development.

Apart from the forthcoming IDR 2022, we are building on the successful dissemination of research pieces and publications on the socio-economic aspects of the COVID-19 pandemic that drew much interest last year, and we will continue to publish a series of new opinion pieces that focuses on recovery, resilience and building back better.

In partnership with the African Development Bank, we recently analyzed the impact of the COVID-19 pandemic on the industrial sector, the drivers of its resilience and identified policy actions for a speedy economic recovery. The report, which is based on firm-level surveys in Côte d'Ivoire, the Democratic Republic of the Congo, Kenya, Mauritius, Rwanda, Senegal, South Africa, Tunisia, and Zambia, will be published in the coming weeks.

Excellencies,
Distinguished delegates,

Having discussed important items related to the governance, management, strategy development and knowledge leadership of the Organization, I would now like to turn to a few programmatic highlights of the past few months before concluding my remarks.

As reported previously, UNIDO took swift action to respond to the COVID-19 pandemic in February 2020, and has since then joined the United Nations Comprehensive Response to

COVID-19, launched by the Secretary-General. UNIDO conducted rapid impact assessments on the industrial sector, which contributed to the socioeconomic response plans that detail the country-level response in 121 countries so far. The joint response by the United Nations system helped UNIDO strengthen its collaboration with UN partners.

The pandemic is viewed as the first litmus test of the United Nations development system reform, and we indeed witnessed a more integrated and joint response to the emergency. We remain hopeful that the spirit of closer collaboration will prevail in the future. UNIDO has stepped up both its direct engagement with the Development Cooperation Office (DCO) and Resident Coordinators as well as its contribution to common country assessments and UN Sustainable Development Cooperation Frameworks.

The General Assembly has recognized the progress in making the UN development system more coherent, impactful and efficient. The resolution on the 2020 quadrennial comprehensive policy review (QCPR) provided strategic direction to guide the system in its important work for the next four years, requesting it to support integrated policies to realize the SDGs and to help countries to leave no one behind. It identified specific policy areas, including poverty eradication, quality education, social protection, climate change and environmental protection, the urgent and equitable rollout of vaccines, and response to the socioeconomic consequences of the pandemic. Digital technologies are recognized as key enablers of sustainable development, and UN entities are encouraged to improve digital inclusion and unlock the potential of digital technologies to attain the SDGs.

Excellencies,

The Organization's programming approach through the Programme for Country Partnership (PCP) as well as country programmes is progressing well. I am very pleased with the results, and improved inter-ministerial coordination, the mobilization of partners, capacities and resources are key benefits of this innovative multi-stakeholder approach. The leaders of PCP countries also recognize and appreciate the important contribution of the industrial development strategies that are integral part of the PCPs.

Recently, two thematic conferences focusing on the Fourth Industrial Revolution were organized in the PCP countries Egypt and Morocco. In Cambodia, the Prime Minister approved the national coordination body. For the self-starter PCP Kenya, which I signed with President Kenyatta in January 2021, the formulation of the programme is progressing well. In Peru, a new national roadmap for circular economy has been developed with UNIDO assistance. I am also pleased about a recent letter received from the President of Nigeria, requesting to change the UNIDO country programme into a PCP.

I am also pleased to report about the progress made in leading and supporting the Third Industrial Development Decade for Africa. The joint roadmap to support IDDA III implementation along with its monitoring and evaluation framework was validated during the meeting of the 28 IDDA III focal points from United Nations partner entities, development finance institutions, regional economic commissions, and the African Union Commission. While some joint programmes are already under implementation, new ones are being developed, with a particular focus on the AfCFTA implementation, the Fourth Industrial Revolution, and the recovery from the COVID-19 crisis.

We have also made progress in the establishment of a dedicated IDDA III Secretariat with the recruitment of a senior programme officer and the ongoing filling of other positions, including junior professional officers, consultants and seconded partner experts. We appreciate the support of donors and welcome further funding to capacitate the Secretariat.

Preparations have also resumed for the African Union Summit on Africa's Industrialization and Economic Diversification, which had to be postponed to November 2021 due to the COVID-19 pandemic. The Africa Industrialization Week held in 2020 served as the first pre-event and various other pre-events are being planned in the lead-up to the Summit.

Based on the strategic framework for partnering with middle-income countries, adopted at the eighteenth session of the General Conference, we also held consultations with Member States to finalize the related workplan, ensuring that aspects of the COVID-19 recovery and opportunities of the United Nations development system reform are duly reflected.

In addition to the strategies that we developed for groups of countries — such as the SIDS strategy, the post-conflict/post-crisis strategy, the middle-income country and LDC strategies—, the re-emergence of the regional dimension in UN development cooperation encouraged us to upscale our programmatic approach from the country to the regional level. Regional strategies developed with the regional groups of UNIDO Member States will help guide our cooperation in these countries.

Excellencies,
Distinguished delegates,

As I come to the conclusion of my statement, I would like to return to the point that I made at the outset of my remarks: the task of fulfilling the aspirations of the 2030 Agenda requires full dedication, solid work, innovation and a sense of urgency.

The urgency is real. We cannot wait and see how livelihoods and peoples' lives are being wrecked by the pandemic and its socioeconomic consequences. The health crisis is not over for the majority of countries, and unemployment has risen, young people are desperately seeking economic opportunity, and families are struggling to put food on the table. The growing digital divide must also be addressed, as we work hard to avert the climate and environmental crises ahead of us.

If we are to help, we must maintain the spirit of global solidarity and strengthen international development cooperation to support those in need.

To keep the momentum and not lose the progress of the past years, your continued support and important guidance will be critical to ensure that UNIDO can fulfil its vital ISID mandate. Together, we can make a meaningful contribution to economic recovery and secure a better future for humankind through inclusive and sustainable industrial development.

Thank you.