

**STATEMENT BY UNIDO**

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## UNCTAD XI

### Statement of UNIDO at the General Debate

(15 June, Sao Paulo)

Mr. Chairman,  
Distinguished delegates,  
Ladies and Gentlemen,

It is my great pleasure to participate in the eleventh United Nations Conference on Trade and Development, representing UNIDO. Unfortunately our Director-General, Mr. Carlos Magariños, who attended the Inaugural Ceremony of the Conference, as well as the inauguration of the UNIDO/UNCTAD Technology Fair for the Future had to leave for further engagements in the region, but before leaving he asked me to convey this message to all of you.

As one of the major international events of the year 2004, the conference represents a unique opportunity to help developing countries meet the Millennium Development Goals (MDGs) and to strengthen the links between international and national efforts to promote economic growth and sustainable development.

We also view this conference as an excellent occasion for UNIDO to develop further its fruitful cooperation with UNCTAD and to enrich the debates on the most demanding development issues of today, including those that took place during the Tenth Session of

the General Conference of UNIDO in December 2003 with the active participation of Mr. Rubens Ricupero, the Secretary-General of UNCTAD. We are grateful to him for his strong and valuable contribution and believe that as members of the United Nations family offering complementary developmental services, UNCTAD and UNIDO should further develop a constructive and long lasting partnership to make a significant and meaningful contribution to the development agenda.

Today's global society faces enormous problems and challenges. Prominent among them are poverty and inequality. While the process of globalisation is gaining in momentum, the gap between developed and developing countries is increasing. The majority of the world population has failed to benefit from this process.

At the beginning of the twenty-first century, over 1.3 billion people live in absolute poverty across the globe, particularly in the developing countries, and their numbers continues to increase. We are witnessing an exacerbation of worldwide inequalities, accompanied in most societies by an increase in the number of individuals living in absolute poverty.

The regions most affected by poverty in the developing countries are Latin America and, more particularly, southern Asia and sub-Saharan Africa. Sub-Saharan Africa experienced a 21 % cumulative reduction in per capita income between 1980 and 1989. The most recent statistics for sub-Saharan Africa reveal that out of a population of 590 million, 270 million now live below the poverty line.

To revert this alarming situation and to achieve the Millennium Development Goals a faster economic growth is required. This is particularly relevant for Africa, where the recent record of growth is so little that there is no hope of meeting the goals unless the growth accelerates. According to UNIDO estimates, the rate of annual GDP per capita growth that would be consistent with the achievement of the MDGs for 30 sub-Saharan African countries varies between 2 and 6%.

**Industrialization has a critical role to play in helping developing countries to raise growth rates. Productive development is a major force for applying new technologies to production and the most important source and diffuser of technological innovation. It is the best way to modernize the export structure and creating the base for sustained export increase along with higher wages. Successful industrialization helps create employment that poor economies need as they release labor from agriculture both directly and by stimulating the development of modern services.**

**UNIDO believes that national and international development agencies must direct their efforts at overcoming the barriers to growth in developing countries to ensure human, social and economic progress. To be able to respond properly to the existing challenges and to contribute to the MDGs, UNIDO has developed a comprehensive and coherent corporate strategy — *Productivity enhancement for social advance*. It rests on the premise, derived from empirical research and experience, that productivity enhancement plays a crucial role in promoting faster growth. This also brings the conviction that industry can make an important contribution to the achievement of this increase in productivity by promoting improved skills, knowledge and technology. The corporate strategy therefore proposes a new approach for UNIDO activities and interventions, which focuses on productivity growth as the central theme for these interventions, both to optimize their effectiveness and provide the needed strategic fit between them. This new approach is aimed at promoting sustainable industrial development by reinforcing the multiple links between entrepreneurship, technology, productivity enhancement and growth, and at facilitating a better conceptual and operational design of the Organization's support services.**

**In the global forum function, the corporate strategy provides for UNIDO to generate and disseminate knowledge about industrial development processes and associated issues, and to initiate and/or conduct debates on industrial development-and related matters in order to influence the industrial development agenda.**

With regard to technical cooperation activities, the corporate strategy provides for UNIDO interventions to be clustered around two key areas of comparative advantage:

- Technology diffusion;
- Capacity-building for market access and development.

Environmental sustainability of industrial development also remains an essential ingredient of UNIDO technical cooperation through the emphasis on clean technologies and cleaner production practices.

Our joint activities in these and other fields of mutual interest can strongly complement each other and enhance the impact of our interventions to foster development and therefore to achieve the MDGs.

Over the years, the UN has built a solid reputation in the fields of peace and security, humanitarian aid and social programmes. However, the same cannot be said in the field of economic development where the lead has been taken by the Bretton Woods institutions. Indeed, the current 'corporate strategy' on economic development is based on concepts with intensive research and cumulative knowledge by these institutions: macroeconomic stability, market oriented reforms and good governance. The perceptions of major contributors (and many recipient countries) about United Nations programmes in this field highlight the need for improved relevance and for reaching a critical mass.

This perception - or reality - has crucial implications for organizations operating in the field of economic development.

In our view there is a strong need to renew the United Nations economic development functions in the context of the Millennium Declaration and to redress the current undersupply of specific global public goods such as Market Efficiency, Knowledge and Environment in order to improve the prospect to achieve the Millennium Development Goals (MDGs) and to make that achievement sustainable.

The substance of the United Nations contributions in the field of economic development could be deepened by means of improved voluntary coordination mechanisms such as, a common business plan, a common agenda or a common framework. In this proposed way

critical mass and accumulation of knowledge can be attained to redress the current undersupply of public goods as mentioned above.

This initiative is endorsed by UNCTAD, ILO and was well received at the last UN Chief Executive Board session held in Vienna. I hope that with the support of Member States it will materialize and enable the United Nations system to enhance its role in the field of economic development in order to make a stronger contribution to the achievement of the Millennium Development Goals.

Thank you so much.

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