

**Special Address by UNIDO Director General LI Yong**  
**“Inclusive and Sustainable Industrial development of ACP Nations”**

**At the**  
**100<sup>th</sup> Session of the ACP Council of Ministers**

**ACP Secretariat, Brussels**

**10 December 2014**

*Your Excellency Mr. President of the ACP Council of Ministers,*  
*Honourable Ministers,*  
*Excellencies,*  
*Distinguished guests,*  
*Ladies and gentlemen,*

***Introduction***

I would like to express my sincere thanks for inviting me as a Special Guest on the occasion of the landmark 100<sup>th</sup> session of the ACP Council of Ministers. I am highly honoured to have been invited to participate in your deliberations, and in particular to discuss the issue of the “Inclusive and Sustainable Industrial development of ACP Nations” with you.

Please allow me to remind you how “Inclusive and Sustainable Industrial development”, which has increasingly become known by its acronym of “ISID”, has gained international momentum and why it is so important for the prosperity of the ACP countries.

Last year, on 2 December 2013 in Lima, the 172 Member States of UNIDO, including ACP countries and the European Union, unanimously approved the Lima Declaration, which calls for “inclusive and sustainable industrial development”. This declaration recognizes very clearly that industrialization is central to inclusive and sustainable development.

First of all, it is a historical fact that industrialization supports inclusive development. It can create millions of jobs, and especially qualified and decent jobs. In rural areas where agriculture is predominant, people can add value to their produce, and generate more income from their work by integrating into local, regional and global value chains. In many countries where populations are moving to cities, industry absorbs large numbers of workers in modern and

skilled jobs. In countries endowed with important mineral resources, local processing can create the jobs for the masses of young people and women looking for a better future.

*Excellencies,*

*Ladies and gentlemen,*

Let me remind you that words like “value addition” and “processing” are mere synonyms of “industrialization”, and are the engine of the economic transformation that is needed in many ACP countries. For example, according to our industrial statistics, industrialized countries add 70% of value to their products. By contrast, many ACP countries add only 0.7% or less of value to their products. This gap represents the difference between poverty and prosperity. Recent UNIDO research also shows how industrial development is intrinsically correlated with social improvements such as poverty reduction, health, education, and food security.<sup>1</sup>

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<sup>1</sup> UNIDO (2014): How Industrial development matters to the well-being of the population: Some statistical evidence. Working paper 04/2014

Another important issue that is addressed by the concept of “ISID” is the environmental sustainability of industrial development. We need to move away from traditional models of industrialization, which have had serious effects on the environment and the health of people. Indeed, statistical evidence shows that pollution is the leading cause of death in low- and middle-income countries. Exposure to polluted soil, water and air (both indoor and outdoor) resulted in 8.4 million deaths in 2012 in these countries. This means that roughly one in seven deaths in the world is pollution-related. In addition, 94% of the burden of disease from pollution falls on poor countries.<sup>2</sup>

That, Ladies and Gentlemen, is why we urgently need to move toward models based on cleaner production and a more efficient use of resources and energy, which will help us to achieve our economic growth objectives while preserving our environment as well as our climate. The good news is that in today’s world producing without polluting, producing without wasting natural resources and energy,

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<sup>2</sup> Data from the WHO, IHME and the Global Alliance on Health and Pollution (GAHP)

makes businesses sense: while being more environmentally sustainable, businesses become more profitable and societies more resilient. For this to happen, we should stimulate knowledge and technology transfer and foster investments.

The adoption of Lima Declaration for inclusive and sustainable industrial development is an important landmark in the global agenda. For the first time, the spectacular industrial successes of several countries in the last 40 years, particularly in Asia, have been recognized. The Lima Declaration also reaffirmed the position of UNIDO as the central coordinator of industrial development within the UN system. We do this through technical cooperation, action-oriented research and policy advisory services, supporting our Member States to achieve compliance with international standards, and via our convening role.

## **Policies for ISID**

For ISID to be achieved, appropriate policies are as essential as partnerships

At the international level, it is important that ISID be included in major development frameworks, particularly in the Post-2015 development agenda that will guide international development in the coming decades. I am happy to report that, thanks to the strong and solid support of ACP countries, ISID has already been recognized as one of the 17 Sustainable Development Goals proposed by the UN Open Working Group, and confirmed last week by the UN Secretary-General in his synthesis report of the post-2015 processes entitled “The Road to Dignity by 2030”.

Indeed, Goal 9 is specifically devoted to “building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation”. This is a major step forward in the international recognition of the importance of ISID.

The international discourse will now move towards the means of implementation of the SDGs. It will review the financing modalities for the implementation of the SDGs, and the respective roles of the public and private sectors in this context, as well as the importance of national ownership of the development process and the need to ensure an effective policy space for national governments. Since the primary implementation role will remain with governments, we recommend that ACP countries adopt ISID as a national policy objective.

To monitor the implementation of the SDGs, a Global Sustainable Development Report is under preparation. We presented the first prototype to our Member States two weeks ago in Vienna. For your information, UNIDO will lead the coordination of the chapter on economic growth, inclusive and sustainable industrial development and sustainable consumption and production in the next edition of the report.

Check against delivery

I would also like to share with you that on 28-29 November, UNIDO facilitated a meeting of the G77 and China on “Governance of Natural Resources and Industrialization” in Tarija, in Bolivia together with the Economic Commission for Latin America and the Caribbean (ECLAC) and Africa (ECA). More than 30 Ministers of Industry or representatives supported ISID and the role of UNIDO in promoting and implementing the industrialization agenda.

*Excellencies,*

*Ladies and gentlemen,*

### **Partnerships**

Partnerships will be indispensable to accelerate the implementation of ISID. To support this process, we have launched two ISID Fora this year. The first one in July served to identify the interest of our Member States, the second one in early November mobilized all partners to support ISID in two pilot countries: Ethiopia and Senegal. Under the leadership of H.E. Mr. Hailemariam Desalegn, Prime Minister of Ethiopia and H.E. Mr. Mahammed Dionne, Prime Minister



of Senegal, more than 90 countries, financial institutions and development partners committed to support the industrial development of these two pilot countries.

At this occasion, we were highly honoured by the presence of the UN Secretary-General, Mr. Ban Ki-Moon, as well as the new European Commissioner for International Cooperation and Development, Mr. Neven Mimica, and the Secretary General of the ACP Secretariat, his Excellency Mr. Alhaji Muhammad Mumuni, whom I would like to personally thank for his participation and his great commitment to our partnership. As His Excellency stated on that occasion, and I quote: "In building the competitiveness of our industries and facilitating ACP brands access to regional and international markets, UNIDO is regarded by ACP Secretariat as a strategic ally".

### **ACP-UNIDO Strategic Partnership**

In the same profound spirit of partnership embraced at the recently concluded Third International Conference on Small Island Developing States in Samoa, through the Samoa Pathway outcome document,

and the SIDS Action Platform, allow me to say a few words on the ACP-UNIDO strategic partnership and on how we can work together to support the implementation of ISID in ACP nations.

First of all, ACP and UNIDO already have a solid strategic framework through a Memorandum of Understanding that was approved in March 2011 and through a Relationship Agreement that was signed in presence of all UNIDO Member States in November 2011, in Vienna. These frameworks clearly indicate that the ACP and UNIDO are committed to build and strengthen the capacity of the public and private sectors in ACP countries and regions for the development of inclusive, competitive and environmentally friendly industries in line with national and regional development strategies.

On the basis of these agreements, ACP and UNIDO have intensified their policy interaction and practical cooperation. A spectacular example was the strong policy mobilization of the ACP to support the UN Secretary-General's "Sustainable Energy for All" initiative led by UNIDO, and its three objectives of improving universal access, energy efficiency and renewable energy by 2030. The great support of the

ACP at the highest level at Sipopo Summit has been critical for the international success of the initiative.

An example of practical ACP-UNIDO cooperation is the development of a pilot programme entitled "Investment Monitoring Platform" (IMP) funded under the intra-ACP envelope of the 9<sup>th</sup> European Development Fund with the support of other donors. This programme aimed to:

- Manage the impact of Foreign Direct Investment (FDI) for development;
- Combine investment promotion with private sector development;
- Provide advisory services for evidence-based investment decisions;
- Design and/or reform policies that attract quality investment;
- Enhance coordination among private and public sector institutions.

This programme has reinforced the capacity of Investment Promotion Agencies and National Statistic Offices in 20 African countries which have been trained on methodologies to assess the private sector at country level. With this methodology, they can deliver a radiography of the private sector in Africa with data on more than 7000 enterprises in 20 countries. This is a unique information that can strategically be utilized to support private sector development in Africa. Beyond Africa, this programme was originally approved by the Committee of Ambassadors, on the condition that after a pilot phase, it would be extended to all ACP countries. An independent evaluation has documented the success of this joint ACP-UNIDO programme, opening the possibility to extend it to all ACP countries. A new extension phase could then be designed as an integrated Investment and Private Sector Monitoring Platform with a strong emphasis on ACP capacity building and intra-ACP analysis, knowledge transfer and South-South cooperation. It could then become a strategic tool owned by the ACP for the implementation of the new private sector development programme.

Again on private sector, UNIDO has accompanied all ACP-EU Business fora: the EU-Africa Business Fora in Nairobi, Tripoli and Brussels, the CARIFORUM-EU Business Forum in London; 2 Pacific-EU Business Fora in Port Vila. On all of these occasions, we have worked closely with ACP countries and their private sectors to define a supportive development agenda. We have then integrated all ACP-EU Business Fora recommendations in our approaches. We also recently contributed to the consultations on the ACP private sector strategy as well as on Commodities, stressing that every effort should be made to reduce the high dependency of many ACP countries on a few commodities and to move towards industrialization and economic diversification. This implies moving from agriculture to agro-industry and agri-business. It also means to build up local industries that can process raw materials and advance manufacturing.

*Excellencies,*

*Ladies and gentlemen,*

Allow me now to report briefly on how far ISID is anchored in ACP policies and share with you some information on how we are supporting its implementation in your countries and regions.

## **Africa**

In Africa, the Strategy for the “Accelerated Industrial Development of Africa” (AIDA) prepared with UNIDO’s expertise, is solidly anchored as a key priority of the Agenda 2063 as well as of the Joint Africa-EU Strategy. On the ground, we are supporting almost all African countries through country, regional and continental approaches to deal with issues related to technical barriers to trade and sanitary and phyto-sanitary measures, as well as to creating a culture of quality production in SMEs. For example, we have worked in partnership with ECOWAS, UEMOA and EAC and their member States to establish fully operational regional quality systems ensuring that

exports are made in compliance to international norm and standards. In addition, we have supported all African Regional Economic Communities at their request to reinforce the development component of their respective Economic Partnership Agreements with industrial policies and programmes. As a consequence, most EPA Development Programmes now include industrial approaches that can boost the local private sector and employment. We hope that these policies and programmes will now be implemented very soon in all regions of Africa.

### **The Caribbean**

In the Caribbean, high priority is being given to private sector development, climate change, renewable energy and energy efficiency, value addition in agri-business value chains, trade and tourism. The CARIFORUM-EU Business Forum in London in 2012, to which UNIDO contributed, clearly articulated the need for more innovation, reliable market and private sector information, access to markets through quality and improving agro-processing and creative

industries. To support the region, UNIDO has prepared a regional competitiveness and innovation programme that was financed under the 10<sup>th</sup> European Development Fund and implemented by regional institutions.

To drive sustainability, we are also establishing a Caribbean Centre for Renewable Energy and Energy Efficiency (CCREEE) that will reinforce the capacity of the region and its member States to deal with Energy issues. A regional programme on the better management of Persistent Organic Pollutants is also under preparation. Other initiatives that take place at country level could be replicated in the region. For example, we have established a National Cleaner Production Centre in Cuba and are currently setting up a Resource Efficient Low Carbon and Circular Industrial Partnership Platform for Catalyzing Eco-Innovation and Entrepreneurship in Barbados, with similar efforts under discussion with the OECS Secretariat and the Eastern Caribbean States. In Haiti, we have established a fully operational Bureau of Norms and Standards that supports high quality local production and quality trade. A programme to support



the development of creative industry villages is also under preparation.

## **The Pacific**

In the Pacific, the 2<sup>nd</sup> Pacific-EU Business Forum held in Vanuatu in June this year requested a stronger engagement of UNIDO to support the private sector in the region. We are currently working with complementary approaches. We are mapping out innovation in the region, as part of the Pacific-EU project PACE-Net Plus, to design a strategy to ensure that innovation will benefit the private sector and transform into tangible socio-economic benefits. In response to the climate change and energy challenges, we are also establishing a Pacific Centre for Renewable Energy and Energy Efficiency (PCREEE) like in the other ACP regions. Together with the Secretariat of the Pacific Community (SPC) and the Pacific Islands Forum Fisheries Agency (FFA), we have developed a regional project to support SMEs in the fishery sector that was validated at the Pacific-EU Business Forum held earlier this year in Vanuatu, and also at the recent SIDS

conference in Samoa. This intra-ACP programme is planned to be implemented in the Pacific in a first phase and then be extended to all-ACP concerned with fishery in a second phase. We are also considering to support the region with value chains and compliance issues related to some Pacific commodities, like fish and Cava.

### **Interregional**

In all of the three ACP regions of Africa, the Caribbean and the Pacific, UNIDO is supporting interventions related to quality and value chain development. In view of the private sector and commodities strategies, we are planning to support value addition in specific value chains. For example, an intervention on cashew nuts has been prepared within the Small Farmers Big Business Partnership that associates GIZ, SNV, COLEACP and UNIDO.

Also on an interregional level, we are identifying and remediating industrially polluted hot spots throughout the world, together with our partner, the Blacksmith Institute. More than 1000 hot spots have been identified globally. Many critical issues can be addressed, such

as the unsafe recycling of used lead acid batteries. We can promote joint efforts in cleaning up these hazards with various partners, as well as supporting other activities in the framework of Stockholm, Minamata, or Montreal Conventions.

*Excellencies,*

*Ladies and Gentlemen,*

**EU-UNIDO partnership**

Before concluding my statement today, I would also like to mention the excellent partnership that we have established with the European Commission since our Relationship Agreement of 1993. In close consultation and at the request of many ACP countries, we have developed with the EC a solid cooperation for implementing ISID in more than 100 countries around the world. Recently, Mr. Neven Mimica the new Commissioner for International Cooperation and Development who participated in UNIDO ISID Forum on 4 November stated that "the private sector's potential to contribute to poverty

reduction and sustainable development is huge. I very much count on a strong and effective working relationship with UNIDO to help us harness that potential to the full.”<sup>3</sup>

For more impact on the ground, we are developing new instruments. For example, beyond traditional development assistance, industrial cooperation is a key tool for sharing knowledge and technology and mobilizing private investments to support ACP economies. This is why we will sign this afternoon a “Roadmap for Industrial Cooperation and SMEs” with the Directorate General for Industry and Entrepreneurship of the European Commission now entitled DG GROW. On the basis of this framework, we aim to stimulate knowledge and technology transfer and well as increase the flow of European Investments to ACP countries.

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<sup>3</sup> NEVEN MIMICA (2014): SPEECH BY COMMISSIONER at the 2<sup>nd</sup> Inclusive and Sustainable Industrial Development (ISID) Forum Vienna, 4 November 2014

*Excellencies,*

*Ladies and Gentlemen*

## **Conclusion**

To conclude, I will like to reiterate how much UNIDO is committed to our cooperation. ACP countries are also Member States of UNIDO. I am glad to see that our ACP–UNIDO cooperation has intensified over the years and I hope this trend will continue. The cooperation between UNIDO and ACP Nations is essential to achieve the promise of “Inclusive and Sustainable Industrial Development” and to create the conditions for achieving prosperity and sustainability for all, and especially the most vulnerable, in the post-2015 era.

With these final words, I wish you all fruitful deliberations in this historic 100<sup>th</sup> session of the ACP Council of Ministers.

Thank you very much for your attention.