

**36TH SESSION OF UNIDO IDB
AGENDA ITEMS 9, 10 & 17**

INDIA: STATEMENT BY AMBASSADOR SAURABH KUMAR

- 9: Global food crisis: UNIDO's response**
- 10: Impact of the global financial crisis on industrial development in developing countries: UNIDO's response**
- 17: a) "Review of the place of the agro-industry sector in UNIDO's work programmes and strategy, with special emphasis on technology development & upgradation and dissemination, for accelerating its modernization and growth."**
 - b) "Implications of climate change for sustained growth of agro-industries, particularly in the developing world, and vice versa of the potential positive impact of agro-industries for mitigating the effects of climate change world-wide."**

Preliminaries as appropriate. (Point of order regarding Agenda Item 17.)

1. We appreciate the Secretariat's efforts to prepare documents IDB.35/9, IDB.36/17 and IDB.36/CRP.5 and express our thanks to them for the same. However, we have to point out that the documents are long on description, of the background of the crises, and short on possible UNIDO responses. We would have liked to see more tangible outcomes – final outcomes – mentioned in CRP.5, going beyond mere statements of objectives, or accounts of the means adopted to attain unexceptionable ends.

2. Mr. President, the prospects of industrialisation in the developing world are, as we all know, extremely somber. The slowdown in the world economy triggered by the financial meltdown, and ensuing economic recession, in the industrialised economies last year has resulted in shrinking capital inflows and contraction of world trade. (The former have been estimated in a recent World Bank report “Global Development Finance” to have dropped to US\$ 707 billion in 2008, and to US\$ 363 billion in 2009, from US\$1.2 trillion in 2007, and the latter as much as 9%.) This has aggravated the setback caused by the volatility in prices of food-grains in world grain markets in recent years, and by the instability in world markets for agricultural products, which still constitute the bulk of exports of developing countries. The modest economic gains made by the developing countries over the last years are thus in danger of being undone. A business-as-usual approach will therefore obviously not do under these circumstances. We think that it is incumbent on us all, representatives of nations and international organisations, to brainstorm as to what can possibly be done to overcome, or at least mitigate, these adverse trends, naturally each within their own spheres of competence.

3. For us here in UNIDO, Mr. President, agro-industries offer a straightforward way of addressing these twin problems, of food insecurity and economic slowdown, together because value addition in, and modernization of, this sector can enhance the purchasing power of the rural poor beyond compare due to its strong forward and backward linkages, while also stimulating the macro-economy in a non-inflationary manner. UNIDO is uniquely positioned in the family of specialized agencies of the UN system to catalyse such an integrated approach placing industrialisation in the service of the rural economy – agriculture and the small farmers, who constitute the mainstay of farming in the developing world.

4. Although agro-industries are said to be a key focus of UNIDO in IDB.36/CRP.5 (and earlier documents referred to in it), none of the documents submitted by the Secretariat provide any data in support of that rather sweeping assertion. An earlier document last year had mentioned a figure of 15% for the share of this sector in all technical deliveries (without mentioning the time-span over which this applied), and we have no substantiation of this claim either. It is, moreover, not clear if there have been any evaluations to assess the degree to which the different activities undertaken by UNIDO over the years, as for example the various 'targeted services' rendered, have had the desired impact -- of fostering agro-industries in the countries concerned. We are thus left wondering about UNIDO'S record in respect of new agro-industries actually generated by its activities in the developing world.

5. One reason for this lack of clarity, Mr. President, could be that a key element – technology transfer – is missing from UNIDO's firmament. While UNIDO sees its main role as a provider of various kinds of 'advocacy', 'advisory' and 'facilitatory' services, it appears to have lost sight of the fact that it is 'technology transfer' that is the real key to industrialisation, as emphasized in the G77 Statement. 'Technology and value addition' constitute the summum bonum – the core – of UNIDO's mandate, in our opinion, for they are the main determinants of dynamism in a country's changing comparative and competitive advantage profile. They should therefore constitute an integral, in fact leading, part of UNIDO's portfolio of services to Member States. But they hardly figure in the long list of 'targeted' and 'critical' development 'services' that are said to be UNIDO's forte. Or find just a passing mention, without regard for the fact that mechanisms also need to be put in place to ensure continuous

upgradation of technologies transferred, if they are to remain competitive and not turn obsolete. This is a gap that clearly merits priority attention, Mr President, in our opinion and we would hope that this would be done, with a comprehensive set measures for correcting the oversight submitted to the Board at the earliest for its guidance.

6. An evaluation of UNIDO's work in this field needs to be conducted in a strategic perspective, including for finding ways of overcoming the difficulties encountered in scaling up investments in the agro-industrial sector (as mentioned in the Note dated September 15, 2008 that was circulated at the time of the briefing by the Director-General on September 23, 2008). The Secretariat should also report on the actual amount of investment in the agro-industrial sector that UNIDO's advocacy and liaison with International Financial Institutions and others has resulted in and, separately, the amount that is in the pipeline.

7. Further, the Secretariat should study the proceedings of the Global Agro Industries Forum held in New Delhi (and other similar conferences) and other similar conferences and collate new ideas, possibilities of technological upgradation and policy measures (suitable for implementation nationally by Member States, and by the UNIDO under its TC and other programmes) in one single document that can serve as a ready reference for Member States. We think it is remarkable that there has been no such document on the outcome of the first ever UN Conference on agro-industries submitted to Member States 15 months after it was held. (And even more so that, despite that omission, "substantive follow up action" should have been claimed in CRP.5 on the basis of non-substantive, or even extraneous, steps.)

8. Likewise, documentation of the various technologies necessary for (Member States) planning for sustained growth of agro-industries, at one place, would be extremely useful for disseminating the cumulative experience gained by UNIDO in the course of implementation of TC programmes over the years. If a consolidated listing of all projects undertaken in UNIDO's TC programmes, or other activities, in each of those technologies (as well as the expenditures on these projects and their tangible outcomes) could be tabulated along with it that would be even better. This information should not remain lost in UNIDO files or proprietary in the possession of a few experts, or even of the Secretariat as a whole. It should be made public periodically, in a user friendly manner. Furthermore, an indication in that list of the cases of successful technology transfers (as well as agro-industry projects successful in other aspects), that can be recommended for replication elsewhere in the developing world, could serve as a ready reckoner for all Member States.

9. Mr. President, agro-industries offer an inherently low-carbon path to sustainable development. This is one sector where UNIDO's mandate for promoting industrialisation in the developing countries intersects positively not only with their own food security, but also with global energy security and climate change considerations. It therefore offers a unique opportunity for synergistic international action in the midst of the current crises in the world economy, in accordance with global priorities and concerns, in a coherent framework that would tie up equity, economy, ecology, environment and efficiency (in the form of technology) considerations in an efficacious manner. No amount of effort spent on collecting, and presenting, information, data and ideas and advice relating to agro-industries available in UNIDO to Member States, as prospective users of that accumulated experience of UNIDO, would be excessive. Rather it would be a most

appropriate way of UNIDO discharging its mandate; and something that is in fact overdue.

10. We are therefore of the view, Mr. President, that a international programme for stepped up investment in the agro-industries sector, if it can be agreed upon, can be a win-win situation for all countries, developing and industrialised, because of the immediate positive impact it would have on the productivity and employment scenario in the former and, at the same time, by way of 'green' economic demand stimulation in the global economy as a whole and environmental protection benefits for the world at large in the longer term. We would like to leave the idea with colleagues on the Board to consider. Perhaps it could be taken up later, at a resumed session of the Board, after we have had an opportunity of digesting the documentation requested of the Secretariat above. Overall, we think that the subject is important enough for an Open Ended Working Group to be established to go into the various aspects that need attention, as suggested by Members of the Board, and to gain a better understanding of the place of agro-industries in UNIDO's work programmes before deciding how to proceed further.

11. In conclusion, Mr. President, we would like to stress the suggestions in the G77 Statement, as regards some possible ways in which UNIDO could have responded to the current crises – particularly that it undertake to monitor and analyse, in depth and pro-actively, the overarching trends in the global macro-environment (in collaboration with other international organizations and by drawing upon similar research elsewhere). This would be especially helpful in the realm of new and emerging technologies, including in particular energy efficient and low carbon technologies (and others relevant for mitigation of the effects of climate change or other environmental damage), that are likely to dominate the manufacturing scene

in the coming years. We would like to see UNIDO develop into a clearing house of ideas and innovative proposals and a provider of insights that facilitate an unobfuscated understanding of the changing prospects for industrialisation in the developing world on as near ‘real-time’ a basis as possible. Likewise, for the suggestion for study of the implications of climate change for sustained growth of the agro-industrial sector, in the developing world (and vice versa of the potential positive impact of agro-industries for mitigating the effects of climate change world-wide), which could bring together studies conducted by various specialized institutions all over the world in a distinctive UNIDO perspective.

12. (Conclude with a request for the statement to be taken on record in full under this Agenda Item and under Item 3 also, as already requested prior to closure of the debate under Item 3.)