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UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Keynote address

by

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at

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“Promoting security, stability and economic growth in the OSCE area by
preventing and combatting corruption through innovation, increased
transparency and digitalization”

Virtual Meeting

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Excellencies,

Ladies and Gentlemen

Corruption is a constraint on growth and development. It is usually associated with cumbersome bureaucratic requirements and inefficient public services. Corruption also hampers competition, where inefficient firms perform better by getting preferential treatment through corrupt practices. These behaviors negatively impact on efficient resource allocation in an economy and reduce overall growth performance.

Innovative policies that improve business and investment climate, good governance and economic participation and transparency have great potential to reduce corruption significantly. In the era of the Fourth Industrial Revolution, processes are becoming increasingly transparent through information and distributed ledger technologies, addressing not only public corruption, but also corruption in enterprises - we can therefore expect digitalization efforts to result in a decline in certain types of corruption.

In 2010, UNIDO, in collaboration with Norway and Switzerland, OSCE and UNIDO Member States, assisted the Vietnamese government to fully digitalize its business registration processes to improve the business and investment climate.

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Fashioned along the digital processes of the Norway Registers Center, UNIDO supported the Ministries of Planning and Investment and Finance of Viet Nam to create a fully digital, central registration system based on a unique ID of legal entities that wanted to engage in business operations. Digitalization required a clear, rules-based system that treated everyone equally and transparently. The initiative facilitated unprecedented collaboration to review and revise the necessary regulations to launch the new digital system.

The on-line, real time registration operations carried out in the 63 provinces of Viet Nam which was consolidated in a central registry fully accessible by the public significantly reduced costs and time to register businesses down to 1-2 days.

Immediate results also showed that the number of firms registering increased by 10-fold in the first year of operations compared to averages in the past decade, unleashing entrepreneurial potential. A large number of firms who had registered but were not paying taxes were brought into the tax population, increasing budget revenues for public services. The on-line registration system became an essential tool for the financial and judicial sectors where domestic and international stakeholders could use the on-line information services to identify and verify beneficial owners.

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The registration system subsequently became financially sustainable in its second year, despite the small fees charged to enterprises per operation.

Transparency achieved through innovative digitalization of business registrations in Viet Nam continue to yield enormous economic and societal benefits to date.

Excellencies, Ladies and Gentlemen,

Clean air, water and land are essential nutrients that sustain life on earth.

Natural resource extraction and processing is responsible for about 50% of greenhouse gas emissions and for about 90% of resource-related impacts on water stress and biodiversity loss due to land use. Food losses and waste are skyrocketing, and our rivers, lakes and oceans are polluted with plastic litter. It is estimated that air, water and soil pollution was associated with about 9 million pre-mature deaths and \$4.6 trillions worth of welfare losses globally in 2015.

As the regions of the world are gradually coming to terms with the global COVID-19 pandemic, we have an opportunity to do massively better for our environment as economies recover. We can design waste and pollution out of our production systems and consumption habits. We can keep products and materials in use as long as possible through innovative business models and we can think green to regenerate our natural systems.

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We can leave our linear “take-make-use-discard” economic models behind and embrace circular economy principles and practices together with digital tools such as big data analytics, internet-of-things, artificial intelligence, robotics and automation.

UNIDO engages in supporting countries to comply with binding multilateral environmental agreements. In this context, we have supported countries to update their customs control and licensing systems, frequently helping them to introduce centralized, electronic and transparent IT-based systems to minimize corruption and level the playing field for enterprises complying with the environmental agreements. The related efforts have, in several cases, led to a wider upgrade of licensing and customs procedures.

In our small-scale gold-mining work, we help create sustainable, formal business models and innovative approaches including distributed ledgers for transparency to decrease opportunities for corruption.

UNIDO assists its Member States to achieve greener and more competitive economies. Reliable refrigeration systems can dramatically reduce food losses and waste by keeping products cold along the supply chain.

Refrigerants used are controlled - ozone depleting substances, ODS, and their trade, use and disposal have been closely associated with corruption.

ODS emissions have high climate impact.

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We assist industries to convert and upgrade refrigeration systems to cost-effective cleaner technologies and phase out controlled substances in the design phase. In collaboration with the supermarket and equipment manufacturing sectors in Jordan, we supported the installation of the Middle East's pioneer trans-critical CO₂ refrigeration system. The state-of-art technology delivered zero food losses, no maintenance costs, and 20-30% energy savings during its first year of operations. Reclaiming some ODS for safe reuse is possible. In 2019 alone, UNIDO interventions in 74 countries achieved 42.3 million tons of CO₂ equivalent emission reductions.

Trade in, use and disposal of polychlorinated biphenyls, PCBs, while controlled globally; create opportunities for corrupt practices along supply chains. North Macedonia, an OSCE and UNIDO Member State, became the first country to install a PCB treatment facility in the region for decontamination and reuse of PCB-laced transformer oils, extending their lifetime. The cleaned and recycled transformer metal could also go into circulation again, saving both material and energy costs and damage to environment.

Mongolia, a member to OSCE and UNIDO, banned the use of mercury in mining in 2008.

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However, lack of regulations for managing mercury-containing waste and its illegal trading led to the release of mercury into the environment. We assisted the Ministry of Nature and Green Development of Mongolia on regulatory framework and demonstration of best techniques for removing and stabilizing mercury. Positive impacts will be regional: The Boroo River, where most mercury releases occurred, is a tributary of the Selenge River provides 80% of the flows into Lake Baikal, the world's largest freshwater lake.

Together with the European Union, UNIDO has been working with governments and business communities in Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, and eight Southern Mediterranean countries to enhance resource productivity of industries. The 125 firms supported saved 707 Gigawatt hours of energy, 3.5 million cubic meters of water and 34,000 tons of raw materials. Firms are also avoiding about 198,000 tons of CO₂ emissions and 20,000 tons of solid waste per year and reductions in air, water and soil pollution. Economic savings per year total 41.7 million euros and triggered 87.6 million euros of investments by the private sector.

UNIDO has been promoting chemical leasing, a product-as-service business model, since 2004 in collaboration with Austria, Germany and Switzerland at the global level.

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By offering the service of chemicals as the product, this business models enhances productive use of chemicals, reducing waste and pollution.

Chemical leasing has already found application ground in over 700 firms in Europe.

As I end my intervention, I would like to mention our global Eco-Industrial Parks programme in partnership with Switzerland and the Global Environment Facility, GEF. Currently, The programme assists industrial parks in Asia, Europe, Africa and the Latin America and the Caribbean in reducing their environmental footprint through circular economy practices such as eco-design, resource efficient production, reuse, repair, industrial symbiosis and recycling.

Above examples from UNIDO show that: environmentally sound technologies and circular economy practices not only improve productivity of company, but through cost savings achieved, create incentives to also reduce corruption.

I thank you for your attention.