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The Bottom Billion – Launch of New Report from UN Agency provides hope for world’s poorest

“Major conceptual breakthrough to tackle global poverty”

Vienna, 23 February 2009 – The Bottom Billion – the world’s poorest people living on less than a dollar a day – are being offered new hope to escape global poverty with the launch of a Report, published by the United Nations Industrial Development Organization (UNIDO), a specialized agency of the United Nations.

The Industrial Development Report 2009 has been launched with the help of the UK’s Department for International Development (DFID) and the Foreign and Commonwealth Office (FCO) at a meeting of over two hundred leaders and opinion makers in politics, development and international business at Lancaster House, London, today.

It is estimated that one billion people from a global population of six billion are existing on less than one US dollar a day. This Report aims to help them.

The Report represents a blueprint for action, to help the world’s poorest countries out of poverty. It focuses on these countries, mostly in Africa and South Asia, whose citizens survive on less than a dollar a day, and identifies the factors that contribute to the reduction of global poverty – such as successful and sustainable growth.

It is mainly aimed at helping slow-growing, low to middle-income countries and contains proposals which will help these countries firmly onto the path of sustainable development through the growth of industry.

“Our Report represents a major conceptual breakthrough on how to tackle global poverty through sustainable industrial development,” says UNIDO’s Director General, Dr Kandeh Yumkella.

“Bottom Billion nations will be able to arrive at their own, tailor-made solutions to successfully tackle poverty through the research findings and informative case studies highlighted in this Report.”

The Report focuses on the following main areas:

- Helping reduce global poverty by supporting the countries of the “Bottom Billion” to produce more wealth through economic efficiencies and smart industrialization – choosing the right products to manufacture – probably niche goods in a global market.
- Helping them penetrate international markets by improving export supply capacities and meet international quality and safety standards.
- Policy issues – on how the poorest countries as well as the slow-growing, middle-income countries can accelerate industrial growth.
- It recommends a new United Nations category of “least developed manufacturing countries” that could be used by the World Trade Organization with respect to manufacturers.
- On how developed countries can help the poorest countries – through “Temporary Trade Preferences” – one simple set of more liberal rules on what is known as “country of origin”, on a temporary basis, to allow the poorest to get a foot on the ladder of industrial development.
- Suggesting a new “Aid for Trade” framework to help poorer countries take advantage of trade openings through a more targeted approach.
- Helping the poorest countries tackle energy and environmental issues in a responsible way to meet international environmental standards.

The Report shows that the global shift to trade in tasks offers new opportunities for poorer countries to compete on global markets. It promotes the concept of task-based production, or the production of individual components of marketable products, rather than trying to manufacture entire items. This provides new opportunities for the Bottom Billion, provided individual countries make the right policy choices.

For instance, countries could specialize in making an individual component of a whole product, such as buttons, rather than the entire garment, as was done by the city of Qiaotou in China, which is now responsible for 65% of the world’s production of buttons.

The Report highlights ten case studies of dynamic industrial development in countries such as Cambodia and demonstrates how these nations have developed strategies to help themselves. The Report also shows that industrial agglomerations are important for developing countries. Productivity is higher if manufacturing firms cluster together.

UNIDO has also updated an effective tool within this Report – The Competitive Industrial Performance Index – for countries to benchmark their progress and check if they are succeeding in escaping global poverty.

Finally, the Report challenges existing wisdom, concluding that it is not enough for poorer countries to rely entirely on their commodities to bankroll overall development. Primary commodity prices are subject to the volatility of international markets. Relying on the success of commodities can also lead to detrimental effects on the development of manufacture, as well as hindering more widespread and balanced development and income distribution.

In the short term, relying on natural resources may enhance prosperity for a few, but converting the

additional income into productive assets for sustainable and broader development is much harder. Hence there is a need for more task-based industrial production to capture niche markets and catalyze more broad-based development.

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Note for editors:

UNIDO is a specialized agency of the United Nations system that works towards improving the quality of life of the world's poor by helping countries achieve sustainable industrial development. UNIDO views industrial development as a means of creating employment and income to overcome poverty. It helps developing countries and economies in transition to produce goods they can trade on the global market. It also helps provide the tools – training, technology, and investment – to make them competitive. At the same time, it encourages production processes that will neither harm the environment nor place too heavy a burden on a country's limited energy resources. UNIDO has 173 Member States and has its headquarters in Vienna, Austria. See also www.unido.org