



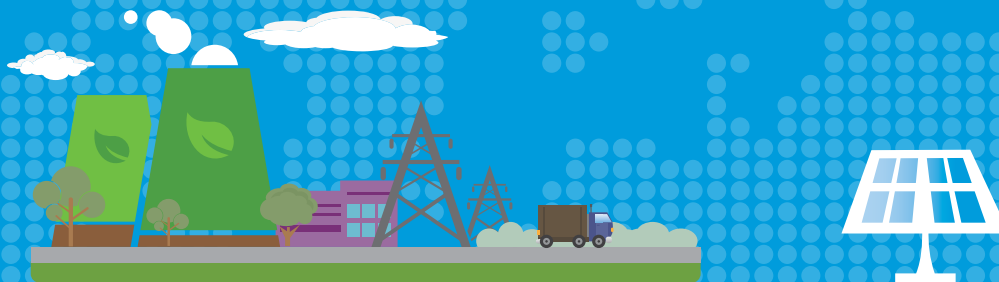
UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



Introduction to

# UNIDO

INCLUSIVE AND SUSTAINABLE  
INDUSTRIAL DEVELOPMENT



## FOREWORD

Since the early nineteenth century, livelihoods in modern societies have been built on the economic foundations created by the industrial revolution. Industrialization helped lift hundreds of millions of people around the globe out of poverty over the last 200 years.

The countries that have achieved steady economic growth – driven by industrialization, international trade and related services – are also the ones that have managed to reduce poverty most effectively. In fact, there is not a single country in the world which has reached a high stage of economic and social development without having developed an advanced industrial sector.



Yet, this prosperity has not been evenly spread throughout the world. There remain considerable differences between and within regions, countries and societies. Too often, growth has left significant segments of the population behind. This is particularly the case for women and young people.

At the same time, one consequence of the current patterns of industrialization is their considerable environmental footprint. No country has yet fully resolved the issues of effective waste management and proper control of soil, water and air pollution. I cannot emphasize enough the importance of promoting cleaner and resource-efficient production, and the decoupling of economic growth from environmental degradation.

Based on the realization that current modes of industrialization are neither fully inclusive nor properly sustainable, the Member States of UNIDO, at their General Conference in Peru in December 2013, adopted the Lima Declaration in which they agreed that *inclusive and sustainable industrial development* must become an important part of the world's long-term development agenda. In doing so, they have clearly recognized the role that *inclusive and sustainable industrial development* plays in eradicating poverty and fostering sustainable development. This Declaration will shape the future operations, spirit and direction of UNIDO in the years to come.

A handwritten signature in blue ink, consisting of stylized Chinese characters, positioned above the printed name and title.

**LI Yong**  
**Director General**

Today, poverty remains the central challenge for our world, but we have effective means to eradicate it within the next generation.

Industry continues to be a proven and crucially important source of employment, accounting for almost 500 million jobs worldwide, representing about a fifth of the world's workforce.

Industrial development and trade in industrial goods have a proven track record in effectively reducing poverty. The recent examples of the role played by industrial development and manufacturing, including in China, the Republic of Korea, and the many other Asian 'tigers' and 'dragons', speak for themselves. These success stories represent models for many developing countries for drafting policies to effectively lift large numbers of people out of poverty.

Manufacturing industries and their related services sectors can absorb large numbers of workers, provide them with stable jobs and increase the prosperity of their families and communities. An efficient agro-industry enhances economic stability for rural households, increases food security and helps achieve economic transformation.

Experience shows that environmentally sound production methods in industry can significantly reduce environmental degradation. We have the capabilities for cleaner industrial production today: green industries can deliver environmental goods and services.

Committing to sustainable production patterns makes business sense. It reduces the wastage of costly resources, and contributes to increased competitiveness. Similarly, since energy inputs represent an important cost of production for industries, clean energy and energy efficiency have progressively become core determinants of economic competitiveness and sustained growth.

How much impact industry has on poverty eradication, environmental sustainability and food security is ultimately defined by the pattern of industrialization that a country chooses to follow. A long-term strategy can put in place a framework of stable economic, legal and political conditions. It can also create incentives to invest in the necessary education, infrastructure, product quality, agribusiness solutions, innovation and entrepreneurial skills.



# INCLUSIVE AND SUSTAINABLE

At all levels of development, industry can be the primary driver in fighting poverty, ensuring food security and preventing social polarization.

UNIDO's inclusive and sustainable industrial development approach is based on two main pillars: the first one is about creating shared prosperity for all, and the second focuses on safeguarding the environment. This applies to all fields of work UNIDO is engaged in, including technical cooperation, analytical and policy advisory services, standard setting and compliance, and a convening function for knowledge transfer and networking.

Inclusive and sustainable industrial development will be a key driver for the successful integration of the economic, social and environmental dimensions of sustainable development.

UNIDO's work has contributed towards the implementation of the Millennium Development Goals (MDGs), and the Organization is fully supporting the ongoing post-2015 development agenda discussions. Today, there is a strong call for integrating the economic dimension, and the role of industry in particular, into the global post-2015 development priorities.



# INDUSTRIAL DEVELOPMENT

**In order to implement inclusive and sustainable industrial development, we must make sure that:**

- 1 Every country achieves a higher level of industrialization, and benefits from the globalization of markets for industrial goods and services.
- 2 No one is left behind in benefiting from industrial growth, and prosperity is shared among women and men in all countries.
- 3 Broader economic and social growth is supported within an environmentally sustainable framework.
- 4 New approaches are introduced to harness and share available knowledge, technology and innovation.
- 5 All of the above are supported through multi-stakeholder partnerships.

## Sustainable development

SOCIETY

ECONOMY

ENVIRONMENT

Inclusive and sustainable industrial development addresses all three dimensions of sustainable development: social equity, economic growth, and environmental protection.

UNIDO therefore meets the industrial development needs of its Member States through a variety of highly specialized and differentiated services that promote social inclusion, economic competitiveness and environmental sustainability, as well as cross-cutting activities in the fields of industrial statistics, research and policy, and the promotion of knowledge networks and institutional partnerships.

# PROGRAMMES FOR SOCIAL INCLUSION

## Strengthening agro-industries

UNIDO's agribusiness activities focus on strengthening the food processing sector in developing countries in order to increase the availability of wholesome and nutritious food both for the local market, contributing to national food security, and for international markets, in order to generate income and create wealth. With its proven expertise and experience in designing and implementing programmes for the development of the agro-industries sector, UNIDO is ideally placed to lead partnerships at the national level and engage with value chain actors and development partners.

UNIDO works with other development agencies to find innovative solutions to challenges facing the food industries of its client countries. One particular area of focus is the development of value chains and investment in agribusiness to enhance productive capacities and reduce post-harvest losses.

UNIDO's agro-industry specialists are responsible for identifying and strengthening food value chains by conducting gap analyses and designing programmes to facilitate access to technologies, business development services, financing, markets and trade opportunities.



› Value chain studies in 18 target countries completed



Regional flagship initiative

## Accelerated Agribusiness and Agro-industries Development Initiative (3ADI)

As the agricultural sector remains the backbone of economic activity, employment and livelihoods in most developing countries, strengthening it and adding value to agricultural commodities are instrumental to enhancing food security, stimulating economic growth and reducing poverty in a sustainable manner.

The 3ADI was launched in 2010 in partnership with the African Development Bank (AfDB), the United Nations Food and Agriculture Organization (FAO) and the International Fund for Agricultural Development (IFAD). It aims at enhancing the productivity and profitability of agribusinesses.

In support of this goal, UNIDO designs and implements action-oriented technical assistance programmes and provides integral policy support. Its interventions concentrate on several key pillars of agribusiness development: upgrading entire value chains, strengthening technology, promoting innovative sources of financing, stimulating private sector participation, improving infrastructure and facilitating market access. Constraints are first mapped along the value chain of one or two key agricultural products identified by national governments as priorities. UNIDO subsequently designs and validates, in close collaboration with all stakeholders, robust interventions that promote value-addition in agro-processing, post-harvest handling, supply chain management and trade

promotion. UNIDO further assists beneficiaries in mobilizing the necessary resources (finance, investment, technology, expertise, etc.) so as to contribute to the sustainability of its interventions.

The initiative builds on the awareness that tackling complex challenges, such as the transformation of subsistence agriculture into productive agribusiness, requires the engagement of a broader range of actors. Hence, 3ADI pools together key stakeholders – governments, development partners, business and research institutions alike – to leverage their core competencies, share knowledge and harmonize efforts. Since the private sector plays an instrumental role in driving systemic change in agribusiness, 3ADI also provides a framework for developing cross-sectoral partnerships to help implement large-scale programmes in this area.

By involving various actors and linking their unique resources, UNIDO can enhance the effectiveness and sustainability of its activities, promoting the expansion of local and international value chains for the benefit of small producers and entrepreneurs. As a consequence, additional incomes for producers are created, as well as new jobs. The integration of smallholder farmers into commercially viable business linkages also allows UNIDO to expand the social inclusiveness of agribusiness value chains. Overall, the whole economy of target countries benefits from the higher proportion of value addition that can be retained within their borders. Partnering with the private sector helps ensure that UNIDO interventions remain relevant to the needs of industry. Private partners also facilitate the knowledge and technology transfer required for the empowerment of small and medium enterprises (SMEs) and the industrialization of Least Developed Countries (LDCs). 3ADI currently focuses on Afghanistan, Brazil, Burkina Faso, Comoros, Democratic Republic of the Congo, Ethiopia, Ghana, Haiti, India, Liberia, Madagascar, Niger, Nigeria, Rwanda, Sierra Leone, Sudan, and United Republic of Tanzania.

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## **LIBERIA: Promoting youth employment in the mining, construction and agriculture sectors**

Liberia has made significant progress, yet the country faces threats from increasing youth unemployment and a growing influx of returnees to the country. Simultaneously, Liberia is attracting significant foreign investment in key industrial sectors, which include mining, energy and road construction as well as agriculture and forestry. The lack of quality vocational education and well-trained technical personnel in the country present a significant barrier to Liberians taking advantage of the employment opportunities created.

UNIDO's project seeks to upgrade Liberia's training infrastructure to the needs of modern industry. This will enable vulnerable groups, particularly young people, to benefit from the employment opportunities generated.

In cooperation with Komatsu, a Japanese manufacturer, a modern facility will be established to provide hands-on and classroom-based learning using a modern curriculum developed by the company. The training centre will prepare students for future careers in the operation and maintenance

of heavy equipment, which is presently in high-demand across all sectors. Furthermore, Komatsu will share best practices to ensure that the training meets the requirements for servicing and operating modern heavy equipment.

Following the Komatsu training in Japan, Booker Washington Institute instructors will play a critical role in assuring the quality of the training courses and ensuring that graduates achieve the level of competence required to gain employment in the industry.

The project is funded by the Government of Japan (USD 1.4 million) and works closely with Komatsu Ltd, the Ministry of Commerce and Industry of Liberia and the Booker Washington Institute in Liberia.

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› The training centre prepares students for future careers in the operation and maintenance of heavy equipment, which is presently in high-demand across all sectors





## Value chains and supplier development

In the past few years, there has been growing interest in looking at the entire value chain, from primary production to consumption and disposal, and specifically to those SMEs and agribusinesses supplying raw materials or semi-processed or consumer goods and services to multinationals. SMEs producing agro-based products in developing countries, especially small production units, often lack the technical and financial means to produce goods of sufficient quantity and quality in a cost-effective manner. This means that they miss out on the market opportunities offered by local and global supermarkets and manufacturers.

This has a negative impact on those less developed businesses and their workers who strive to access formal and profitable markets with their products in order to grow and generate income and job opportunities. UNIDO recognizes that aligning business strategies, operations and supply chains with sustainable development outcomes is not only a social responsibility, but also increasingly a business imperative. Adopting more socially inclusive and environmentally sustainable business operations will help to mitigate risk, develop new markets and cultivate sustainable relationships with suppliers, customers and investors.





Regional flagship initiative

## **PAMPAT: Improving livelihoods of small-scale rural producers of typical food products in Morocco and Tunisia**

More and more consumers are searching for authenticity and are willing to pay higher prices for typical food products that are deeply rooted in the culture and tradition of their territories of origin. For small-scale rural producers, this new trend signifies a major opportunity; it frees them from having to compete on price with standardized products in commodity markets and rewards them for the maintenance of biodiversity and cultural heritage in niche markets.

Within this context, UNIDO is implementing a project in Morocco and Tunisia with funding from the State Secretariat for Economic Affairs (SECO) of the Swiss Government. Launched in

2013, the “Projet d’accès aux marchés des produits agroalimentaires et de terroir” (PAMPAT) aims at improving the performance, market access and socio-economic conditions of several value chains: in Tunisia, project activities focus on harissa, the Djebba fig and the prickly pear, while in Morocco the argan oil and prickly pear value chains in the central Souss-Massa-Drâa region have been selected.

UNIDO is strengthening the organization and governance of the selected value chains, improving the productivity, quality compliance and product development of small-scale rural producers, and enhancing their position in both do-

mestic and export markets. UNIDO is also helping to ensure that the products comply with the requirements of recently introduced geographical indication and other quality labels, in order to position them in higher niche markets and allow the producers to obtain a premium price and higher revenues. Through the implementation of new green technologies the project will also improve the environmental sustainability of the value chains.

The project has been designed and is being implemented in close cooperation with local stakeholders, including the ministries of Industry and Agriculture in Tunisia and Morocco. Special attention is placed on supporting young entrepreneurs, women and producers from disadvantaged regions. The traditional products are deeply rooted in local rural communities. By adding value along the entire value chain the project offers promising prospects in terms of improving livelihoods, creating jobs and promoting sustainable and inclusive local economic development.

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# Productive work for young people and entrepreneurship development

Providing jobs for young people is one of the most pressing challenges for governments across the globe, a challenge that affects both developed and developing countries, as well as countries with economies in transition. The problem is exacerbated in the developing world by a lack of opportunities and financial resources. The inability to earn an income not only leads to poverty and deprivation, but all too often to insecurity, civil disturbance and crime. Without a future of their own, young people will find it hard to contribute to the future of their country. This is a high priority issue for the United Nations and its specialized agencies and there are few better examples of inter-agency cooperation than its common response to this challenge. For its part, UNIDO has a dedicated entrepreneurship development programme for young women and men that provides training in technical skills to empower young people, develop the local business environment and instill an entrepreneurial culture. It targets underprivileged young people in particular.

## **ARMENIA: Productive work for young people – supporting young entrepreneurs**

In 2011, the youth unemployment rate had risen to almost 40 per cent. Given the limited absorptive capacity of the Armenian public sector and of the formal labour market, UNIDO launched a project to support youth-led enterprise creation and expansion with Austria's financial support. The project follows a comprehensive approach providing non-financial and financial services during and beyond the start-up phase, and also promotes a more conducive environment for youth-led businesses: aspiring young entrepreneurs receive direct assistance in creating and/or developing their own businesses including entrepreneurship training, counselling and coaching, and technical assistance. They also have the possibility to access funding through the youth business revolving fund, which has been established through the project. Furthermore, institutional capacity-building has been rendered as and where necessary. Outreach activities are undertaken to reinforce the positive effects of entrepreneurship on individual, community and

socioeconomic development. Particular emphasis is given to the promotion of successful women entrepreneurs to encourage young women to enter into business.

Concurrently, issues related to the business environment have been addressed; as a result, a concrete action plan and recommendations for political decision makers at the national and regional level were developed. While contributing to a systemic change, where both the public and the private sector render more and better support to youth-led enterprise creation, the UNIDO project shows that funding schemes targeted towards youth create win-win situations: the project is on track to reach its targets of beneficiaries, including 300 potential and existing young entrepreneurs (of which 50 per cent are women) and 80 youth-led businesses and start-ups. It is envisaged to expand the programme across Eastern Europe.

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› 300 potential and existing young entrepreneurs (of which 50 per cent are women) have benefitted from the programme

› 80 youth-led businesses and start-ups are being assisted



## MOZAMBIQUE: *Entrepreneurship development for young people*

In 2007, with technical assistance from UNIDO and funding from the Government of Norway, the Ministry of Education and Culture introduced the Entrepreneurship Curriculum Programme (ECP) in secondary and vocational schools throughout the country. The programme aims at encouraging the development of entrepreneurial attitudes and skills. UNIDO assisted the Government in developing an entrepreneurship curriculum with syllabus, teacher's guides, textbooks, monitoring and evaluation tools, as well as assessment guidelines. Once in school, the students learn to identify business opportunities with growth potential in their community and assess resources that can be mobilized within their environments. Students also learn in theory and practice how to set up and manage a business and make savings. Within four years, 51 per cent of all schools in Mozambique began to implement the ECP, with almost 500,000 students having taken the course, of which 47 per cent were girls. In view of ECP's positive impact, the Ministry of Education and Culture has integrated the programme into the formal National Education Strategy and will implement it nationwide. ECP is being replicated in Angola with the support of private funds.

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- > 51 per cent of all students have taken the course, of which 47 per cent were girls
- > 85 per cent of the students have acquired entrepreneurial skills, about a third of students engage in business activities



## UNIDO-VOLVO GROUP: *Partnering to enhance skills development and youth employment in Ethiopia*

Together with the Swedish International Development Cooperation Agency (Sida), the Selam Children’s Village (SCV) / Selam Vocational Training College, the Ministry of Education and the Ministry of Industry, the UNIDO-Volvo Group partnership seeks to address unemployment and underemployment in Ethiopia, especially among young people. Within an overall environment of very low levels of educational attainment, technical vocational education and training (TVET) programmes have to adjust to changing labour market demands and cannot keep up with the rapidly increasing demand for trained manpower in sectors such as construction and commercial vehicles maintenance. This severe shortage of skilled technicians is having a major impact on productivity

and growth in the sector, and thus on Ethiopia’s economic and social development.

The partnership started a new initiative to establish a training academy for technicians of heavy-duty machinery and commercial vehicles for poor and young Ethiopians so that they can take advantage of gainful employment opportunities in advanced commercial vehicle maintenance. The partners will establish a modern, well-equipped training centre for heavy-duty commercial vehicles at Selam premises outside Addis Ababa. This will involve strengthening the institutional capacity of Selam Vocational Training College to deliver up-to-date training courses relevant to the requirements of modern enterprises, which are expanding their

operations in Ethiopia. The initiative at Selam Vocational Training College will be the first state-of-the-art vocational training for heavy machinery in Ethiopia that will be open to applicants irrespective of their background. The facility will train 25-30 high school students per year. The four-year training will include, inter alia, courses in English and Information Technology. In addition, more than 100 local technicians will benefit annually from short-term skill upgrading training held at the college. The total calculated project cost is USD 5.3 million with contributions from Volvo (USD 2.8 million), Selam (USD 340,000) and SIDA (USD 2.2 million).

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› The facility will train 25-30 high school students per year. The four-year training course will include, inter alia, modules in English and Information Technology

› More than 100 local technicians will benefit annually from short-term skill upgrading courses held at the academy

## Clusters, export consortia and business linkages

SMEs are often ill-equipped to compete effectively in global, regional and even domestic markets. Without extensive know-how and financial resources, attempts to export are often doomed to failure and may even put at risk the financial stability of the enterprises. Firms wishing to export must identify suitable foreign markets, contact local distributors, accurately gauge consumer preferences and adjust the quality and price of products accordingly. Finally, it is difficult to achieve a significant level of exports without offering a comprehensive product range. The skills needed and the costs involved in meeting these challenges are often beyond the capacities of individual SMEs. One effective way of entering export markets is through the development of export consortia or voluntary alliances of firms with the objective of promoting the export of goods and services through joint actions. UNIDO has extensive experience and expertise in this field to put at the disposal of its client countries.

Regional flagship initiative

### **SOUTHERN MEDITERRANEAN: *Supporting the development of clusters in the Cultural and Creative Industries***

Every year, 5 million new jobs are needed in the Southern Mediterranean; these could be created by the region's micro, small and medium-sized enterprises if they become more competitive in terms of business, environmental and social performance. Cultural and Creative Industries (CCI) are increasingly contributing to the Southern Mediterranean's socio-economic development. CCI enterprises would strongly benefit from entrepreneurial cooperation to help them realize the potential of their cultural heritage, improve products to attract consumers, access local and foreign markets, and create mutually beneficial international partnerships.

Based on an initial CCI cluster and value chain mapping as well as a transparent selection process, the project seeks

to provide technical assistance to at least one cluster in each one of the target countries. The project will also foster information dissemination and knowledge sharing through dedicated CCI centres as well as workshops and regional meetings that foster the exchange of best practices and success stories. Moreover, the project supports the implementation of an enhanced CCI policy framework that is conducive to the formation of clusters, thus promoting the upscaling and replication of its technical cooperation activities for increasing employment opportunities and inclusive growth throughout the region. In addition, special attention will be given to the establishment of business linkages between Southern Mediterranean and European Union cluster support institutions as well as between international buyers (retailers

and manufacturers) and local suppliers towards increasing sustainable sourcing.

Funded by the European Union and the Government of Italy, the project is implemented by UNIDO, and will complement and add value to current and future activities that are also funded by the European Union and other donors in the Southern Mediterranean. Regional activities will also be undertaken under the auspices of the Union for the Mediterranean, which will further partner with the project as a forum and platform for information exchange and knowledge sharing.

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## PERU: Industrial clusters and consortia – promoting typical products to fight poverty

The project seeks to support the Government of Peru in its efforts to foster inclusive and sustainable rural development through the valorization of typical regional products. The promotion and development of origin consortia and collective brands impacts several areas: adding value to the traditional processing methods leads to higher employment rates as it involves production systems that are based on local knowledge and skills - thus preventing rural exodus. Promoting collective brands has great potential, not only for increasing the income opportunities of small-scale rural producers but also for revitalizing the historical, cultural and ecological legacy of the Peruvian regions, thus providing a starting point for boosting local economic development.

Funded by the Italian Directorate General for Development Cooperation, UNIDO, in partnership with the National Institute for the Defense of Competition and Intellectual Property (INDECOPI) and the Ministry of Agriculture through the

Rural Agrarian Productive Development programme (AgroRural), established a partnership for the promotion of origin consortia and collective brands as tools for sustainable rural development. The producers, organized within an origin consortium, performed four types of activities: developed a marketing strategy around a typical product at a regional level to be able to promote it as a niche item; increased the visibility of typical regional products with various partners to promote rural tourism and to enable consumers to “live and experience” the product in the territory of origin; improved typical regional/ local products to meet the expectations of the market and regulators; and ensured through the registration of a collective label that only those producers complying with the jointly-agreed specifications can use the label.

The programme is already active in eight of the poorest regions of Peru and has resulted in the creation of five origin consortia (honey, native cotton, golden berry, traditional pasta, and native potato), integrating over 750 rural producers who have officially registered their collective brands. Five more origin consortia, including 700 producers (trout, berry, mushroom, white cheese, and quinoa), are about to register their collective brands. Overall, more than 2,000 families have improved their living conditions through the programme, leading to its recognition as a “good governmental practice 2013” by the Peruvian Parliament.

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› Ten origin consortia, integrating over 1450 rural producers have been set up

› More than 2,000 families have improved their living conditions



## Gender and women's empowerment

Women are important agents of economic and social development. They play crucial roles in ensuring food and nutrition security, eradicating poverty and improving the well-being of their families, yet continue to face serious challenges. UNIDO assists its Member States to improve the entrepreneurial and technical skills of women by supporting the development of gender-responsive policies and strengthening service providers operating in skills training, entrepreneurship and technology promotion and information dissemination in communities. UNIDO provides advice on integrating gender considerations in industrial policies, assists in the implementation of programmes that improve women's access to clean energy sources, and helps women entrepreneurs and producers.

### **PAKISTAN: *One-UN Joint Programme "Towards Gender Parity in Pakistan"* - UNIDO's assistance towards economic empowerment through enabling women entrepreneurs in creative industries**

Funded under the One-UN Joint Programme "Towards Gender Parity in Pakistan", UNIDO's Women Entrepreneurship Development programme recognizes that expanding employment and creating livelihood opportunities for women through productive work and income-generating activities are effective ways to alleviate poverty and promote women's economic empowerment. The main challenges that women entrepreneurs in Pakistan encounter are limited access to information and support services, ineffective linkages within the supply chain partners and limited access to markets. This weakens their bargaining position with middlemen/middlewomen who enjoy the bulk of the revenues.

UNIDO established a Business Growth Center which works towards enhancing the ability, mobility, visibility and connectivity of women entrepreneurs.

Moreover, linkages with universities, the private sector and vocational training centres are created through the establishment of Creative Industries Centres. In an overarching manner, the programme focuses on making all sectors of the economy more gender-inclusive. This includes finding ways to include women in the traditionally male-dominated sectors of the economy. The approach has been used to identify and insert value-added subsectors with high potential for women into the already existing male-dominated value chains. This approach has also

harnessed the creativity of women and their ability to create highly-marketable products. These non-traditional sectors of the economy (marble mosaic, gems and jewels, and home textiles) mostly rely on culture-based designs and heritage-based knowledge, in which women play a pivotal role through their non-transferable, creative skills. In total, over 700 master trainers were instructed, with over 16,000 direct and 22,000 indirect beneficiaries. Through the awareness-building and media campaigns, over 5 million persons were reached in the target areas.

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> Over 700 master trainers were instructed

> Over 38,000 beneficiaries directly and indirectly assisted through the project

# PROGRAMMES FOR ECONOMIC COMPETITIVENESS

## Investment and technology promotion

The private sector is the primary driver of economic growth and job creation. UNIDO supports capacity-building initiatives and partnerships as well as the sharing of knowledge and best practices to promote private sector development in manufacturing industries. This is done through the formulation and implementation of technical cooperation and institutional capacity-building initiatives to improve the competitiveness of enterprises, mobilize investments, and facilitate access to suitable technologies for markets in developing countries.

Worldwide network

### Investment and Technology Promotion Offices (ITPOs)

Technical cooperation between enterprises from developed countries and their partners in developing countries and economies in transition is of utmost importance; to foster mutually beneficial business opportunities and thereby bridge the investment gap and technology divide, UNIDO established its first Investment Promotion Services in 1980, which later became the UNIDO Network of Investment and Technology Promotion Offices. The ITPOs open up partnership opportunities for investors and technology suppliers while offering unique services to entrepreneurs and business organizations.

ITPOs promote international industrial partnerships through foreign direct investment and institutional capacity-building: they guide potential investors from their host countries and from developing countries throughout the entire investment and technology promotion cycle – from project identification and appraisal to effective negotiations. In doing so, ITPOs offer a full package of up-to-date information on

screened investment opportunities, technology suppliers and how to do business in developing countries. While ITPO services cover the entire range of manufacturing activities, they tend to focus on green industry.

In addition, ITPOs operate a Delegate Programme through which they host officials from developing countries, provide them with hands-on training in investment promotion techniques and the opportunity to promote a portfolio of investment and technology opportunities from their country of origin. Over the past 30 years, ITPOs have promoted strategic partnerships between potential business associations and organizations, contributing to bridging the investment and technology gap. ITPOs continuously adapt to changing circumstances in order to provide first class services to their clients and partners along the entire investment and technology promotion cycle.

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› 7 ITPOs worldwide

## Competitiveness, upgrading and modernization

UNIDO supports the development of local productive capacities and responsible investments in a private sector-led process, and promotes the upgrading of industrial enterprises and technical support institutions that drive the economic growth process. These support services are aimed at stimulating technological dynamism for the creation of skilled jobs, enhancing the developmental impact of private sector activities, and supporting the integration of SMEs into national and global value chains through the establishment of pro-poor and market-driven business linkages.

### VIET NAM: *Reducing costs and risks of doing business through business registration reforms*

An innovative and user-friendly National Business Registration System (NBRS) made its full nationwide debut in April 2013 after four years of UNIDO-supported development and the introduction of e-signatures, e-payment, online registration and online information service facilities to reduce the costs and risks of doing business in Viet Nam.

Before the USD 12.6 million project co-funded by the State Secretariat for Economic Affairs of Switzerland (SECO), the Norwegian Agency for Development Cooperation (Norad), UNIDO and One UN gained traction at the end of 2008, business registration red tape held back businesses, especially small and medium-sized enterprise in the Vietnamese economy. Cumbersome procedures – such as the need to visit multiple offices for receiving business and tax codes, obtaining permission for registering and actually registering company seals – cost firms much time and money. These burdens on firms also eroded State tax revenues and pushed some firms into the informal sector.

UNIDO assisted the introduction of the business registration reforms at the policy formulation to implementation levels, helping to revise legal frameworks and regulations and build institutional and human capacities to offer more client-friendly services. The new streamlined system ([www.businessregistration.gov.vn](http://www.businessregistration.gov.vn)) is the product of the first-ever collaboration between the ministries of Planning and Investment, Finance and Public Security and closely engaged business registration offices (BROs) and tax offices in each of Viet Nam's 63 provinces.

The reforms had an immediate impact, with the elimination of seal engraving permits. From 2010 onwards, all provincial BROs use the same computerized workflows when registering a new business or amending existing enterprise records, with cost effective online services reducing the time it takes to register a firm from 15 days in 2008 to just 3 days. Since 2010, over 80,000 newly registering enterprises every year save more than USD 4 million annually.

Businesses, the public and authorities can now discover legally valid information online about any of the 850,000 registered firms (as of December 2013) and download the financial statements of shareholding companies to accurately assess potential business partners. While access to firm information reduces the risks of doing business, the National Business Registration System also has policy-making benefits, as the Government regularly receives real-time data on sector-specific market entry and exit of enterprises.

In 2014, UNIDO's continued support with additional SECO funding started the expansion of the NBRS to other types of business entities: foreign invested enterprises, financial institutions, scientific, educational, and technological institutions and others doing business in Viet Nam. This will improve the NBRS' database, services and visibility in line with the upcoming amendment to the Enterprise Law.

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› Newly registered enterprises save more than USD 4 million a year as a result of simplified registration procedures



> 90 suppliers upgraded and 800 farmers assisted, with 90 per cent entering into METRO's supply chain

> 45 per cent improvement in compliance with basic food safety standards

Regional flagship initiative

## **UNIDO and the METRO Group: *Improving livelihoods and sustainable food supplies through inclusive value chains***

In 2009, UNIDO and the METRO Group, one of the world's largest retailers, joined forces in a strategic alliance for safe and sustainable food supplies. Through the first full-scale application of the Global Markets Protocol, established by the Global Food Safety Initiative (GFSI), a joint capacity-building programme was developed and successfully implemented, enabling clusters of suppliers to meet METRO and GFSI market requirements in terms of food safety and quality. UNIDO first carried out an initial pilot project in Egypt (2009-2010), in cooperation with the Egyptian Traceability Center for Agro-Industrial Exports/Agriculture and Agro-Industries Technology Centre (ETRACE/ATC) in Egypt and METRO (locally branded as MAKRO), to test the GFSI Global Markets Protocol and to upgrade clusters of local suppliers in Egypt, where the METRO Group was opening two new stores. The local processors received intensive training and mentoring in aspects related to food safety management systems, good manufacturing practices and control of food hazards to ensure compliance with the GFSI Protocol. In less than five months, the suppliers passed the Basic Level and Intermediate Level requirements of the Global Markets Protocol and were considered suitable to become METRO suppliers.

Due to the success of the pilot project in Egypt, which garnered significant results for both the METRO Group and the upgraded suppliers, the project was expanded to cover 90 suppliers. In parallel, a project which focuses on the primary production of 800 farmers was implemented jointly by UNIDO and ETRACE/ATC. In addition, similar pilots were implemented in India and the Russian Federation in 2011. The partners also expanded the scope of their cooperation to cover the non-food sector and include environmental and social aspects in subsequent capacity-building programmes.

Based on the success of the partnership model with the METRO Group, UNIDO has developed a global Sustainable Supplier Development Programme (SSDP), which aims at enabling clusters of suppliers in developing countries to gain access to profitable new market opportunities and establish long-lasting business linkages with potential buyers. Working in partnership with UNIDO, the METRO Group has been able to share knowledge and know-how, and to benefit from UNIDO's knowledge of the local industry and of the GFSI Global Markets Protocol as UNIDO participated actively in its development. Furthermore, UNIDO has also been able to leverage

the resources of its local facilities and of the expertise created in Egypt through ETRACE/ATC, to ensure the effective localization and long-term sustainability of the programme.

By upgrading the supply capacity of local producers together with a global retail company like the METRO Group, UNIDO has ensured that clusters of local suppliers have established sustainable business linkages with potential buyers and have gained access to national and, at a later stage, international markets. The suppliers upgraded through the capacity-building programme have demonstrated a considerable improvement in their performance and compliance with food safety standards. As a result, the quality and volume of marketable products has improved. At the same time, consumers benefit from better and safer products and can expect more stable food prices as a result of a larger range of products.

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## SLOVENIA-RUSSIAN FEDERATION: *Cluster-to-cluster cooperation and supplier development*

The industry in the Samara region of the Russian Federation is still characterized by a lack of specialized staff to improve quality and productivity, under-developed scientific and technological infrastructure to develop new products, and a scarcity of strategic partnerships with universities and research institutions. The ongoing UNIDO project aims at strengthening automotive component suppliers, optimizing the local supply chain, providing the region with industry-specific and institutional development concepts, and creating access to international markets, in particular within the European Union. Local experts were trained and a number of initiatives were implemented, such as the formation of the Association of Automotive Suppliers in the Samara

region, the establishment of an internship scheme, the initiation of technical support between local component manufacturers and support institutions, and the facilitation of direct contact and technical exchange between Slovenian and Russian component manufacturers and their counterparts.

When provided with the necessary training, access to technical support and relevant institutional and business partnerships, the Samara automotive component manufacturers have the potential to be strong catalysts for change and to actively contribute to skills and technology development, income generation and employment opportunities and to secure the overall competitive advantage of the region. The main challenge

remains to set up a sustainable development mechanism that will continue to support networking between institutions, firms and, most importantly, between suppliers and car manufacturers. To further strengthen and maintain the competitiveness of Samara automotive component manufacturers and the supplier network, and attain the strategic goals of the whole Samara automotive supplier network, further improvements in advanced methods of productivity enhancement and quality management, new product development, CAD/CAM techniques, tool and die development, green technologies and products and efficient use of resources will be required.

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### › Establishment of the Association of Automotive Suppliers of Samara for cluster twinning

› Increased productivity of 33 local component manufacturers: 20 to 45 per cent reduction in changeover time, 10 per cent reduction in the lead time, 15 per cent reduction in downtime





## PHARMACEUTICAL INDUSTRY: *Safe and effective medicines produced in developing countries*

Many deaths could be prevented if safe and effective medicines were readily available to treat patients, especially in Africa. The pharmaceutical sector is an essential sector, as its products play a major role in providing effective health care for the population. Many countries therefore see a need to enhance the capabilities of this industry locally and increase its competitiveness. The pharmaceutical sector, for example, is a priority sector in the Accelerated Industrial Development Agenda for Africa that has the objective to lift Africans out of poverty.

UNIDO's assistance is at the interface between industrial development and public health. The Organization recognizes that these two agendas are mutually reinforcing and that industry is very complex and requires a number of different dimensions to be addressed in a coordinated fashion for sustainable progress to be achieved. UNIDO has

therefore been assisting Ghana, Kenya and Viet Nam in the formulation of multi-stakeholder strategies to develop the local pharmaceutical industries. It is also developing solutions that support and substantiate the implementation of such strategies.

In 2011, the Commissioner for Social Affairs of the African Union Commission invited UNIDO to form a partnership to accelerate the implementation of the Pharmaceutical Manufacturing Plan for Africa (PMPA) – an initiative endorsed by the Heads of State and Government of the African Union (AU) during the 2007 summit in Accra.

Through its cooperation with the African Union Commission on the business plan for the Pharmaceutical Manufacturing Plan for Africa, UNIDO has demonstrated that it is a thought trendsetter in the realm of local pharmaceutical production. Furthermore, through

its recommendations and follow-up activities, it has displayed a willingness to work with partner organizations that have complementary skills and mandates both within the UN system and beyond. The need to work in partnership with other organizations is central to UNIDO's approach. These partnerships reflect the complexity of the pharmaceutical industry and the necessity of addressing matters that transcend mandates in a coordinated manner for high quality essential medicines to be produced and for the industry to be sustainable. To that end UNIDO is working closely with the World Health Organization, the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the African Union Commission to implement the AU's PMPA Business Plan.

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› 70 people from 8 African countries have been trained in industrial pharmacy

› UNIDO has supported the formation and development of private sector trade associations such as the Federation of African Pharmaceutical Manufacturers Associations (FAPMA)



## WEST AFRICA: Restructuring and upgrading programme

Faced with the challenges and promising opportunities of an accelerated trade liberalization process, the West Africa Economic and Monetary Union (UEMOA) requested UNIDO's assistance in developing an industrial upgrading and modernization programme to contribute to the implementation of the UEMOA Industrial Common Policy, with a view to improving the competitiveness of the Union's productive sector.

Characterized by a lack of capacity to compete and produce exportable goods that meet international quality and safety requirements, West African countries had to address a number of existing barriers in order to unleash their industrial potential and stop the continuous process of disinvestment in productive capacities and employment. These barriers include inefficient production techniques, limited infrastructure and the lack of financial schemes, among others.

To address these challenges, the pilot phase of the programme promoted the inclusive and sustainable economic

development and regional integration within UEMOA countries through strengthening institutional capacities, assisting in the establishment, restructuring and upgrading of financial schemes, building capacities of support institutions and upgrading and modernizing about 100 agro-industrial enterprises. Overall, industrial upgrading presented the opportunity to make UEMOA fit for the global market and benefit the private sector while ensuring its partnership as key players in the implementation of the programme.

With the support of UEMOA and the French Agency for Development, the EUR 11 million programme established a sustainable regulatory and institutional environment in all eight countries, training more than 500 national staff and consultants, out of which around 400 were involved in implementing numerous activities with international experts. The programme conducted a number of priority sector/value chain positioning studies in addition to a feasibility study of restructuring

and upgrading funds. Moreover, the programme performed diagnostic studies for 116 enterprises and provided technical assistance to 99 of them in the fields of management and production, and delivered 270 technical assistance activities to 90 enterprises. In return for the initial assistance, the companies have made a commitment to invest more than EUR 21 million in technology and new equipment.

Based on the successes in the pilot phase, UEMOA requested UNIDO to develop a second phase with a budget of EUR 13 million. The new phase aims, among others, to create technical centres and local capacities to support 880 SMEs in the areas of quality, human resources, cost-accounting, marketing, product development, production operations, management and market access.

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> The EUR 11 million programme established a sustainable regulatory and institutional environment in all eight countries, training more than 500 national staff and consultants



## CHINA: Food quality, safety and testing capacity-building

Fujian Province is a critical food-exporting province in China. Strengthening Fujian Province's food export capabilities by building up the institutional capacities of the Department of Foreign Trade and Economic Cooperation in Food Safety Management Systems (ISO 2000) and Traceability in the Feed and Food Chain (ISO 22005) for small and medium-sized enterprises to comply with international quality and food safety standards was of paramount importance to increasing food exports in the province. With that aim, UNIDO trained 40 lead auditors on ISO 22000 from Fuzhou and Quanzhou and promoted the food safety management system among over 400

senior staff in 225 food enterprises, thus contributing to the development of a food quality culture within Fujian Province.

As a demonstration of the strengthened capacity of the Fujian Province, the auditors and consultants trained within the programme audited and prepared ten enterprises looking to get the ISO 22000 certification. All ten of them were certified for ISO 22000, enabling them to gain a better image both in the domestic and export markets. Since then, many Chinese companies have come forward to obtain certification on ISO 22000 and increase their competitiveness. UNIDO has also raised

the awareness of the 200 Chinese industries on the Traceability in the Feed and Food Chain (ISO 22005) in Fujian Province. As food safety is a key priority of the Government of China, the Provincial Government for Dali and UNIDO jointly established the UNIDO-China Food Quality, Safety and Testing Training Facility in Dali for training on food safety. This training facility has trained 41 international participants from 14 nations across Asia and Africa and 50 national participants from 9 provinces in China.

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› Ten enterprises obtained the ISO 22000 certification. Over 200 Chinese industries are now aware of the standards on Traceability in the Feed and Food chain (ISO 22005)

› Representatives of 14 countries in Asia and Africa have been trained on food quality and safety standards





## ZAMBIA: Joint UNIDO-WTO trade capacity-building programme framework

Zambia's industry falls short of realizing its full export potential in global markets. A fundamental reason for this is that its national quality infrastructure and its technical regulation regime are not harmonized with those of its trading partners. Zambia needs to upgrade both. In particular, and of most immediate concern, it needs to formulate a national quality policy that can be integrated with a strengthened technical regulation regime.

Through this project the Zambian Ministry of Commerce, Trade and Industry (MCTI) is being assisted in reviewing the overall organizational framework relating to standards, accreditation, inspection, testing and certification, i.e. the National Quality

Infrastructure (NQI), including the related legislation. In addition, the project is supporting the upgrading of facilities of the NQI institutions such as the Zambia Bureau of Standards (ZABS) and the Zambia Weights and Measures Agency (ZWMA) under MCTI as well as national testing laboratories to improve especially the food sector's ability to prove conformity and hence facilitate exports. Thirdly, the project will endeavour to strengthen the ability of enterprises in selected sectors to comply with international quality requirements, creating a demand pull factor for the upgraded compliance infrastructure that deals with technical barriers to trade (TBT) and sanitary and phyto-sanitary measures (SPS).

The project will enhance the export performance of Zambia by strengthening the national legislative framework related to standards and metrology. At the same time, the establishment of a credible conformity assessment infrastructure will foster Zambia's integration into the multilateral trading system.

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> Strengthening Zambia's national legislative framework standards, technical regulations, metrology, testing and quality

## BURUNDI: *Two-pronged approach to improve the quality of coffee*

The increased emphasis in global trade on compliance with sanitary and phyto-sanitary (SPS) measures has led to greatly improved food safety and hygiene; however, for least developed countries like Burundi, this also makes breaking into and maintaining a presence in world markets much more difficult. With agriculture generating around 90 per cent of employment in Burundi and most of the sector's revenue coming from coffee, fruit and vegetables, a few well-targeted improvements in quality and safety standards can result in large and sustainable increases in income for the poorest sections of the population. With funding from the Enhanced Integrated Framework and the Norwegian Agency for Development Cooperation (Norad), UNIDO is working with the Burundi Bureau of Standards (known by its French abbreviation of BBN) on a two-pronged approach to improve the quality of coffee.

The first component of the project supports improvements in the existing national quality infrastructure for standardization, inspection and testing.

The second component brings both national and international experts to work with professional associations to offer improved technical services and training for coffee growers. To overcome sharp fluctuations from year to year in the quality of coffee beans, small producers and cooperatives are trained in quality improvement. The next value chain link is the washing station where equipment such as drying tables and humidity meters are provided to ensure a more even selection and classification of beans. The quality and safety of the water used for washing beans has also been improved.

Once beans are processed, they are transported in protective conditions, as the project promotes the use of containers for transporting unpacked green coffee beans. Furthermore, and since technical regulations on the production and marketing of coffee in Burundi are inadequate, UNIDO's assistance now focuses on improving BBN interventions through capacity-building and the upgrading of existing infrastructure and equipment.

Moreover, quality standards for green coffee are to be defined in conformity with ISO standards and BBN will help producers' cooperatives and associations to establish a quality management structure. Accreditation will be sought for the quality-control laboratories of the Regulatory Authority for the Coffee Sector in Burundi (known as ARFIC), which ensures conformity to ISO standards on food safety and coffee quality. Moving even further up the value chain, the Federal Chamber of Trade and Industry will be supported to improve marketing techniques while steps are being taken to form export consortia in the coffee sector. With firm backing from this project, Burundi's coffee producers can now look forward to gaining international certification of their product, bringing increased revenue for them and a wider choice for the world's ever more discerning coffee drinkers.

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> Development, adoption and dissemination of quality and SPS standards for the targeted export products

> Testing laboratories for key products upgraded





Global flagship initiative

## **AFRIMETS: *Building productive capacities through metrology***

Many African countries have long been at a disadvantage in accessing international markets for manufactured goods due to their lack of accredited metrology infrastructures and, in particular, of skilled metrologists. Without a national metrology infrastructure, it is impossible to manufacture to internationally accepted specifications. Recognizing how crucial this is to the development of manufacturing industries in Africa, UNIDO, in cooperation with the Norwegian Agency for Development Cooperation (Norad), has set up a project to strengthen the capacity of the Intra-Africa Metrology System (AFRIMETS).

AFRIMETS seeks to synergize the measurement activities of the different

economic groupings in Africa and thereby facilitate intra-African and international trade. At present, more than 90 per cent of the countries in Africa belong to AFRIMETS, which means it plays a crucial role in bringing African measurement and calibration capacities up to a level where they can gain global recognition. One of the first initiatives requested from the UNIDO project to strengthen AFRIMETS was to provide a snapshot of the current status of scientific, industrial and legal metrology in Africa. This would allow the gaps in the measurement standards and legal metrology structures in the region to be identified and analyzed, and recommendations proposed for the development of a continental metrology infrastructure and a sustainable model for an AFRIMETS Secretariat.

This snapshot of the status of metrology in Africa indicates that the way forward is by improving the capacity of national metrology institutes to provide traceability and to support accredited testing facilities. This process should be overseen by a sub-regional metrology infrastructure to harmonize legal metrology issues and organize and manage benchmarking exercises. This project is also providing AFRIMETS with a pool of lead auditors for the laboratory assessment activities of both national and regional laboratories and is setting up a Pan-African metrology training school to provide theoretical, practical and industrial training to young metrologists.

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› For Africa, the way forward is to improve the capacity of national metrology institutes to provide traceability and to support accredited testing facilities



## Quality and compliance infrastructure

A key reason why developing countries have been unable to benefit from the global trading system is their lack of productive industrial capacities. Every country needs to be able to produce tradable goods that are competitive in design, quality and price. Developing such capacities and linking them to global production or supply chains is, however, an ambitious endeavour. The ability of developing countries to exploit trade opportunities and to access markets is often challenged by inadequate capacities to comply with market requirements and the lack of internationally accepted local proof. In order to overcome these challenges, UNIDO builds capacity to ensure informed and timely trade-related policy making and focuses on strengthening the regional and national quality infrastructure. UNIDO's programmes for economic competitiveness help countries enhance their capacity in the productive sectors and ensure that suppliers produce goods that meet requirements set by foreign buyers and markets, through raising awareness and promoting food safety as well as consumer, environmental, social and health protection.

UNIDO helps developing countries and economies in transition to overcome trade-related challenges and to comply with international standards. Product traceability to ensure food safety through information on the source of produce is just one example of the global standards with which exporters need to comply in order to enter foreign markets. UNIDO supports developing countries in building up their compliance infrastructure and enhancing standardization, quality, accreditation, metrology and conformity assessment services. Through assistance in related capacity-building, awareness raising and the dissemination of the necessary know-how and information UNIDO facilitates the participation of small and medium-sized enterprises (SMEs) in global value chains.

## BANGLADESH: *Farm to fork traceability to facilitate seafood exports*

In the globalized supply chain, fishery products are often sourced in one country, processed in another and marketed in a third. Fish exports, however, go to demanding high-value markets where they are strictly scrutinized. Considering the ever-increasing global “food scares”, food safety is critical. In exporting to the EU, an efficient traceability system that will pinpoint exactly where any food contamination may have arisen is essential.

The EU “farm to fork” legislation has become a market access requirement, particularly in the fish and shrimp industries. Traceability consists of tracking and tracing: tracking monitors a product and all its inputs along the entire supply chain, while tracing means a product can be traced from any point in the supply chain back to its origin.

Shrimp exporters in Bangladesh are particularly challenged in setting up such a system: they buy raw shrimp from a large number of very small suppliers and

through a complex set of intermediaries. Establishing effective traceability poses a significant challenge for the second largest industry in the country that supports the livelihoods of over 600,000 people.

UNIDO, in cooperation with the EU, are developing Bangladesh’s capacity to set up a traceability system that will reassure buyers and ensure the industry’s continuing access to key export markets. In cooperation with the International Trade Centre, the project has introduced its ‘Better Work and Standards Programme (BEST) – Better Fisheries Quality (BFQ)’ initiative. The introduction of the reliable product traceability certification “farm to fork”, coupled with improvements in testing, inspection and hygienic practices, ensures continued international market access for the Bangladesh seafood industry. It also assures food quality and safety for both export and local consumers.

The improvements created shared prosperity within the participating

community: while consumers from developed and developing countries can be assured of safe shrimp exports from Bangladesh, the fish farmers improved their living conditions and reduced inefficiencies in the supply chain. The programme clearly followed a North-South and South-South cooperation logic, with different public and private institutional partnerships.

A follow-up programme is planned to further support the creation of an environmentally sustainable and economically sound shrimp fishing sector in Bangladesh. The EUR 13.5 million project has introduced a complete traceability system, initially with a pilot scheme that will be followed by industry-wide implementation, that will also enhance the country’s fisheries inspection capacity (a prerequisite to access the EU market).

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› 30 testing and calibration laboratories accredited capacity enhanced

› Several hundred officers and farmers trained in Good aquaculture practices (GAP) and Hazard analysis critical control points (HACCP)

# UNIDO WORLDWIDE

## Offices:

- Headquarters
- Offices
- ▲ Field offices

## Networks:

- Industrial Subcontracting & Partnership eXchange Centres
- International Technology Centres
- Investment and Technology Promotion Offices/Centres for International Cooperation
- ◆ UNIDO-affiliated Resource Efficient and Cleaner Production Service Providers
- South-South Cooperation Centres





## Building and training human resources to cope with the growing need for product compliance

As producers further integrate into global markets, they must comply with an ever-expanding range of standards. To help them, UNIDO has built up its Standards, Metrology, Testing and Quality (SMTQ) training services to support national quality infrastructure institutions and provide continuous training and human resources upgrading.

One such institution is the UNIDO-VIMTA South-South Training Facility for Testing Laboratories (UVSSTF) in Hyderabad, India. VIMTA Labs Limited is India's leading contract research and testing organization. It organizes training courses for young professionals from testing laboratories on a wide range of essential skills, including analysis of contaminants, residues and adulteration, quality assurance, control measures, standards compliance, accreditation and laboratory management.

In the Republic of Korea, UNIDO has partnered with the Korea Research Institute of Standards and Science (KRISS) to organize training programmes for the technical staff of national metrology institutions and their calibration

laboratories. The programme was designed to upgrade theoretical knowledge and technical capacities in laboratory accreditation and laboratory management knowledge.

Another example is the UNIDO-China Food Quality, Safety, and Testing Training Facility in Dali, which focuses on improving food safety and quality for China and ASEAN countries, with a focus on milk and milk product quality. The facility is recognized as a regional knowledge centre and a key milk-testing centre.

With technological advances in manufacturing and in food processing announced almost daily, international product standards, including private standards, need constant revision and expansion. This means that national quality infrastructure institutions in developing countries must strive to constantly upgrade their human resource skills, which points to a growing need for UNIDO's SMTQ training partnerships.

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## UNIDO and the Global Food Safety Initiative assure safe food along the supply chain

The significant expansion of world trade and the establishment of extensive global supply chains have improved consumers' access to food products but also raised many questions regarding the safety of those products. UNIDO is a member of the Advisory Board of the Global Food Safety Initiative (GFSI), which is managed by the Consumer Goods Forum (CGF), a global industry network comprising CEOs and senior managers. It seeks to promote continuous improvement in food safety management systems throughout the world.

To address the concerns of multinational food retailers, who were experiencing difficulties in the supply of safe food in emerging markets, the GFSI established a Working Group on a Global Markets Capacity-building Programme to develop effective food safety management systems through a systematic continuous improvement process.

The group initially focused on processed food products, using a local sourcing, local selling model and through training and mentoring food safety managers together with customized factory assessments. UNIDO has drawn on this experience to provide reliable advice on training and capacity-building. A particular example involved collaboration between UNIDO and the METRO global retail chain. In Egypt, they have worked together on a pilot scheme, developing training and mentoring programmes. The results from this cooperation were shared with the Working Group and used to finalize and launch the Global Markets Capacity-building Programme.

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# PROGRAMMES FOR ENVIRONMENTAL SUSTAINABILITY

## Renewable and rural energy

According to the Intergovernmental Panel on Climate Change (IPCC) and Global Energy Assessment (GEA) reports, the industrial sector is responsible for one-third of global primary energy use and two-fifths of global energy-related carbon dioxide (CO<sub>2</sub>) emissions. There is significant potential for reducing industrial energy intensity, which ranges from about 10 per cent to 40 per cent for several energy-intensive industrial subsectors. The economic and environmental gains of using energy efficient and renewable energy technologies in industry are also significant. Introducing energy efficiency improvements and scaling up the use of renewable energy for productive uses and industrial applications is essential if the world is to move towards inclusive and sustainable development.

### **NIGERIA: *Small hydro-power for a tea factory and local communities in Taraba State***

The objective of UNIDO's intervention was to provide clean and renewable energy to the Highland Tea Factory and to local communities in order to boost productive activities, since there was neither access to the national grid nor rural electrification programmes. Before the UNIDO intervention the company was relying on diesel generators and wood-fuelled boilers for drying, which financially drained the company. With the small hydro-power plant now in operation, the tea factory can meet its energy needs and energy is also made available to local communities – a total of 35,000 people – for other economic activities. The plant has been fully-installed, test-

run and is operating steadily without voltage fluctuation. Adequate training has been provided on operating and maintaining the plant. Access to electricity has created the potential to develop agro-processing industries in the area and improve the local economy. The project will also enhance the sustainable development of the area by promoting local investment and an improved business environment.

The civil works for the small hydro-power project were sponsored by the Taraba State Government. UNHCR provided the funding for the electro-mechanical equipment while UNIDO, through its Regional

Centre for Small Hydro Power in Abuja, provided technical assistance in developing and implementing the project. The International Centre for Small Hydro-Power (ICSHP) at Hangzhou in China supplied, installed and tested the equipment, and trained the operators. The plant is owned by the Taraba State Government and managed by the Highland Tea Factory.

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› Clean renewable energy is made available to a total of 35,000 people

Global flagship initiative

## Energy Management Standards Programme

The International Energy Agency reports that the energy intensity of most industrial processes is at least 50 per cent higher than the theoretical minimum. Many processes have a very low level of energy efficiency and the average energy use is much higher than the best available technology would permit. Developing countries and transition economies account for a major share of such potential, distributed both within the traditional energy-intensive sectors as well as light industry. SMEs account for about 30 per cent of global industrial energy use and have a disproportionately high level of energy savings potential. Energy management standards provide a structured and comprehensive framework for industrial facilities to integrate energy efficiency and system optimization into their daily energy management. They establish closer linkages between business practices for the management of energy and core industry values, such as cost reduction, increased productivity, environmental compliance and global competitiveness.

In partnership with the Global Environment Facility (GEF), key national and international stakeholders in industry, the public sector and academia, UNIDO promotes a holistic approach to industrial energy efficiency, addressing policy, economic, technical, environmental and social aspects to disseminate and support the best available practices and

technologies for industrial energy management and the adoption of low-carbon technologies in the industrial sector in developing countries and emerging economies. Through a range of technical assistance and investment activities, UNIDO's projects (a total of USD 52.2 million grant funding and an additional USD 574 million in co-financing) support the removal of key barriers to continuous improvement of energy efficiency in industries and ultimately the transformation of the market for industrial energy efficiency. The introduction of ISO 50001 in energy-intensive companies, including SMEs, contributes to the mitigation of climate change and brings tangible benefits to manufacturing plants, communities and the environment.

The UNIDO programme promotes a closer link between energy management in business and core industry values such as cost reduction, increased productivity, environmental compliance and global competitiveness, positioning the Organization as a pioneer in the field of industrial energy management.

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› UNIDO's projects raised USD 52.2 million in grant funding and an additional USD 574 million in co-financing



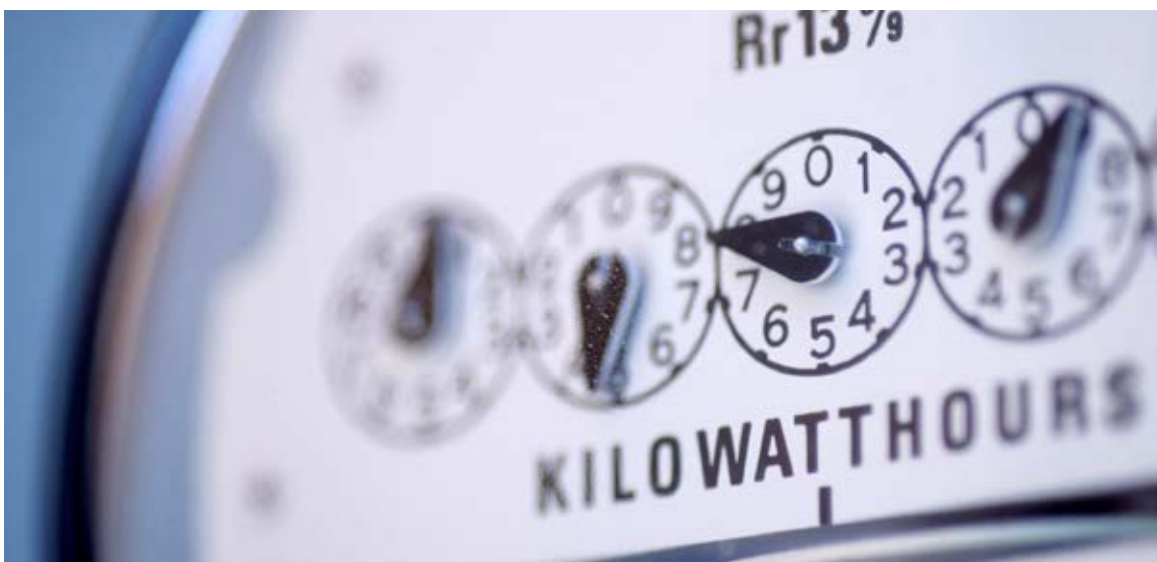
## Energy efficiency

Improving industrial energy efficiency is one of the most cost-effective ways for developing countries to meet their increasing energy needs with the least impact on the environment. Industrial energy efficiency addresses challenges as diverse as climate change, energy security, industrial competitiveness, human welfare and economic growth. It is projected that developing countries will account for over 90 per cent of the growth in global industrial energy demand from 2010 to 2035. Industry in developing countries shows the greatest potential for economic efficiency improvements and cost savings, both within the traditional energy-intensive sectors and in light industry, in particular, SMEs. Increased energy efficiency in SMEs would have a positive impact in terms of lower final production costs, increased resources for investing in business development, including job creation and, ultimately, greater competitiveness. Improved energy-efficiency thus reduces greenhouse gas emissions from energy generation and use, materials extraction and processing, transportation and waste disposal. Sustainable industrial energy strategies that include the adoption of renewable energy sources, as well as energy efficiency, are therefore essential to address climate change and move economies onto a lower-carbon path.

### Supporting the development of an International Energy Management Standard for Industry

UNIDO has been supporting the development process of the international Management System Standard for Energy ISO 50001 by raising awareness and ensuring that the issues and perspectives of industry, government policy-makers and other concerned stakeholders in developing countries and emerging economies are taken into consideration during the

development of the standard. To that end, UNIDO has organized regional and international meetings targeted to prospective standard users, policy-making and standards institutions and experts to obtain inputs. Surveys on energy management practices in industry have also been carried out in selected countries.



Regional flagship programme

## GEF: Strategic Programme for West Africa (SPWA)

The energy systems of the Economic Community of West African States (ECOWAS) are facing the interrelated challenges of energy poverty, energy security and climate change mitigation. The region, with around 300 million inhabitants, equivalent to roughly one-third of Africa’s population, has one of the lowest modern energy consumption rates in the world, as only around 8 per cent of the rural population has access to electricity services. The urban electricity systems are in crisis due to the gap between growing demand, low and inefficient generation capacities, and limited capital for investment. Around 60 per cent of the electric generation capacity depends on expensive diesel or heavy fuel oil. Apart from significant fossil fuel resources, the ECOWAS region can rely on a wide range of untapped renewable energy and energy efficiency potentials, but ECOWAS countries have yet to take advantage of this potential.

UNIDO in cooperation with the Global Environment Facility (GEF) and ECOWAS launched the regional programme to promote access to

modern energy services, increase the use of renewable sources of energy and improve energy efficiency in the industrial and household sectors in West Africa. The regional programme promotes common energy markets, policies and financial mechanisms for decarbonizing the energy sector in the subregion. The programme specifically aims at promoting synergies and public-private partnerships in West Africa while yielding significant local and global environmental benefits. The programme applies a holistic approach and assists ECOWAS countries in overcoming the existing barriers to the establishment of renewable energy and energy efficiency markets. With a total budget of USD 57 million (USD 17 million being implemented by UNIDO), the SPWA provides grant funding and technical assistance for the promotion of investments, coordination, policy coherence, capacity-building and knowledge management.

The projects under GEF-SPWA will contribute considerably to increased energy security, energy access and

the reduction of greenhouse gas emissions in West Africa; they will also build a sound basis for up-scaling and replication. Initial results include: a portfolio of 22 national and regional renewable energy and energy efficiency projects which are under implementation (with a GEF grant of USD 39.86 million and around USD 468 million of co-funding); the 2013 adoption of the ECOWAS Renewable Energy and the Energy Efficiency Policies; and the establishment of a Renewable Energy Facility for peri-urban and rural areas with 41 rural projects totaling an overall volume of USD 3.5 million under execution. Based on this success, the Southern African Development Community (SADC) and the East African Community (EAC) have requested UNIDO to support the implementation of similar activities in their regions.

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› Boosting energy security, energy access and the reduction of greenhouse gas emissions in West Africa



## Cleaner and resource efficient production

Global industrial production and consumption are outpacing the renewal capacity of natural resources and the capacity of governments to manage pollution and wastes. While industrial growth has helped raise millions of people out of poverty in many countries in recent decades, it is evident that economic growth and urbanization have not come without a price. This phenomenon is accompanied by inadequate or non-existent environmental and urban services, including recycling systems, wastewater treatment and sewage systems, drainage, water supply, sanitation, and solid waste management. Such deficiencies inhibit economic growth, place further stress on natural systems, and damage public health and the investment climate. They also constrain the potential of urban areas to fully contribute to economic growth. UNIDO has long recognized that environmental issues must be addressed and cleaner production methodologies must be promoted at a systemic level in industrial development. The promotion of resource efficiency requires a perspective and a decision-making process that simultaneously considers both economic value and environmental sustainability.

### **SENEGAL: Main slaughterhouse transformed from top polluter into a clean energy producer**

A UNIDO technical assistance programme in conjunction with the Senegalese government's Bureau de mise à niveau des Entreprises (BMN) has helped the country's main slaughterhouse transform itself from a top polluter into a clean energy producer.

The Société de Gestion des Abattoirs du Sénégal (SOGAS) is the company running the country's official slaughterhouses. At its Dakar slaughterhouse, located near the Hann Bay seafront, the established method of disposing of wastewater (blood, fat, hair, faeces, urine, etc.) from the slaughterhouse was to discharge it

into the sea. Over time, the increasing discharge of industrial pollution from the slaughterhouse and other industries rendered the bay exceedingly toxic.

To address the problem, the BMN, with technical assistance from UNIDO, helped SOGAS implement an upgrading project to convert its production waste into energy. The slaughterhouse now uses its waste as the raw material for producing gas and, from that gas, electricity. Transforming bio-degradable waste into clean energy that powers machines at the slaughterhouse has helped the company cut its monthly electricity bill by

70 per cent, as well as reduce the amount it previously paid in pollution taxes. The bio-gas process also provides by-products, such as natural fertilizer, which form an extra source of income.

The SOGAS/BMN project is part of UNIDO's Industrial Upgrading and Modernization Programme in the sub-Saharan region, and was implemented in cooperation with the French Agency for Development (AFD).

*For more information, contact: [ECC@unido.org](mailto:ECC@unido.org)*

› UNIDO's technical assistance helped implement an upgrading project to convert production waste into energy



Worldwide network

## Resource Efficient and Cleaner Production (RECP)

In 1994, UNIDO and the United Nations Environment Programme (UNEP) started a joint programme to establish National Cleaner Production Centres (NCPCs). Hosted by national institutions in developing countries and countries with economies in transition, the NCPCs foster the uptake of Cleaner Production by businesses and governments alike, through activities such as information dissemination, professional training, in-plant assessments, and support for policy change and technology transfer. An independent global evaluation during 2007-2008 confirmed the programme's success in putting Cleaner Production on the agenda of businesses and governments, building professional and institutional capacities, and facilitating the implementation of predominantly low investment improvements in enterprises. It also identified a range of opportunities for leveraging the NCPCs and achieving greater development and environmental impact. The Resource Efficient and Cleaner Production (RECP) concept was introduced by UNIDO and UNEP in 2008 to emphasize the contribution of preventive environmental-management techniques to the productive use of natural resources, minimization of wastes and emissions, and to human development.

Consequently, the joint UNIDO-UNEP global RECP programme was formulated and approved in 2009. It aims to scale up and mainstream RECP for improving the resource productivity

and environmental performance of enterprises and other organizations. The RECP programme continues to be effective in fostering the adaptation and adoption of RECP methods, techniques and policies in partner countries. Moreover, RECP has become even more relevant in light of the sharpening resources, environment and climate dilemmas. NCPCs have gradually become independent over time and have transformed themselves into nationally-run institutions that serve their national, regional and local governments, business communities and development partners in the areas of sustainable consumption and production.

New programme initiatives are making inroads towards low-carbon production, eco-industrial parks and the introduction of safe and efficient chemical products and processes. Collectively, the RECP network is turning into a powerful South-North-South partnership, and a stepping stone for resolving the challenges associated with scaling up and mainstreaming RECP. With over USD 35 million in funding from multiple donors, including the governments of Austria, Norway, Slovenia and Switzerland, as well as the EU, UNIDO was able to set up and support more than 50 NCPCs in developing countries and countries with economies in transition.

*For more information,  
contact: [EMB@unido.org](mailto:EMB@unido.org)*



› Over USD 35 million in funding from multiple donors with over 50 NCPCs in developing countries

› Thousands of enterprises have benefitted from NCPC services



## Water management



UNIDO assists developing countries and countries with economies in transition with the transfer of best available environmentally sound technologies and environmental practices to improve water productivity in industry and prevent the discharge of industrial effluents into international waters (rivers, lakes, wetlands and coastal areas), thereby protecting water resources for future generations. UNIDO activities include: the Transfer of Environmentally Sound Technologies (TEST), that support the sound management of resources at priority industrial hot spots, minimize use, maximize productivity, and promote zero discharge; the Mercury Programme, to minimize the use and discharges of mercury by promoting Best Available Technologies (BAT) and Best Environmental Practices (BEP); and the Large Marine Ecosystems (LME) programme, which supports the ecosystem approach through the demonstration of best practices, capacity-building, and strategic partnerships to reduce the degradation of transboundary river basins and marine and coastal environments.

Global flagship initiative

### Mercury and chemicals management

In support of the Minamata Convention on Mercury and to significantly reduce mercury use in industrial processes, UNIDO provides assistance in artisanal and small-scale gold mining (ASGM) and other industrial sectors where mercury is used or emitted.

UNIDO's strategy is to minimize and when possible eliminate the use, release, and exposure of mercury in ASGM, manufacturing processes, and waste management. Additionally, UNIDO's Chemical Leasing Programme (ChL) provides an opportunity for companies to optimize the efficient use of chemicals and reduce water, raw material and energy consumption. This results in clear environmental advantages and economic benefits for both suppliers and users of chemicals. The mercury programme implements institutional capacity-building activities to properly manage mercury through national action plans and policy development. The programme also reduces the impacts of mercury on human health and the environment in areas where mercury is used and emitted. The programme aims to complement and supplement existing country programmes and promote techniques that will ensure mercury reductions on the ground that are globally significant. Chemical Leasing (ChL) is a service-oriented business model that shifts the

focus from the sales volume of chemicals to a more value-added approach. Under ChL, the supplier sells the functions performed by the chemical, making functional units the main basis for payment: by de-coupling payment from the consumption of chemicals, ChL encourages a better management of chemicals. By sharing the added value created through the more efficient use of chemicals, both the supplier and user gain an economic advantage from the ChL business model. A transformation of chemical production is evolving and emerging economies stand to benefit from leading its implementation in areas such as Green Chemistry and ChL, which has been explicitly recommended by the European Union in a European Parliament resolution regarding an effective raw materials strategy for Europe.

The Mercury programme is currently working with more than ten countries. Over 40 ChL projects have been successfully implemented in cooperation with multinational companies such as Carlsberg, Coca Cola, Ecolab, Ecopetrol, General Motors, Henkel, IKEA, and Safechem.

*For more information,  
contact: [EMB@unido.org](mailto:EMB@unido.org)*

› Best Available Technologies and Best Environmental Practices in mercury management have been identified and implemented

› Over 40 ChL projects have been implemented in cooperation with multinational companies, national enterprises and SMEs



# Implementation of Multilateral Environmental Agreements

UNIDO assists countries in capacity-building for the implementation of relevant multilateral environmental agreements, such as the Montreal Protocol on Substances that Deplete the Ozone Layer and the Stockholm Convention on Persistent Organic Pollutants (POPs). There is a need to phase out the production and consumption of Ozone Depleting Substances (ODS), which lead to the continuing degradation of human health and the environment. The Montreal Protocol provides a response to that need. UNIDO assists the governments of signatory countries to the Montreal Protocol in complying with its requirements. In this context, UNIDO supports both the mitigation and adaptation approaches. Furthermore, there is a commitment on the part of governments that are parties to the Stockholm Convention to implement legal, organizational and environmental-management measures, including substantive technological changes to comply with the requirements of the Convention. The production and use of POPs, as well as their presence in the biosphere, are causing serious damage to human health and the environment. UNIDO helps developing countries and countries with economies in transition to achieve compliance with the Stockholm Convention and aims to strengthen the capacities of developing countries to protect their populations and their environmental resources from POPs-related pollution.

## **CHINA: Montreal Protocol demonstration projects in factories manufacturing air-conditioners**

In line with the obligations of the Montreal Protocol, in 2013 China had to freeze its hydrochlorofluorocarbon (HCFC) production and consumption at the baseline level of 2009-2010 and reduce it by 10 per cent by 2015. Being the largest consumer of HCFCs with increasing usage in recent years, China reached a historic landmark agreement in 2011. It committed itself to cutting down significantly on its HCFC consumption and to implementing

new technologies that also contribute towards global efforts to combat climate change by reducing the emission of greenhouse gases compared to the technologies currently in use in China. Two UNIDO projects demonstrate a globally novel technology in the refrigeration and air conditioning sector. The first project helped the Midea group to convert one production line that manufactures 200,000 split air conditioners every year from HCFC-22

to propane refrigerant - a benign, ozone and climate friendly natural gas. The second project helped convert a large compressor line of the Meizhi company to propane technology.

The projects, costing over USD 6 million, faced several challenges, as the two demonstration projects had to be executed in a synchronized manner, with very little global experience of the application of HC-290-based technology

› 240 metric tons of HCFC-22 were phased out for Midea, which equals 13.2 ozone-depleting potential (ODP) tons, leading to an estimated 967,490 metric tons of CO<sub>2</sub> equivalent annual greenhouse gas emission reductions. For Meizhi, the project resulted in 8,852,533 metric tons of CO<sub>2</sub> equivalent GHG emission reductions



in the air-conditioning sector. The experiences gained can thus significantly influence mass production. This can enable several Chinese room air-conditioner manufacturers to convert their products and production lines to propane, which could lead to significant reductions of greenhouse gas (GHG) emissions in the refrigeration and air conditioning sector.

Overall, the projects are contributing to China's compliance with the freeze target of HCFC consumption and are in line with the country's obligations under the Montreal Protocol. In addition, the projects proved that alternative solutions with minimal climate impact can be provided to refrigeration and air conditioning manufacturers in mass production. The project also has a significant demonstration value for the safe manufacturing, installation and servicing of flammable alternatives. The two companies have signed contracts with the Foreign Economic Cooperation Office (FECO) and the Ministry of Environmental Protection of China. For Midea, 240 metric tons of HCFC-22 were phased out, which equals 13.2 ozone-depleting potential (ODP) tons. This will lead to an estimated 967,490 metric tons of CO<sub>2</sub> equivalent annual GHG emission reductions. For Meizhi, the project resulted in 8,852,533 metric tons of CO<sub>2</sub> equivalent GHG emission reductions.

*For more information, contact: [MPB@unido.org](mailto:MPB@unido.org)*



Global flagship initiative

## Stockholm Convention on Persistent Organic Pollutants (POPs)

UNIDO plays a leading role in the implementation of the Stockholm Convention on Persistent Organic Pollutants. Since the Convention opened for signature in 2001, UNIDO has become one of the principal agencies assisting developing countries and countries with economies in transition in meeting their obligations under the Convention. The services provided by UNIDO in this Convention include:

- Updating and reviewing National Implementation Plans (NIPs) and post-NIP activities, by developing strategies to restrict and eliminate new POPs and providing guidance on establishing inventories, monitoring the presence of products and articles containing new POPs, and selecting best available techniques and best environmental practices.
- Creating capacities within governments, institutions and owners of polychlorinated biphenyls (PCBs) to comply with PCB-related obligations, including PCB management and disposal as well as the implementation of non-combustion technology.
- Developing a site selection methodology for contaminated sites and providing capacity-building support to local human resources for the selection and handling of remediation technologies based on best available technologies and environmental practices, and remediating contaminated sites in an environmentally-sound manner.

The future Global Environment Facility chemical management strategy is currently being anchored on the synergy amongst multilateral environmental agreements. UNIDO's policy in project formulation and development strives to explore

this synergy and expand on the opportunities linking such multilateral agreements in order to support the promotion of a more environmentally sustainable model of industrial production.

Additionally, PCB projects have leveraged the interests of recipient countries in non-combustion technologies. The non-combustion technologies available for PCB decontamination could offer technical and financial advantages against combustion options. The creation of the Global Programme which aims to demonstrate the viability and the removal of barriers which impede the adoption and successful implementation of available, non-combustion technologies in the destruction of obsolete POPs stockpiles and waste reflects the commitment to expand the technological field in the area of POPs disposal.

UNIDO is currently working with 55 countries to review, update and further develop their NIPs, enabling participating stakeholders to manage the additional POPs with newly developed technical skills, expertise and awareness. UNIDO's PCB projects have supported numerous countries with the environmentally sound management and disposal of PCBs, including Algeria, Armenia, Azerbaijan, China, India, Indonesia, Mongolia, Morocco, Nepal, Peru, Philippines, Romania, and the former Yugoslav Republic of Macedonia. Non-combustion technology projects have been implemented in China, the Philippines and Slovakia.

*For more information,  
contact: [EMB@unido.org](mailto:EMB@unido.org)*



> 55 countries have been assisted in the development and update of their NIPs

> 45 projects are ongoing

# RESEARCH AND PUBLICATIONS

## Statistics, research and policy advice

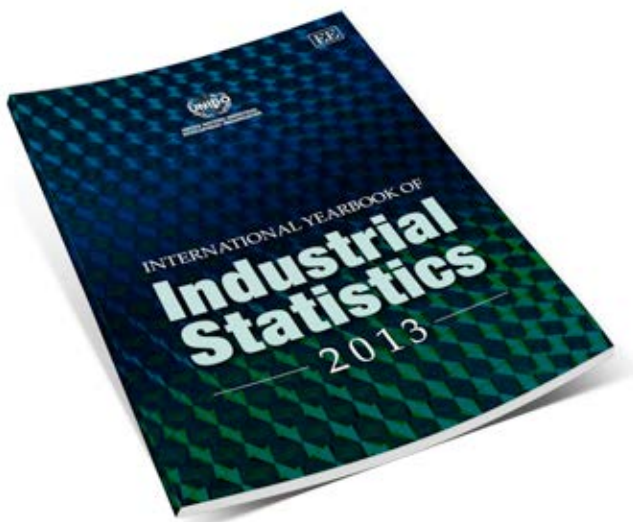
Solid, evidence-based analysis provides the foundation for sound advice, which in turn translates into appropriate industrial strategies and policies for developing countries and countries with economies in transition. With the right policies, a country can diversify its productive capacity and improve the contribution of industry to the achievement of both local and global development goals. Through its analytical and policy advisory services, UNIDO provides Member States with the tools required to shape appropriate industrial strategies and policies.

UNIDO conducts applied research and evidence-based analysis of economic growth and industrial structural change and disseminates its findings within the

Organization and to the wider community of development practitioners. On this basis, it advocates the importance of accelerated industrial development and improved industrial competitiveness as instruments to reduce poverty and contribute to inclusive and sustainable industrial development. UNIDO continues to provide global industrial statistics both in print and electronically, compiled in compliance with the United Nations Statistical Commission and in cooperation with Organisation for Economic Co-operation and Development (OECD). Country data received from national statistical offices are validated and supplemented with UNIDO estimates and improved in terms of their international comparability.

## FLAGSHIP PUBLICATIONS

### International Yearbook of Industrial Statistics



For more information, contact: [STATISTICS@unido.org](mailto:STATISTICS@unido.org)

### Industrial Development Report (IDR)



For more information, contact: [RESEARCH@unido.org](mailto:RESEARCH@unido.org)

## NETWORKS FOR PROSPERITY

Effective knowledge networks are an important means for developing countries to exchange knowledge and accelerate their economic development. By working through an integrated and networked approach, multilateral stakeholders, national and local governments as well as private entities are better equipped to approach development processes in a more effective, inclusive and transparent way. In a series of flagship reports, funded by the Government of Spain, the Networks for Prosperity initiative focuses on advancing the global understanding of the importance of knowledge networks and multi-sector partnerships for the sustainability of industrialization processes and the development of the private sector. The reports also contain UNIDO's Global Connectedness Index.



## Making It Magazine

A quarterly magazine that stimulates debate about global industrial development issues, published by UNIDO.



[www.makingitmagazine.net](http://www.makingitmagazine.net)

# HOW UNIDO WORKS

UNIDO delivers value through four complementary and mutually-supportive core functions:

## Technical cooperation

Through a broad range of technical cooperation activities, UNIDO designs and implements projects that build the capacity of Member States to initiate and carry out their own programmes in the field of industrial development. Tailored assistance is provided to developing countries, with special attention being paid to least developed countries.

## Analytical and policy advisory services

UNIDO conducts applied economic research and provides Member States with tools to shape appropriate industrial strategies and policies that improve the contribution of industry to the achievement of development goals.

## Standard-setting and compliance

UNIDO assists Member States and their industries in complying with a number of existing and emerging international standards on product quality, safety, health and environmental impact, while also contributing to the development of new global standards related to its mandate.

## Convening, partnerships and networks

UNIDO brings Member States, private and public sector institutions, civil society, academia and other partners together to establish dialogues, form partnerships and forge plans of action and networks for inclusive and sustainable industrial development. Activities in this area have informational, advocacy and normative functions and are conducive to knowledge management.



The UNIDO Institute for Capacity Development is dedicated to enhancing the quality of industrial policy by generating, disseminating and sharing world-class knowledge resources, and building capacities for sustainable industrial development, poverty reduction and accelerated economic growth.

The Green Industry Platform is a global high-level, multi-stakeholder partnership intended to act as a forum to catalyse, mobilize and mainstream action on Green Industry around the world. It provides a framework to bring together governmental, business and civil society leaders to secure concrete commitments and mobilize action in support of the Green Industry agenda.

## UNIDO's Business Partnerships programme: Making inclusive and sustainable industrial development a reality, together

UNIDO promotes wealth creation and global prosperity through inclusive and sustainable industrial development. We want every country to have the opportunity to grow a flourishing productive sector, to increase its participation in international trade, to improve its access to modern energy services and to safeguard the environment. As our objectives increasingly align with those of the business world, we are collaborating with a growing number of private sector partners and other key stakeholders.

Addressing these complex development challenges collectively has resulted in innovative and practical new approaches that combine both development gains and business benefits to accelerate the achievement of these shared goals. Indeed, there is a growing awareness among business leaders of the necessity of breaking with old practices and embarking on a new path of more sustainable and more socially inclusive business. We are witnessing a strong commitment to action and a willingness to make the necessary adjustments even in the face of economic constraints.

UNIDO stands ready as a partner to accompany businesses on this new path towards healthier societies, flourishing markets and sound economic progress for the future well-being of the generations to come. We understand that business is an instrumental

partner to achieving global development goals. In recent years we have stepped up our dialogue and collaboration with the private sector, financial institutions and civil society in order to multiply the impact of our technical assistance by combining our efforts, know-how, and resources. We are building a strong alliance with all relevant actors to reach the critical mass for transformative change.

At this critical juncture we want to deepen our partnerships with strategic actors from multilateral agencies, financial institutions and the private sector. Companies aiming at long-term success must ensure that their operations are sustainable and responsible, creating lasting value – not just financially, but also socially, environmentally and ethically.

There is growing evidence that principles and profits are not mutually exclusive. They can go hand in hand and create competitive value additions. All UNIDO partnerships illustrate how social, environmental and economic progress can foster competitiveness, business value and the long-term sustainability of business operations. They can help meet the growing consumer demand for green products, make employees take pride in their work and build markets of the future.

*For more information, contact: [PTC@unido.org](mailto:PTC@unido.org)*

# RECENT GLOBAL FORUM EVENTS

The **2013 Vienna Energy Forum** brought together over 1,600 policymakers, country delegations, experts and representatives from the private sector and civil society from 116 countries. Participants deliberated on sustainable energy and the way forward after Rio+20. In the context of negotiating a new development framework, the key message of the Vienna Energy Forum 2013 clearly positioned energy in the post-2015 development agenda and underlined the significance of financing and partnership for ensuring a sustainable energy future.



VIENNA ENERGY  
FORUM 2013

The **20th AU Conference of Ministers of Industry (CAMI-20)**, co-organized by the African Union Commission, the Government of Kenya and UNIDO, brought together African ministers of industry, African experts in industrial development, representatives of the private sector, academia, United Nations agencies, NGOs and other relevant development partners. They examined the key issues for African industrial development within the post-2015 development agenda. The meeting provided guidelines for policy orientation and coherence within the post-2015 development framework, and highlighted Africa's industrialization as a key factor for the development processes in the continent. Participants also looked at the implementation of the Action Plan for Accelerated Industrial Development of Africa, focusing on production diversification, job creation, energy production for industrial development and technology transfer.

The **Middle-Income Countries Conference**, hosted by the Government of Costa Rica, focused on challenges for sustainable development and international cooperation, and the role of networks for prosperity. The event served as an opportunity for middle-income countries (MICs) to coordinate and shape regional and global development processes, and further define the role and interests of MICs in the nexus of global sustainability and economic policy. The conference helped create a platform for knowledge exchange and connection of MICs and to develop a joint action plan as well as a declaration.

HIGH-LEVEL CONFERENCE OF  
MIDDLE-INCOME COUNTRIES

Networks for Prosperity

SAN JOSÉ, COSTA RICA - 12 TO 14 JUNE 2013





The third **Green Industry Conference**, held in Guangzhou, China, was organized together with the Ministry of Industry and Information Technology of the People's Republic of China under the theme of "Promoting the rapid uptake of green industry in harmony with the Earth's ecosystems". The event highlighted both success stories and outstanding policy challenges. The Conference showcased and assessed examples of the application of green industry concepts to manufacturing processes.



The **Global South-South Development (GSSD) Expo 2013** was hosted by the United Nations Environment Programme and held at its Headquarters in Nairobi, Kenya under the theme "Building inclusive green economies: South-South cooperation for sustainable development and poverty eradication". UNIDO participated in the Forum on Clean Technology for Green Industry, showcasing various clean technology solutions that have been successfully implemented in developing countries, emphasizing Southern-grown technologies as well as South-South, North-South-South triangular and public-private partnerships modalities.



**Africa Industrialization Day** promoted the central theme "Job creation and entrepreneurship development: a means to accelerate industrialization in Africa". Events were organized in Vienna, as well as in New York and in a number of UNIDO field offices.

The **Conference of Latin American and the Caribbean (LAC) Ministers of Industry** took place in Lima and brought together over 30 ministers and vice-ministers of industry from the region. Participants highlighted the importance of industrial production and trade for the inclusive and sustainable economic growth of the LAC region, with special reference to the contribution of innovation and technology transfer to sustainable industrial development, and the role of UNIDO in this context.

UNIDO organized the **LDC Ministerial Conference in Lima** under the theme “From the Istanbul Plan of Action to the world we want in 2015 and beyond: Implementing the UNIDO operational strategy”. The event brought together more than 250 participants, including LDC ministers in charge of industry, relevant UN agencies, regional economic commissions, institutions from numerous emerging countries, donors and private sector entities, and promoted the formation of partnerships that will bring sustainable livelihoods and inclusive welfare for citizens of LDCs. Participants also discussed the implementation of the UNIDO LDC Operational Strategy 2012-2020.

Some 1,000 participants took part in the **fifteenth session of the UNIDO General Conference**, hosted in Lima by the Government of Peru. Participants from UNIDO Member States adopted the Lima Declaration that charts the Organization’s development priorities for the coming years and places special emphasis on inclusive and sustainable industrial development. The Declaration stresses the relevance of inclusive and sustainable industrial development as the basis for sustained economic growth and, while respecting the processes established by the UN General Assembly, encourages appropriate consideration of the issue in the elaboration of the post-2015 development agenda. Capitalizing on past experience, the fifteenth session of the Conference incorporated both classic panel discussions and UNIDO’s interregional debates into one streamlined programme. The Conference was attended by the President of Peru, Ollanta Humala, and UN Secretary-General Ban Ki-moon.



In 2014, UNIDO is organizing two **Global Forums on inclusive and sustainable industrial development (ISID)** at the Vienna International Centre. The first one, from 23 to 24 June, initiated a strategic dialogue on ways to operationalize inclusive and sustainable industrial development strategies and policies. The second forum, from 4 to 5 November, will focus on mobilizing partnerships around industrial parks in several selected countries where UNIDO is already accumulating relevant knowledge that can be realistically converted into a portfolio of concrete partnership opportunities.



# UNIDO AT A GLANCE

UNIDO is the specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability.

UNIDO's vision is of a world where economic development is inclusive and sustainable and economic progress is equitable.

UNIDO aspires to reduce poverty through inclusive and sustainable industrial development. All countries should have the opportunity to grow a flourishing productive sector, to increase their participation in international trade and to safeguard their environment.

# HISTORY

**1966**

On 17 November, 1966 the United Nations General Assembly passes resolution 2152 (XXI) establishing the United Nations Industrial Organization (UNIDO) as an autonomous body within the United Nations.

Its mission is to promote and accelerate the industrialization of developing countries

**1975**

The General Assembly, in resolution 3362 (S-VII), endorses the recommendation that UNIDO be converted into a specialized agency.

**1979**

The UN conference on the “Establishment of UNIDO as a specialized agency,” at its second session in Vienna, Austria, adopts the new Constitution.

**1985**

Following a series of consultations between Member States that have ratified, accepted or approved the Constitution of UNIDO, the Constitution enters into force on 21 June.

**1993**

Member States approve a restructuring of UNIDO, with an emphasis on services geared to private sector development.

**1997**

Member States adopt a Business Plan for the Future Role and Functions of UNIDO to enable the organization to better respond to the changing global economic environment.

**2000**

UNIDO’s reform is hailed as a resounding success by Member States attending the Millennium Conference at the UN Headquarters in New York. UNIDO’s efforts to increase the industrial competitiveness of its beneficiary countries are also applauded.

**2001**

UNIDO adjusts its programmes in light of the United Nations Millennium Development Goals.

**2003**

UNIDO adopts a new corporate strategy based on the premise that productivity enhancement, driven by improved skills, increased knowledge and upgraded technology, plays a crucial role in promoting faster growth.

**2013**

The General Conference, at its second special session in June, elects LI Yong (People’s Republic of China) as UNIDO’s Director General.

The 15th session of the UNIDO General Conference, held in Lima, Peru, adopts the Lima Declaration: Towards Inclusive and Sustainable Industrial Development.

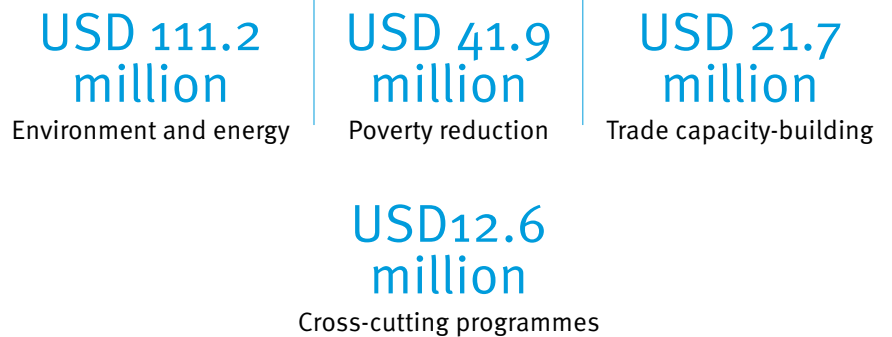
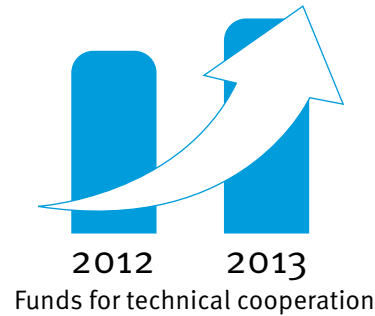
# TECHNICAL COOPERATION - PORTFOLIO

Continuing the positive trend of recent years, the volume of net funds made available for UNIDO technical cooperation programmes reached USD 187.4 million in 2013, an increase of more than 18 per cent over 2012.

The portfolio of projects and programmes in hand—including future payments due under signed agreements—reached a new record of USD 477.7 million. Once again, the thematic priority area of environment and energy attracted the largest allocation of overall funding with USD 111.2 million, while poverty reduction through productive activities received USD 41.9 million, trade capacity-building USD 21.7 million and cross-cutting programmes USD 12.6 million.

Of the total number of projects submitted during the year, 35 per cent were intended for implementation in Africa, 22 per cent in Asia and the Pacific, 11 per cent each for the Arab region and Europe and Newly Independent States and 9 per cent for Latin America and the Caribbean. Global and interregional projects accounted for 12 per cent of submitted projects.

USD 187.4 million >>> +18%



## The Multilateral Fund (MLF) for the Implementation of the Montreal Protocol



In the period 2010-2014, UNIDO gained approvals of USD 220 million in MLF project grants. This represented an increase of 47 per cent compared to the USD 150 million approved for UNIDO in the period 2005-2009. In 2013-2014, implementation of the MLF portfolio represented 29 per cent of the overall UNIDO delivery.

## The Global Environment Facility (GEF)



During the GEF-5 replenishment cycle (2010-2014), UNIDO gained approvals of USD 283 million in GEF project grants. This represented an overall increase of 49 per cent in GEF project grant approvals when compared to the UNIDO-GEF portfolio under the GEF-4 replenishment cycle (2006-2010). From 2013 to 2014, the UNIDO-GEF portfolio represented 18.7 per cent of the overall UNIDO implementation.

## UNIDO Secretariat

### Director General (DG)

The UNIDO Constitution stipulates that the Director General is the chief administrative officer of UNIDO and is accountable to its policymaking organs – the General Conference, the Industrial Development Board and the Programme and Budget Committee. Subject to the directives of these policymaking organs, the Director General has the overall responsibility and authority to direct the work of the Organization. The Director General is appointed by the General Conference upon the recommendation of the Industrial Development Board for a period of four years. The current UNIDO Director General is LI Yong (People’s Republic of China), who was elected in June 2013.

### Deputy to the Director General

The Deputy to the Director General is responsible for providing substantive support to the Director General in both his strategic and day-to-day management of UNIDO. For the effective discharge of these responsibilities, the Deputy to the Director General gives guidance to the various organizational entities comprising his Office, and coordinates and consolidates their inputs into the formulation of actionable policy recommendations for the Director General. In addition, the Deputy to the Director General manages and coordinates the Organization’s external relations with its Member States and other stakeholders and partners in the United Nations system, the broader development community, civil society and academia. Concurrently, the Deputy to the Director General supervises the Industrial Policy, External Relations and Field Representation Division and its various organizational entities.

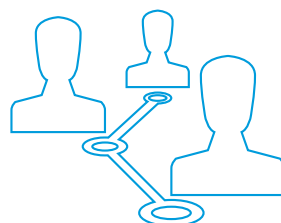
UNIDO employs around 700 staff members at Headquarters and other established offices around the world, and annually draws on the services of some 2,500 international and national experts who work on projects worldwide. Approximately 60 per cent of the international and national experts are from developing countries.

### Programme Development and Technical Cooperation Division (PTC)

The Division is primarily responsible for providing capacity-development support and technical cooperation services to enhance the capabilities of developing countries and countries with economies in transition to process their agriculture-based raw materials, participate in international trade flows for manufactured goods, increase investment and technology flows, and develop entrepreneurship, while also promoting environmentally sustainable production techniques, developing renewable and rural energy for productive use, increasing energy efficiency, and supporting the implementation of major multilateral environmental agreements. In doing so, the Division develops, implements and monitors sectoral, cross-sectoral and thematic programmes and projects, and provides technical advisory and institutional and human capacity-building services.

### Programme Support and General Management Division (PSM)

The Division formulates policies and procedures, and provides strategic guidance, direction and support to all entities of the Secretariat, including the offices away from Headquarters, in the five broad areas of human resources, finance and budgets, information and communication management, business and systems support management, operational support (procurement of goods, works and services, assets management and related IPSAS standards, travel, transportation, shipments, etc.), and management of the common services entrusted to UNIDO (buildings management services and catering operations) on behalf of the Vienna-based Organizations (VBOs). Through these services, the Division provides efficient and effective support for the Organization’s operational and programmatic activities within an appropriate framework of decentralization of authority, accountability and oversight.



## Policymaking Organs

UNIDO has two policymaking organs: the General Conference and the Industrial Development Board. The Programme and Budget Committee is a subsidiary organ of the Industrial Development Board.

**The General Conference (GC)** determines the guiding principles and policies of the Organization and approves the budget and work programme. Every four years, the Conference appoints the Director General. It also elects the members of the Industrial Development Board and of the Programme and Budget Committee. The Conference meets every two years.

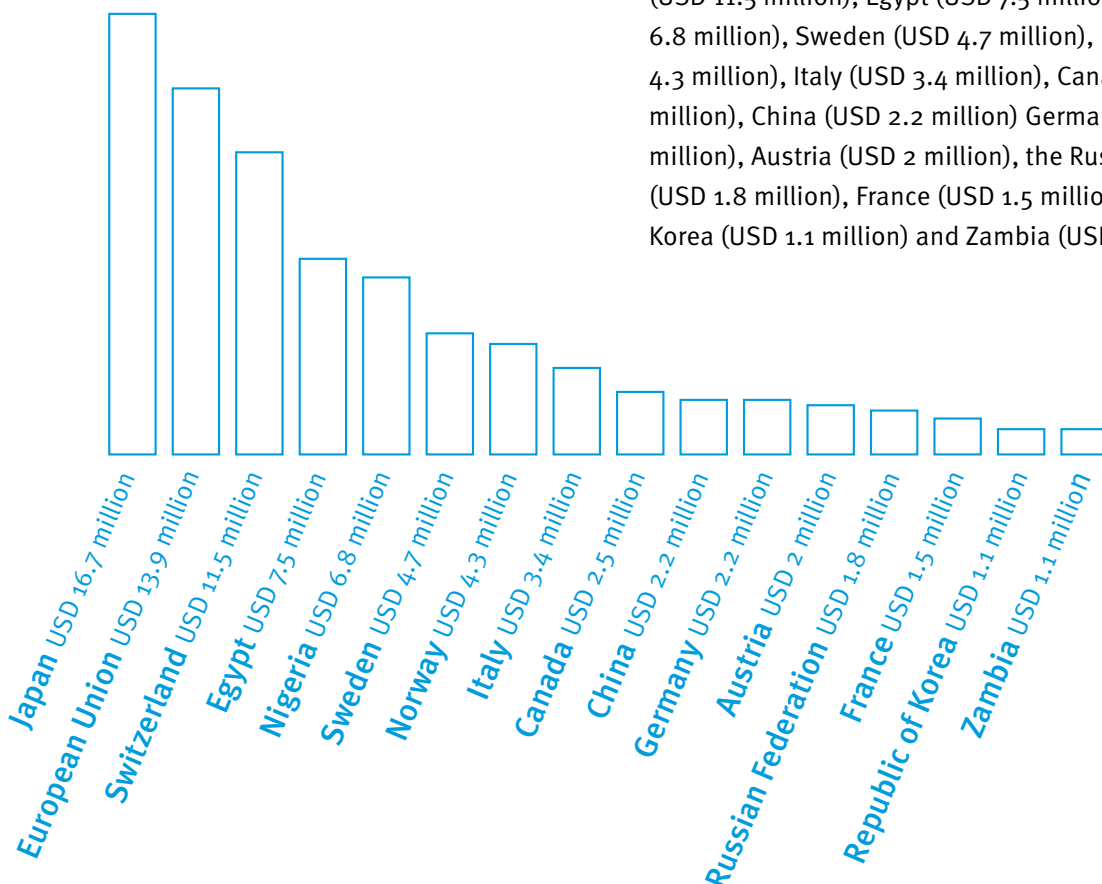
**The Industrial Development Board (IDB)** has 53 members, elected for a four-year term on a rotational basis. It reviews the implementation of the work programme, and the regular and operational budgets, and makes recommendations to the Conference on policy matters, including the appointment of the Director-General. The Board meets once a year.

**The Programme and Budget Committee (PBC)** consists of 27 members, elected for a two-year term. It is a subsidiary organ of the Board and provides assistance in the preparation and examination of the work programme, the budget and other financial matters. The Committee meets once a year.

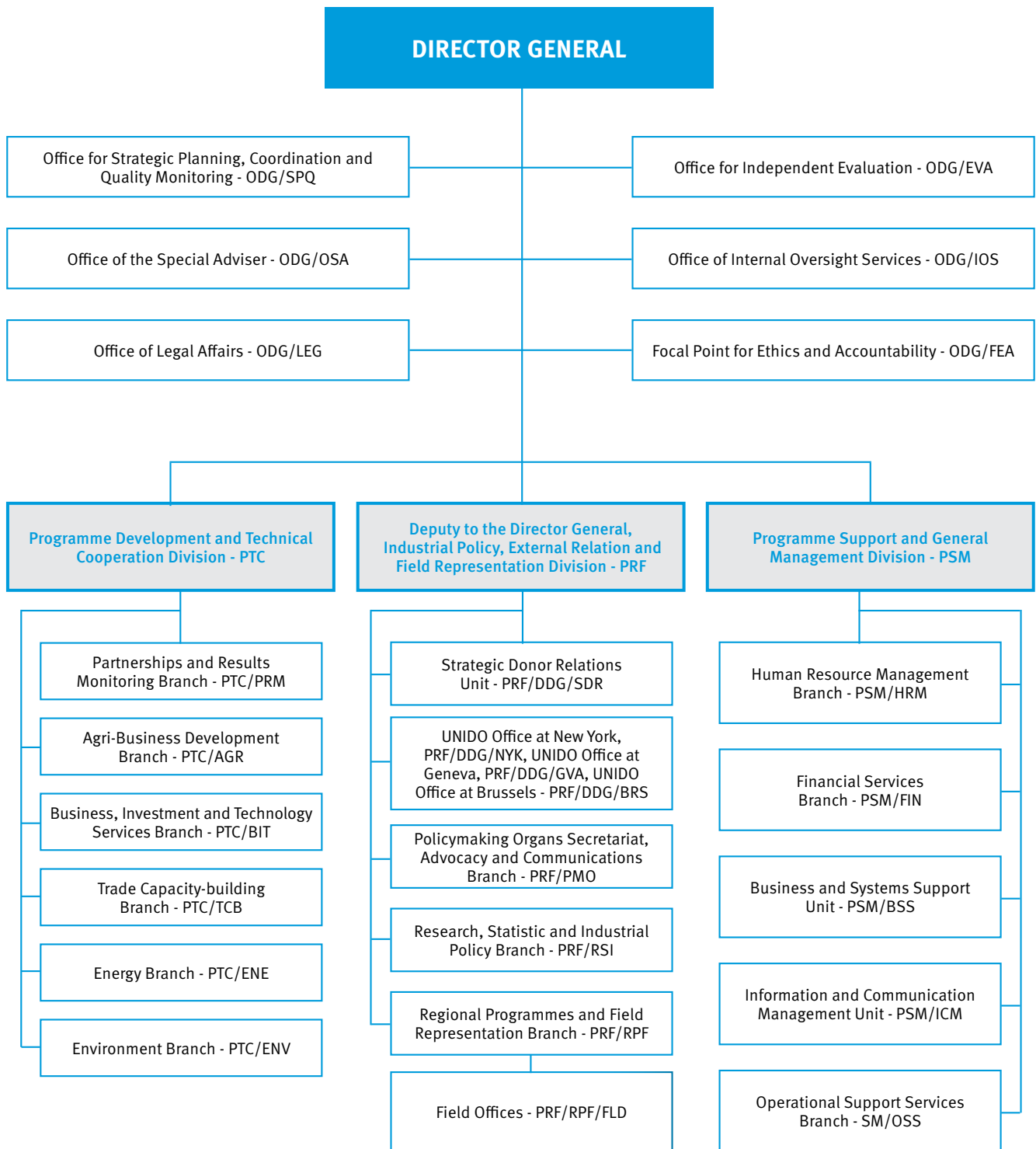
## Funding from governmental sources

Funding from governmental sources, be it in the context of North-South or South-South cooperation, remained at the high level of recent years with USD 98 million.

The largest contributor in 2013 was Japan, with net approvals (excluding support costs) in project budgets of USD 16.7 million, followed by the European Union with USD 13.9 million. Additional net contributions above USD 1 million were received from Switzerland (USD 11.5 million), Egypt (USD 7.5 million), Nigeria (USD 6.8 million), Sweden (USD 4.7 million), Norway (USD 4.3 million), Italy (USD 3.4 million), Canada (USD 2.5 million), China (USD 2.2 million), Germany (USD 2.2 million), Austria (USD 2 million), the Russian Federation (USD 1.8 million), France (USD 1.5 million), Republic of Korea (USD 1.1 million) and Zambia (USD 1.1 million).



# Organizational structure







# 169 MEMBER STATES OF UNIDO<sup>1</sup>

Afghanistan	Denmark	Libya	Serbia
Albania	Djibouti	Luxembourg	Seychelles
Algeria	Dominica	Madagascar	Sierra Leone
Angola	Dominican Republic	Malawi	Slovakia
Argentina	Ecuador	Malaysia	Slovenia
Armenia	Egypt	Maldives	Somalia
Austria	El Salvador	Mali	South Africa
Azerbaijan	Equatorial Guinea	Malta	Spain
Bahamas	Eritrea	Mauritania	Sri Lanka
Bahrain	Ethiopia	Mauritius	Sudan
Bangladesh	Fiji	Mexico	Suriname
Barbados	Finland	Monaco	Swaziland
Belarus	Gabon	Mongolia	Sweden
Belgium	Gambia	Montenegro	Switzerland
Belize	Georgia	Morocco	Syrian Arab Republic
Benin	Germany	Mozambique	Tajikistan
Bhutan	Ghana	Myanmar	Thailand
Bolivia (Plurinational State of)	Greece	Namibia	The former Yugoslav Republic of Macedonia
Bosnia and Herzegovina	Grenada	Nepal	Timor-Leste
Botswana	Guatemala	Netherlands	Togo
Brazil	Guinea	Nicaragua	Tonga
Bulgaria	Guinea-Bissau	Niger	Trinidad and Tobago
Burkina Faso	Guyana	Nigeria	Tunisia
Burundi	Haiti	Norway	Turkey
Cambodia	Honduras	Oman	Turkmenistan
Cameroon	Hungary	Pakistan	Tuvalu
Cabo Verde	India	Panama	Uganda
Central African Republic	Indonesia	Papua New Guinea	Ukraine
Chad	Iran (Islamic Republic of)	Paraguay	United Arab Emirates
Chile	Iraq	Peru	United Republic of Tanzania
China	Ireland	Philippines	Uruguay
Colombia	Israel	Poland	Uzbekistan
Comoros	Italy	Qatar	Vanuatu
Congo	Jamaica	Republic of Korea	Venezuela (Bolivarian Republic of)
Costa Rica	Japan	Republic of Moldova	Viet Nam
Côte d'Ivoire	Jordan	Romania	Yemen
Croatia	Kazakhstan	Russian Federation	Zambia
Cuba	Kenya	Rwanda	Zimbabwe
Cyprus	Kuwait	Saint Kitts and Nevis	
Czech Republic	Kyrgyzstan	Saint Lucia	
Democratic People's Republic of Korea	Lao People's Democratic Republic	Saint Vincent and the Grenadines	
Democratic Republic of the Congo	Lebanon	Samoa	
	Lesotho	Sao Tome and Principe	
	Liberia	Saudi Arabia	
		Senegal	

<sup>1</sup> As at 1 January 2015

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