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### Implementation of the medium-term programme framework, 2008-2011

## Implementation of the medium-term programme framework, 2008-2011, including South-South cooperation, regional programme for Latin America and the Caribbean and UNIDO access to the Global Environment Facility

### Report by the Director-General

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## **Introduction**

1. This document presents a review of the implementation of the medium-term programme framework (MTPF) for 2008-2011. In doing so, it refers to the broad objectives of this MTPF presented in documents IDB.32/8 and Add.1, as well as the more comprehensive and detailed substantive proposals presented in document IDB.32/CRP.5 on UNIDO's programmatic and programme-related activities. The document also refers to progress achieved in the areas of South-South cooperation, the regional programme for Latin America and the Caribbean, and UNIDO's access to the Global Environment Facility (GEF). In addition, this document addresses the needs of least developed countries and includes information on programmes proposed in the joint communiqué of the Mano River Union issued during the twelfth session of the General Conference, as mandated in resolutions GC.12/Res.2 and GC.12/Res.5 respectively.

### **I. The programmatic context**

2. As indicated in documents IDB.32/8 and Add.1, the MTPF for 2008-2011 is the first of its kind to be based on the three thematic priorities and associated cross-cutting issues specified in the strategic long-term vision statement of UNIDO adopted through resolution GC.11/Res.4. As indicated further in document IDB.32/8/Add.1, the MTPF for 2008-2011 also incorporates for the first time the important issues of programme coordination, the regional dimensions of programme implementation, resource mobilization, and the programme support and management services required for the effective implementation of the activities proposed under the programme framework. These two innovations were consolidated in document IDB.32/CRP.5, which presented the proposed MTPF under separate headings addressing the programmes of technical cooperation by thematic priority, other programme activities, programme coordination and regional issues, resource mobilization, and programme support and management services.

3. For consistency, this report on the implementation of the MTPF for 2008-2011 will follow the same structure as that employed in document IDB.32/CRP.5. In view of the increasing efforts being made to implement the MTPF on the principles of results-based management as projected in documents IDB.32/8/Add.1 and IDB.32/CRP.5, this report will also seek, to the extent possible, to relate the implementation of the programme framework to quantifiable outcomes and the degree of their achievement. It must be noted in this connection, however, that as the MTPF for 2008-2011 has only recently become operational, its implementation is still at a very early stage. This inevitably imposes limits on the degree of implementation that can be reported in this document.

### **II. Programmes of technical cooperation**

#### **A. Poverty reduction through productive activities**

4. UNIDO continues to provide a range of services aimed at increasing the impact of private sector development on poverty reduction. These include, among

others, advisory services to improve the business and policy environment for the private sector, the promotion of domestic entrepreneurship, particularly through the transfer of entrepreneurial skills, and the development of SME clusters.

5. To increase the outreach of these services and scale up technical cooperation, UNIDO had introduced an online private sector development toolbox in 2007, which is intended to support policymakers and practitioners in their efforts to develop and implement programmes for private sector development. By covering the topics of cluster and network development, export consortia, and corporate social responsibility (CSR), it demonstrates the core principles of these PSD approaches and guides its users through the project cycle, from the preparation phase to the formulation, implementation and evaluation phases. Additional comprehensive training kits are under preparation for use by a training centre, which will have a hub of Headquarters expertise and offer regional and local training services on demand.

6. UNIDO has continued to assist public sector institutions aimed at creating and maintaining a conducive business environment in adopting modern tools and working practices. It also assists them to formulate and implement policies and support programmes that enhance the competitiveness of the private sector, by providing incentives for entrepreneurship and investment, by increasing productivity through competition and innovation, by facilitating access to business services through market-based approaches and by streamlining legal and regulatory systems. Such support has recently been provided in Rwanda, Saudi Arabia, Sudan, Uganda and Viet Nam. In Viet Nam, a nationwide Business Registration Reform project has entered the implementation phase. It is expected to significantly lower the costs and risks of doing business, and to contribute to the growth of the private sector in the country.

7. UNIDO's rural and women entrepreneurship programme addresses the growing recognition of the importance of enhancing an entrepreneurial culture, especially among the youth and women, by introducing entrepreneurship curriculum programmes in the educational system. Such projects have recently been implemented in Angola, Guinea, Liberia, Mozambique, Namibia, Rwanda, Sierra Leone, Sri Lanka, Sudan, Timor-Leste and Uganda. In Namibia, the teaching of entrepreneurship skills in all secondary schools has started in 2008. In Mozambique, work for the nationwide introduction is in full progress. In Angola, the curriculum development will start in 2008. Focusing specifically on women entrepreneurs, a second generation of the Master Craftsman Programme (MCP) in Uganda is under way, based on the positive results achieved during the first phase in improving the productivity of small-scale industries.

8. Recognizing that the potential of SMEs is more often not realized because of their lack of linkages with other businesses and support institutions rather than their small size, UNIDO has continued to implement programmes and projects to help SMEs overcome this isolation and forge such linkages, thereby developing collective efficiencies. Such activities are ongoing in Ethiopia, India, Islamic Republic of Iran, Morocco, Nicaragua, Pakistan, Senegal, Serbia and South Africa, and new projects are being designed in Bolivia, Colombia, Ecuador and Uruguay. UNIDO is also continuing to refine its internationally recognized approach to the development of SME clusters through the application of specific methodologies and training packages to identify under-performing clusters, and to diagnose and address

their weaknesses and challenges. The Organization is also increasing the outreach of its cluster programme by diffusing its tools and methodologies through specialized training programmes offered at the global and regional levels. These enable policymakers and cluster practitioners to acquire the skills to formulate and monitor cluster development projects. A workshop for 200 participants was organized in collaboration with the Inter-American Development Bank in Washington, D.C., in October 2007, to discuss the “Competitiveness of Small Enterprises: Clusters, Business Environment and Local Development”, and which provided an opportunity for information exchange and joint learning at the highest level.

9. Sectoral technical cooperation services provided by UNIDO in the area of agro-based industries are focused on rural development and on building productive capacities. Projects in this field are being implemented in several countries, including Burkina Faso, Ethiopia, Ghana, Iraq, Madagascar, Mali, Morocco, Nigeria, Uganda and the United Republic of Tanzania. Several new projects started since the end of 2007 are aimed at the development of specific value chains and their linkages with market niches. The best example is the programme on upgrading value chains and opening market channels. The first phase, funded by Italy, is being implemented in Burkina Faso. Based on this experience a regional project will be developed for selected countries in West Africa (Benin, Burkina Faso, Ghana, Mali, Niger, Senegal and Togo). Another example is the rehabilitation of the date palm sector in Iraq, being undertaken in cooperation with FAO.

10. Due to the sharply increasing trends in world market prices for agricultural commodities such as powdered milk and cereals, programmes are being developed to assist African countries at their request to develop these two value chains to ensure food security and income generation for their populations. Examples of such projects include the development of the dairy value chain in Burkina Faso, Côte d’Ivoire, Madagascar, Mali and Niger. An assessment of the performance of the food-processing sector based on value chain analysis is underway in Ethiopia to provide assistance in the formulation of short, medium and long-term strategies and action plans for selected products.

11. UNIDO will continue to promote the transfer and diffusion of modern and appropriate technologies and the strengthening of national innovation systems in developing countries, with a view to enhancing industrial productivity and competitiveness and thereby reducing poverty. It will also strengthen the networks of its International Technology Centres (ITCs), including the International Centre for Science and High Technology (ICS), the International Centre for Advancement of Manufacturing Technology (ICAMT), and the International Centre for Materials Technology Promotion (ICM), as well as its Investment and Technology Promotion Offices (ITPOs), in support of its Member States’ efforts to achieve sustainable industrial development. An expert group meeting was organized in 2007 on Innovation Systems in Practice to fine-tune the UNIDO approach in this field. Priority will be given to technologies that help developing countries to meet basic development needs, such as the processing of local resources, the manufacturing of materials for affordable housing for the poor, the local production and maintenance of equipment and supplies for basic health care systems, and technology upgrading in selected industrial sectors with a special focus on SMEs.

12. In the context of fostering investment, UNIDO’s programme for establishing an Investment Monitoring Platform for Africa has been developed through a series

of country level validation meetings with stakeholders, and was fully endorsed by the Extraordinary Conference of African Ministers of Industry (CAMI) in Johannesburg in September 2007, and incorporated into their plan of action. The programme is designed to develop a survey-based empirical tool for African intermediary organizations to upgrade their capacities and their effectiveness in promoting and facilitating investments into productive sectors. A series of projects have been formulated for submission to donors. The first phase for the design of the survey has already been funded and is under implementation. The main component has been submitted for funding by the European Commission and €2.77 million has been allocated. The main programme activities will begin upon the formal release of this funding. Another component involves establishing a web-based portal to facilitate public and private sector users to interact with the database. This component is being implemented by the Microsoft Corporation, at its own cost, within the framework of an MoU with UNIDO. The platform will provide the basis for designing more effective policies, strategies and investor services.

13. The UNIDO network of subcontracting and partnership exchanges (SPX), which serves as a technical information and matchmaking centre for industrial subcontracting and partnerships between buyers and suppliers, has been reviewed at a special expert group meeting in September 2007. It has been fully overhauled since then to reflect some of the lessons learned through the 20-year history of the programme, and to integrate it into the new framework for investment promotion being developed through the establishment of Investment Monitoring Platforms based on enterprise-level data. The main improvements being introduced are increased proactive interaction with main buyers and contractors, and more involvement in assessing the readiness of local suppliers to enter into supply chains. The main new element being introduced is a benchmarking mechanism that informs companies on how they measure up to what buyers require, and the creation of a database of benchmarked companies. The new SPX model is being developed through funding from the Government of South Africa and will be expanded to the rest of sub-Saharan Africa through additional funding support from South Africa and the Department for International Development (DFID) of the United Kingdom of Great Britain and Northern Ireland.

14. Providing access to energy is an important means of addressing poverty since it permits the initiation of productive activities that, in turn, generate employment and income. UNIDO is continuing to focus on renewable energy in this context, and has arranged an important conference on this topic in Senegal in April 2008: the International Conference on Renewable Energy in Africa – Making renewable energy markets work for Africa: Policies, industries and finance for scaling-up. It is also continuing to implement technical cooperation projects in this area. The latest of these include promoting renewable energy for electricity generation and productive uses in selected Pacific Island States. In addition, UNIDO is continuing to pursue activities in the field of bioenergy, building on the highly successful series of conferences it held in 2007 on the subject.

## **B. Trade capacity-building**

15. UNIDO's trade-related services continued on the principle that enhancing the capacity of developing countries and economies in transition to trade is key to these countries' future economic growth, both in light of increased market liberalization and the growing importance of the "Aid for Trade" initiative. The ability of enterprises in these countries to enjoy the benefits of international trade depends more and more on their ability to enter into global production and value chains that are established by transnational corporations (TNCs), such as retail supermarkets. On the one hand, this requires working on the supply side, enabling enterprises to manufacture products with high-export potential in the quantities and at the quality required by the markets. On the other hand, it requires working on conformity, enabling these same enterprises to show that their products conform to the relevant international standards, in particular private buyer requirements, and technical requirements. In recognition of the growing importance of this phenomenon, UNIDO started research into the topic in early 2008 which is funded by Norway. It is anticipated that the study will be published in 2009.

16. The access of SMEs to export markets is often deterred by the complexities of the export business and the high risks involved. UNIDO's export consortia programme continued to address these problems, by supporting specialized forms of SME networks, where SMEs combine their knowledge, financial resources and contacts and so significantly improve their export potential and reduce the costs and risks involved in penetrating foreign markets. New export consortia have been promoted in Jordan, Morocco, Peru and Tunisia. A pilot initiative was launched in Senegal and projects are currently being developed for Mauritius and Mexico.

17. UNIDO is also continuing to support the design and implementation of national and regional commodity-based trade capacity-building programmes, which aim at increasing local value addition, sector-based industrial upgrading and the achievement of compliance with international standards. In this connection, UNIDO is implementing a comprehensive regional programme in West Africa to enhance competitiveness and promote the harmonization of measures related to the WTO Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) Agreements. The programme started in October 2007 and is scheduled to end in September 2010. Technical cooperation is already under way in the eight Member Countries of the Union Economique et Monétaire Ouest-Africaine (UEMOA). These countries are also included, together with seven non-francophone countries, in a similar programme for the Economic Community of West African States (ECOWAS) plus Mauritania.

18. Knowing that standards relating to food hygiene and food safety are of particular significance for developing countries' trade, UNIDO is currently implementing, or will soon be implementing, several new projects focusing on upgrading support institutions and enterprises in technology optimization and food safety management in East Africa (Burundi, Ethiopia, Kenya, Rwanda, Uganda and United Republic of Tanzania), West Africa (the UEMOA countries), North Africa (Algeria, Morocco and Tunisia), Southern Africa (Angola, Madagascar and Mozambique), as well as Asia and the Pacific (Bangladesh, Fiji, Iraq, Islamic Republic of Iran, Lebanon, Mongolia, Papua New Guinea and Solomon Islands) and Latin America and the Caribbean (Jamaica).

19. While recognizing that CSR is an area where international buyers increasingly require exporter compliance, UNIDO also recognizes that public policy plays a key role in CSR-related issues. In awareness of this role, an expert group meeting on CSR and public policy was held at UNIDO in November 2007, gathering experts from governments, academia, civil society and the business community. From January to May 2008, approximately eighty consultants from business support and advisory institutions in Bulgaria and Romania will be trained and certified on UNIDO's Responsible Entrepreneurship Achievement Programme (REAP) methodology. A web portal has been launched for REAP consultants to interact with peers around the world and share knowledge, experience, best practices and case studies related to the practical CSR implementation process. In addition, CSR technical cooperation projects are currently being implemented in China, India, Nicaragua and Senegal, as well as the Central and Eastern European Region. Projects for other countries of the Central and Eastern Europe and Latin America are under development.

20. UNIDO is currently also strengthening its cooperation with the Standards and Trade Development Facility (STDF) with the aim of improving coordination of technical cooperation activities in the area of Sanitary and Phytosanitary Measures (SPS).

### **C. Environment and energy**

21. The overall objective of UNIDO's services in the thematic area of environment and energy continues to focus on the promotion of high levels of productivity in the use of natural resources in the developing countries and economies in transition. The vehicles through which this objective is promoted continue to include cleaner production and energy efficiency, the transfer of cleaner and environmentally sound technologies, eco-design for products, increased recycling of waste materials, elimination of toxic and hazardous substances, and substitution of non-renewable by renewable sources of energy and materials.

22. The evaluation of the National Cleaner Production Centres (NCPC) programme has been completed. In consultation with its partner, UNEP, and the donors, UNIDO has developed a strategy document, which will take its cleaner production activities to a new level. It will strengthen the existing network by introducing quality and performance criteria and opening it to other, bilaterally funded, cleaner production centres that meet its criteria. In parallel, UNIDO continues to add new nodes to its network in the form of new NCPCs. Projects have recently been initiated to establish centres in Bulgaria, Romania, Serbia, and Ukraine. It is also continuing its work on regional networks to tie together the NCPCs and related centres in a given region.

23. In the field of chemicals management, UNIDO is continuing to expand its successful programme promoting chemical leasing to new countries. In line with the endorsement by the General Conference in December 2007 of the Strategic Approach to International Chemicals Management (SAICM), UNIDO has been actively assisting countries to formulate projects for funding under the "Quick Start Programme for the implementation of SAICM objectives, building upon the



outcomes of the International Conference on Chemicals Management (ICCM) and the Bali Strategic Plan for Technology Support and Capacity-building”.

24. With respect to energy efficiency, UNIDO is actively promoting a systems approach to industrial energy efficiency, and is now working with ISO on the creation of an international energy management standard. The work for the establishment and operation of the International Centre for Hydrogen Energy Technology (ICHET) is continuing, with the planning stage for the new facilities drawing to a close. On renewable energy, a number of large-scale projects are being developed in the area of wind energy for possible funding by GEF. UNIDO has also continued its global forum activities in this field, preparing jointly with the Brazilian Ministry of Mining and Energy, the Global Renewable Energy Forum, which will be held in Foz do Iguaçu, Brazil, from 18 to 22 May 2008.

25. On water-related issues, UNIDO is continuing to implement its Large Marine Ecosystems project for the Guinea Current in West Africa, and is about to start implementation of two large GEF-funded projects, in the Mediterranean and the Gulf of Mexico. In the project in the Mediterranean, the primary implementation mechanism will be UNIDO's transfer of environmentally-sound technologies (TEST) methodology. In the project in the Gulf of Mexico, UNIDO will apply the lessons it has learned in the Guinea Current project. UNIDO has recently received approval from GEF for a project to demonstrate and capture best practices and technologies for the reduction of land-sourced impacts resulting from coastal tourism, and is now beginning implementation. Finally, UNIDO is developing for GEF a global project for the control of nitrogen-containing pollutants, in partnership with FAO and UNEP.

26. With the decision at the nineteenth Meeting of the Parties to the Montreal Protocol in September 2007, to bring about a faster phase-out of hydrochlorofluorocarbons (HCFCs), the future of the ozone-depleting substances (ODSs) work at UNIDO has changed substantially. Prior to this decision, UNIDO had been planning a slow but steady drawdown of its work on ODSs as the major part of the funding came to a halt by 2010. Now, UNIDO is seeing a shift of its work over the next few years from the ODSs it has historically been working on, to a greater focus on HCFCs. It is already beginning to devote more of its attention to the phase-out of HCFCs, even as it begins to complete its remaining phase-out activities of ODSs.

27. With respect to POPs, UNIDO is still supporting the preparation of national implementation plans (NIPs), which have now been completed in many countries. In particular, UNIDO has initiated two large projects for NIP preparation in China and India. However, the Organization's efforts to move beyond NIPs are also now well under way. As planned, it is implementing GEF-funded projects on medical waste management, the management of polychlorinated biphenyls (PCBs), the introduction of Best Available Technologies and Best Environmental Practices (BAT/BEP) methodologies, and the remediation of contaminated sites.

28. UNIDO is taking full opportunity of the direct access to GEF funds that it has been granted by the GEF Council. After a period of reorganization during much of 2007, the GEF Secretariat invited the submission of new project concepts in October 2007. Since then, UNIDO has submitted about 30 new project concepts for possible financing by GEF. The project concepts have been mostly in the areas of

POPs, industrial energy efficiency and renewable energy, with some project concepts in the area of ozone depletion (the GEF has a narrow mandate in this area, covering only Eastern Europe and the Newly Independent States). The GEF Council has made continued direct access contingent on the GEF Agencies complying with its newly adopted set of fiduciary standards. UNIDO, along with all the other GEF Agencies, submitted its report on the status of its compliance with the fiduciary standards to the GEF Council meeting in April 2008, in which it identified the standards it was already meeting and outlined a roadmap for meeting the remainder. Future reporting on GEF-related activities will be included in the annual reports of UNIDO.

### **III. Other programme activities**

#### **A. New and emerging technologies**

29. Drawing on its capacities in the field of biotechnology, UNIDO is actively engaged in capacity-building activities related to industrial and environmental areas of biotechnology, including novel bioprocesses, bioremediation and the utilization of genetic resources for productive purposes. In the 2008-2011 period, UNIDO will implement tools it has already developed in the field of biosafety to allow countries to strengthen their capacities to perform regulatory oversight for biotechnology-derived commodities. Indicative activities in this area include the expansion of UNIDO's South-South e-biosafety training network and the publication of a Biosafety Manual intended to provide guidance to biosafety practitioners and policymakers on technical, institutional and legal issues pertaining to the development, release and commercialization of biotechnology-derived products. Furthermore, UNIDO is initiating the establishment of an Industrial Biotechnology Network with the objective of fostering the application of sustainable industrial practices in the developing world through awareness creation, demonstration projects and capacity-building initiatives in biotechnology.

30. A new managing director has been installed at the International Centre for Hydrogen Energy Technologies (ICHET), whose primary task will be to reorient the Centre's activities from scientific research to product development, in particular to products with relevance for developing countries. Special emphasis will be given to the hydrogen islands initiative aimed at creating a product in which solar and wind energy will be used to produce hydrogen for small island economies. Concurrently, the ICHET portfolio includes about \$6 million in ongoing and pilot projects. Finally, an architectural and engineering services contract has been cleared and is hoped to be awarded to the successful bidder by May 2008 to help in preparing technical, legal and administrative documentation for bids on a new campus for ICHET.

#### **B. Human security**

31. The UNIDO strategy paper on human security is currently under preparation and is scheduled to be issued in 2008. Meanwhile, UNIDO had co-organized, in partnership with the Government of Austria, a Workshop on "Resilience – A

Concept of Socio-Economic Crisis Prevention” held on 26 and 27 February 2008, in Vienna within the framework of the Vienna Environment for Human Security.

32. Since 2003, UNIDO has mobilized \$11 million from the United Nations Trust Fund for Human Security, managed by the Office for the Coordination of Humanitarian Affairs, for projects to assist countries and communities in Africa and Asia faced with severe threats to human security. The areas of UNIDO intervention include the restoration of livelihoods in conflict affected communities, the resettlement of refugees through small and medium enterprise development, securing safe drinking water by mitigating arsenic poisoning, and the promotion of alternative livelihoods for former opium poppy growing farmers. All nine projects funded under the United Nations Trust Fund for Human Security are currently ongoing and are being implemented in Afghanistan, Bangladesh, Ghana, Guinea, Lao PDR, Malawi, Sri Lanka, Sudan and Uganda.

33. Since early 2007, UNIDO has focused on a wide range of post-crisis projects and activities in Côte d’Ivoire, Guinea, Haiti, Indonesia, Iraq, Liberia, Pakistan, Sierra Leone, southern Sudan and Timor-Leste. The total budget for these projects amounts to approximately \$37 million. The types of services provided under these projects include strengthening the export capacities of local enterprises, promoting community-building and community livelihoods, supporting job creation and self-employment through the promotion of micro-industries, rebuilding the food processing industry and strengthening food safety to promote food security and poverty reduction, and a quick impact programme for refugee zones involving the development of community-based production centres and community rehabilitation projects with skills upgrading.

34. As a part of the activity on promoting human security, UNIDO has launched a multi-stakeholder subregional programme on productive and decent work for youth in the Mano River Union countries and Côte d’Ivoire. UNIDO is working in partnership with the United Nations Development Programme (UNDP), International Labour Organization (ILO), United Nations Office for West Africa (UNOWA) and Youth Employment Network (YEN). The programme will address the issues of a large population of unemployed youth including ex-combatants and the implications for the security situation in the subregion. \$5 million has been mobilized for the programme. Its implementation will start in April 2008.

35. The Mano River Union round table “Towards sustainable peace: Empowering youth to strengthen economic resilience and human security” was held as a side event of the General Conference in December 2007 (resolution GC.12/Res.5 refers). It provided an opportunity for Heads of State of the Mano River Union countries, together with the donor community, the United Nations agencies and the private sector, to discuss concerted efforts to provide a better future for young people.

### **C. Global forum function**

36. The UNIDO Industrial Development Scoreboard and Competitive Industrial Performance Index is currently being updated. In addition, a survey on national systems of industrial innovation is being carried out in selected emerging markets to identify the dynamics and structural patterns of innovation. A series of Staff Working Papers are presently under preparation on the issues and challenges facing

the process of industrialization in the twenty-first century with respect to foreign direct investment, trade policy, infrastructure and productivity at different stages of development, and the types of infrastructure investment that trigger industrial development.

37. The Industrial Development Report 2008 is currently under preparation with Professor Paul Collier of Oxford University acting as the lead resource person. The Report focuses on the growth of competitiveness of SMEs in dynamic industrial locations, which enables them to take advantage of the opportunities offered by the process of globalization, with commensurate economic and social benefits for the local populations. The Report will also contain the updated UNIDO Scoreboard, ranking countries in terms of their industrial performance. It is scheduled to be released in the second half of 2008.

38. The production of UNIDO's statistical products is proceeding on schedule. The 2008 edition of the commercial publication, "International Yearbook of Industrial Statistics", based on the compilation and aggregation of statistical tables in standard format by country, region and at the world level, has been produced. The 2008 edition of CD products from the industrial statistics database INDSTAT4 and the industrial demand-supply balance (IDSB) database by ISIC revision 3 and revision 2 at the 4-digit level, are scheduled for completion by the end of April 2008. Similarly, the 2008 update of the web-based Statistical Country Briefs on Industry is also expected to be completed by the end of April 2008.

39. The statistical methods for UNIDO's data production and dissemination have been further developed and updated. This has resulted in a revised set of metadata questionnaires and conceptual notes to reflect the new United Nations recommendations on industrial statistics, and in an improvement in classification methods.

40. As a part of the process of collection and compilation of national data on general industrial statistics from the national statistical offices (NSOs) of non-OECD countries, the UNIDO questionnaires, prefilled from the INDSTAT database, have been prepared and distributed to the NSOs.

#### **D. Partnership with the private sector and civil society**

41. In the framework of their strategic partnership and based on the activities launched in 2007, UNIDO and Microsoft plan to officially inaugurate the first refurbished computer centre of excellence in Kampala, Uganda, in June 2008. This centre will offer high-quality secondary computers to local entrepreneurs, including licensed software, ICT training and after-sales support. In addition, both parties have initiated, jointly with the NCPC in Uganda, the country's first study on electronic waste to allow the recycling of PCs once they reach the end of their lifetime.

## **IV. Programme coordination and regional dimension**

### **A. Country-level and regional coherence**

42. In keeping both with the terms of UNIDO's own strategic long-term vision statement and the recommendations of the High-level Panel on System-wide Coherence, UNIDO is continuing to coordinate its technical cooperation delivery with other international, regional and subregional organizations, especially in the eight countries selected to pilot the "Delivering as One" reform process: Albania, Cape Verde, Mozambique, Pakistan, Rwanda, United Republic of Tanzania, Uruguay and Viet Nam. After participating intensively in the decision-making processes of the United Nations Country Teams in these countries, UNIDO is contributing programme components to the consolidated "One Programmes" in all of these countries except Albania, where the process has not yet been finalized but where UNIDO also expects to participate effectively.

43. The guiding principle for UNIDO's participation in the "One Programmes" and "One Funds" of the pilot countries has been to ensure synergy, coordination, and collaboration through an intensive inter-agency dialogue, and harmony between UNIDO and the Organization's sister agencies, under the leadership of the relevant governments and taking into consideration the national priorities and strategies. Towards this end, partnerships and strategic alliances were realized in terms of joint programming with United Nations agencies, programmes and funds such as UNDP, UNCTAD and ITC, as well as FAO, ILO and others.

44. In the course of the "One UN" endeavours in the pilot countries, UNIDO also made suggestions for the strengthening of the Resident Coordinator system, inter alia, through its participation, for the first time, in an inter-agency mission on financial accountabilities and audit to Viet Nam, in February 2008.

45. In order to be able to contribute more effectively to the "Delivering as One" process in the pilot countries, but also in other countries adopting the elements of the "One UN" reform in their UNDAFs, UNIDO created the post of a Senior Coordinator for United Nations System Coherence in February 2008. Through his participation in the Global Regional Directors Teams (RDTs) meeting in Oslo in March 2008, he was able to address the regional dimension of United Nations system coherence. This meeting served, inter alia, to discuss ways of UNIDO approximation to the work of the RDTs and possibilities of cooperation with other agencies in the "Delivering as One" process.

46. In December 2006, UNIDO arranged for all field offices (except the focal points) to submit results-based field office work plans for 2007 with the relevant performance indicators. These work plans have served as an important management tool for UNIDO's operations at the field office level, with emphasis on programme development, monitoring and the provision of global forum services. To support the programme development work, the field offices received Programmatic Support Funds (PSF) of about €800,000 in the course of 2007-2008, which served primarily to facilitate the acquisition of national expertise, the holding of expert group meetings and fund raising activities to develop the UNIDO programme and project portfolio. The experience with this new decentralized funding facility has been generally positive.

47. In the Extended Board of Directors Retreat in January 2008, the strategic long-term vision statement's stipulation for effective decentralization of UNIDO's functions and activities to the field was considered and the suggestion made that more implementation modalities should be transferred to a selected number of regional offices, together with the necessary resources and the appropriate delegation of authority and related accountability. This proposal is currently under review.

48. In the meantime, the UNIDO field presence has been further strengthened by posting additional UNIDO representatives and professional staff to regional and country offices, which has resulted in a doubling of field posts relative to 1998, and a reduction in the vacancy factor in the field to its lowest level since 1999. UNIDO representatives are also being called frequently to field-related meetings and consultations in Vienna to ensure ownership and understanding of new Headquarters policies and tools developed for the field and their immediate application.

49. With regard to the UNIDO-UNDP Cooperation Agreement for the enhancement of UNIDO's field presence through the establishment of UNIDO Desks and Joint Programming with UNDP, a proposal was made to UNDP in October 2007, to establish another three Desks. This proposal is still under review by UNDP.

50. Following the second Expert Group Meeting for Latin America and the Caribbean in November 2007, and the subsequent adoption of resolution GC.12/Res.1, the Secretariat has, in cooperation with GRULAC Vienna, continued to implement the Regional Programme for Latin America and the Caribbean (RPLAC) through a series of initiatives and activities. Specific activities within the framework of the RPLAC include:

- The UNIDO-Brazil Global Renewable Energy Forum has been approved by the Director-General of UNIDO and the Minister of Energy of Brazil, and will be held in Foz de Iguaçu, Brazil, in May 2008. Preparatory work has been carried out in several LAC countries, including workshops in Costa Rica and the Dominican Republic, and the launch of the national Observatory for Renewable Energy in Montevideo, Uruguay, in December 2007.
- Subregional programmes for trade capacity-building and related activities in Central America and the Caribbean, for joint implementation with SIECA (Secretariat for Central American Economic Integration) and CARICOM/CARIFORUM respectively, are being formulated in close consultation with the respective subregional delegations to the European Union (EU). This reflects an effort to enter into partnership with the EU for the design and implementation of technical cooperation programmes in the LAC region in common focus areas, in particular at the subregional level.
- A programme of technical cooperation with the Community of Andean Nations (CAN), has been developed in accordance with the ministerial declaration issued at the "UNIDO Workshop on South-South Industrial Integration for Cooperation with the European Union" in Bogotá, Colombia, in October 2007. This declaration includes a request for UNIDO to assist the development efforts of the Andean countries in the social, industrial, technological and environmental areas, and calls upon the European Union to provide financial and technical support. The programme developed by UNIDO comprises four

components, covering the areas of trade capacity-building, the fishery industry, industrial upgrading, and capacity-building for economic analysis of trade and industrial competitiveness.

## **B. South-South cooperation**

51. Understanding the challenges faced by LDCs in global markets and the role that external assistance can play in enabling LDCs to meet those challenges, UNIDO convened an LDC Ministerial Conference in November 2007 (resolution GC.12/Res.2 refers). This reaffirmed the Organization's key role in promoting South-South cooperation and in addressing the trade capacity-building needs of LDCs. It also recommended that UNIDO and the LDCs should cooperate even more intensively to meet the development needs of the latter.

52. Against this background, the establishment and operationalization of UNIDO's network of South-South Industrial Cooperation Centres is proceeding steadily. The first such centre, established in India, has completed the first year of its operations. During this year a strategic framework was drawn up for the Centre and several operational activities were initiated. In September 2007, the Centre hosted the first Sanjaya Lall Memorial International Conference on India–Africa Cooperation in Industry, Trade and Investment in New Delhi, in cooperation with the Government of India, UNCTAD and ITC. The Centre has also developed eight proposals for cooperation between India and African countries, which have been drawn up in consultation with the private sector and government authorities in India.

53. The South-South Centre in China is expected to become operational in the near future. In addition, memoranda of understanding have been concluded with the Governments of Indonesia and the Islamic Republic of Iran for the establishment of South-South Cooperation Centres in their countries. With these and other Centres, UNIDO will have created a wide network of South-South Cooperation Centres during the MTPF period. In addition, the foundations have been laid for the creation of a learning network among the South-South Centres, with visits of officials from the South-South Cooperation Centre in China to the South-South Cooperation Centre in India.

## **V. Resource mobilization**

54. The MTPF for 2008-2011 projected that the annual level of resources mobilized should increase from the level of \$120-130 million per year prevailing in recent years to \$170-200 million by 2011. In fact, the lower end of this target range has already been achieved in 2007, with a total of \$172 million being mobilized in that year. Within this total, the share of contributions from governmental donors across the priority themes has continued to increase while the share of multilateral funds related to international environmental agreements has decreased, although the absolute amount has shown a small increase.

55. As in the past, the trade capacity-building theme is expected to be the driver of further increases in resource mobilization. Specifically, the cooperation with the European Commission related to the capacity-building work under the Economic Partnership Agreements (EPAs) will continue to provide many opportunities for

UNIDO to assist Member States in this critical area of development, as will the continuing strong donor interest under the “Aid for Trade” heading. UNIDO’s energy-related activities present a further area of strong anticipated demand growth, as well as a high level of interest from the international donor community. A third area of expected growth is the elimination or reduction of POPs, where considerable co-funding resources are required to unlock GEF resources dedicated to this purpose. UNIDO is consulting with donors on the possibility of establishing a multi-donor trust fund for this purpose.

56. As indicated in the MTPF for 2008-2011, strategic partnerships with complementary organizations are an essential complement to UNIDO’s policy of a clear thematic focus. As in previous years, efforts will continue to be made to strengthen such partnerships with organizations like FAO, IFAD, ILO, UNEP, UNDP and WTO, and to develop specific activities for joint implementation with them.

## **VI. Programme support and management services**

57. A number of qualitative improvements and innovations have been introduced in the field of human resource management. Competitive selection processes have been enhanced through the introduction of assessment centre techniques with a thorough look at each candidate’s technical, behavioural and managerial competencies. Improved planning mechanisms and the use of generic job profiles have been adopted to facilitate the recruitment of appropriate staff, and a new online recruitment system is in its trial stage. The performance appraisal system has become more RBM compliant by linking individual activities with organizational objectives and the reverse appraisal system is being elaborated.

58. To enhance the impact of the UNIDO training activities, an integrated training plan has been formulated based on a needs assessment identifying the training needs for the current biennium. This plan emphasizes both the upgrading of general skills and technical competencies. Various learning programmes covering all categories of staff have been introduced, including leadership and management development courses, workshops for IP team leaders, training for field support staff, and induction courses for new staff.

59. A Young Professionals Programme has been developed to bring fresh talent and thinking to the Organization. The first group of young professionals will be recruited for technical branches with an initial three-year fixed-term appointment. Their performance and career development will be carefully monitored and mentored.

60. To improve staff-management relations with an emphasis on effective conflict prevention and mediation approaches, it has been decided to establish the Office of an Ombudsperson. At the same time the arrangements have been institutionalized for periodic meetings between representatives of the Staff Council and various levels of management. Regular meetings between the Director-General and staff at large, as well as tributes to retiring staff and a staff award scheme have been introduced to enhance staff morale and performance.



61. Following the decision of the General Conference (GC.12/Dec.14) on the adoption of the International Public Service Accounting Standards (IPSAS) by UNIDO effective 1 January 2010, and its approval of the IPSAS implementation budget for 2008-2009, efforts are underway to make UNIDO IPSAS-compliant by the target date. The working group especially established for this purpose has initiated a number of activities, including IPSAS awareness-raising through UNIDO's intranet; development of asset management policies related to the identification, evaluation, recording and verification of the Organization's fixed assets; and training of key staff members in branches concerned. As a member of the Task Force on United Nations Accounting Standards, UNIDO is contributing to the development of IPSAS-compliant accounting policies, practices and guidance for a consistent application of IPSAS across the United Nations system organizations.

62. As a recipient of direct funding from the Global Environment Facility, UNIDO is required by the GEF Council to implement a set of recommended minimum fiduciary standards or equivalent relevant procedures or policies (paragraph 28 of the present document refers). In response, UNIDO is taking steps to meet these standards. It already meets some of them and expects to be able to comply with the rest by end of the current biennium.

63. Continuous efforts have been undertaken to enhance the integrity, transparency and efficiency of UNIDO's procurement processes through streamlining of procedures, better delineation of duties, responsibilities and accountability of all parties involved. A new UNIDO Procurement Manual was issued incorporating best procurement practices within the United Nations system. In line with the requirements for streamlining of procedures and staff awareness, a UNIDO Property Management Manual was introduced in July 2007. The Manual provides direction and guidance on property management at UNIDO Headquarters and other locations and delineates responsibilities and functions of all parties involved.

64. UNIDO is continuing to develop and implement effective and efficient information and communication measures to ensure stronger technological support to UNIDO activities. Particular efforts are being made to bring the UNIDO field offices as close to Headquarters as possible in a virtual sense in order to enhance their operational effectiveness. The relevant networking and computer equipment has been delivered to the majority of UNIDO field offices to enable effective access to Headquarters applications. A significant number of field office staff have also been trained in these applications and help desk support has been extended to cover the field offices. Separately, the number of imprest accounts have increased to thirty thus enhancing the decentralization of the field offices and their operational efficiency.

## **VII. Action required of the Board**

65. The Board may wish to take note of the information provided in the present document. It may also wish to reconsider the proposal put forward in documents IDB.31/6, IDB.33/17 and GC.12/7, to cover the implementation of the medium-term programme framework in the annual reports of the Organization in future years.

## List of abbreviations

### B

BAT/BEP best available technologies/best environmental practices

### C

CAMI Conference of African Ministers of Industry

CAN Community of Andean Nations

CARICOM Caribbean Community

CARIFORUM The Forum of Caribbean States

CD compact disk

CSR corporate social responsibility

### D

DFID Department for International Development

### E

ECOWAS Economic Community of West African States

EPA economic partnership agreement

EU European Union

### F

FAO Food and Agriculture Organization

### G

GEF Global Environment Facility

GRULAC Group of Latin America and Caribbean Countries

### H

HCFC hydrochlorofluorocarbons

### I

ICAMT International Centre for Advancement of Manufacturing Technology

ICCM International Conference on Chemical Management

ICHET International Centre for Hydrogen Energy Technology

ICM International Centre for Materials Technology Promotion

ICS International Centre for Science and High Technology

ICT information and communication technology

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IDSB	industrial demand-supply balance
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
INDSTAT	industrial statistics database
IP	integrated programme
IPSAS	International Public Service Accounting Standards
ISIC	international standard industrial classification
ISO	International Standards Organization
ITC	International Technology Centre
ITPO	Investment and Technology Promotion Office
<b>L</b>	
LAC	Latin America and the Caribbean
LDC	least developed country
<b>M</b>	
MCP	master craftsman programme
MoU	memorandum of understanding
MTPF	medium-term programme framework
<b>N</b>	
NCPC	National Cleaner Production Centre
NIP	national implementation plan
NSO	national statistical office
<b>O</b>	
ODS	ozone-depleting substance
OECD	Organization for Economic Cooperation and Development
<b>P</b>	
PC	personal computer
PCB	polychlorinated biphenyls
POP	persistent organic pollutant
PSD	private sector development
PSF	programmatic support funds
<b>R</b>	
RBM	results-based management

RDT	Regional Directors Team
REAP	Responsible Entrepreneurship Achievement Programme
RPLAC	Regional Programme for Latin America and the Caribbean
<b>S</b>	
SAICM	Strategic Approach to International Chemicals Management
SIECA	Secretariat for Central American Economic Integration
SME	small and medium enterprise
SPS	sanitary and phytosanitary measures
SPX	subcontracting and partnership exchange
STDF	Standards and Trade Development Facility
<b>T</b>	
TBT	technical barriers to trade
TEST	transfer of environmentally-sound technologies
TNC	transnational corporation
<b>U</b>	
UEMOA	Union Economique et Monétaire Ouest-Africaine
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
UNOWA	United Nations Office for West Africa
<b>W</b>	
WTO	World Trade Organization
<b>Y</b>	
YEN	Youth Employment Network

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