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thirty-seventh session

Programme and Budget Committee,
twenty-sixth session



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, 2010

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Appendices on CD-ROM

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Message from the Director-General

2009 was a challenging year for global development efforts. A number of existing and emerging megatrends – including the ongoing food-fuel-finance crises, rising populations in the developing world, the expansion of the illicit economy, unequal globalization and energy scarcity – converged and together wreaked havoc on the poorest countries that are home to the bottom billion. Climate change, described by Sir Nicholas Stern as “the greatest market failure the world has ever seen”, multiplied the risks emanating from these megatrends.

Yet there were positive and promising developments too. There was an accord in Copenhagen, marking progress towards a broad and all-encompassing agreement. In spite of its complexities, the process under the United Nations Framework Convention on Climate Change remains the most inclusive, participatory and transparent way forward. Another positive sign was the unremitting trend towards improved energy efficiency, waste minimization and pollution prevention. By 2009, global energy intensity was 33 per cent lower than in 1970, while about 15 per cent of global stimulus packages had a strong ‘green’ flavour. Fortunately, these trends are set to continue.

UNIDO has taken a proactive approach in the face of these developments. As the United Nations specialized agency set up to link development with private sector industry, we paid special attention in 2009 to achieving growth through greening industry, renewable energy and the transition to a low-carbon economy. The *Annual Report 2009* contains detailed information on the major events we organized as part of our green industry initiative, such

as the Vienna Energy Conference, the Manila International Conference on Green Industry in Asia, and the Global Renewable Energy Forum in León, Mexico. It also describes the technical cooperation services provided by the Organization in helping Member States green their industries.

This report also details the continued growth in UNIDO technical cooperation delivery. The actual volume of project services delivered in 2009 was over \$139 million, a significant increase on the figure of \$124 million achieved in the previous year. The sum available for future implementation exceeded \$355 million by the end of the year, the highest level ever recorded.

We are proud of this sustained growth in delivery, but we also know it is just one measure of success. Throughout the year, I sought as Director-General to further enhance the quality of the services UNIDO provides to help countries lift themselves out of poverty. To achieve this requires change in both organizational culture and processes. To this end, with the investment of Member States, in 2009 the seeds were sown in what is now our new Programme for Change and Organizational Renewal. Detailed information on the ongoing change management process is contained in chapter 2.

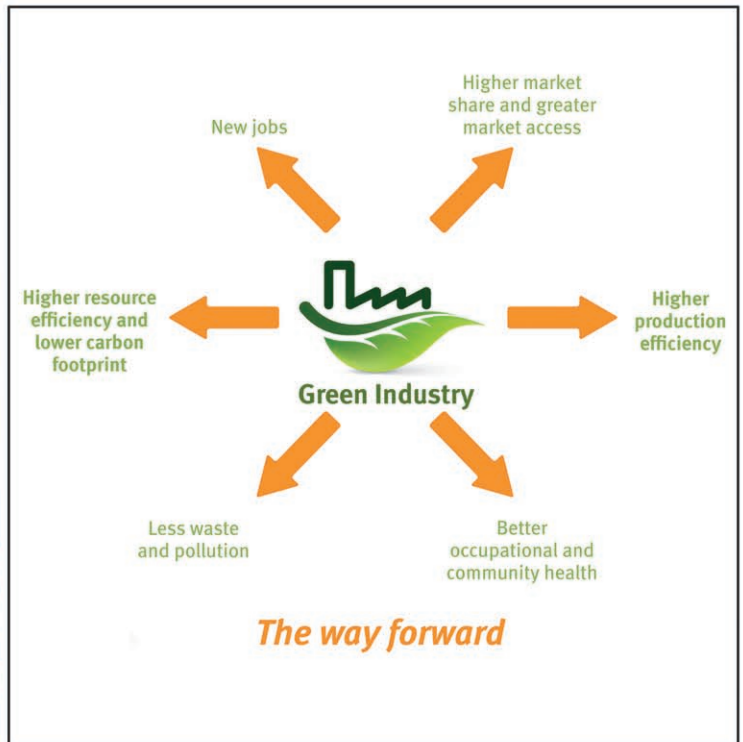
It is my hope that this report will provide the reader with a clear view of UNIDO achievements in support of its mission: inclusive, equitable and sustainable industrial development that holds the promise of prosperity for all.





GLOBAL CONFERENCE
 4th Session, 7-11 December

Green
for
and



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The year in review

A. Thirteenth session of the UNIDO General Conference

Greening industry for global recovery and growth was the theme of the thirteenth session of the UNIDO General Conference, which took place in early December in Vienna. The General Conference drew more than 800 participants from around the world representing over 150 Member States and observers, including one head of State, three heads of Government and more than 50 ministers. The presence of executive heads of several major partner organizations – the African Union (AU), the Association of Southeast Asian Nations (ASEAN), the International Fund for Agricultural Development (IFAD) and the United Nations Economic Commission for Europe (UNECE) – underlined the importance that UNIDO attaches to maintaining close links with agencies whose activities complement its own.



The Director-General with dignitaries at the thirteenth session of the General Conference

The General Conference was officially opened by the State Secretary of the Federal Ministry of Finance of the host country, Austria, who described UNIDO as a forward-looking organization that had adapted to change and introduced the concept of sustainability as an indispensable part of industrial development. In a statement delivered on his behalf, the United Nations Secretary-General, Ban Ki-moon, recalled that UNIDO had consistently emphasized that the next industrial revolution would be both green and

global. He welcomed the focus of the Conference on ways in which industry could be a vehicle for sustainable green growth.

The main event of the General Conference was a high-level Industrial Development Forum, moderated by former CNN anchorman Todd Benjamin. Panellists were eminent specialists from government, academia, the private sector, banking and international organizations. The first session of the Forum looked at the global economic slowdown and its impact on the manufacturing sector while a second session addressed the prospects for economic recovery and the opportunities that it presented for green industries. The Forum also paid special attention to the potential for entry by developing countries into resource-efficient and low-carbon industries and related services. The ensuing discussions demonstrated that opportunities indeed exist for decoupling economic development from resource consumption and negative environmental impact.



The Director-General meets panellists of the Asia and Pacific regional round table

In line with the green industry theme, a number of technical sessions and round tables helped pool information and knowledge within the different regions. The round table for Africa addressed the continent's potential for developing sustainable biofuel industries and the various challenges involved. Opportunities for creating green businesses and green jobs were discussed at the Asia and Pacific round table, while discussions at the Arab regional round table concentrated on investment in green industries. The promotion of renewable energy was the main focus for countries of Latin America and the Caribbean and the round table for Europe and the Newly Independent States examined the role of sustainability standards in international trade.

In the meetings of the Plenary and Main Committee, Member States adopted a number of important decisions and resolutions central to the operational activities of the Organization, including a resolution dealing with UNIDO activities in the environment and energy sector. The resolution noted the importance of sustained economic growth and sustainable development for the future of the globe and emphasized the value of

UNIDO activities, particularly in the areas of renewable energy, industrial energy efficiency, cleaner production, green industries and industries with sustainable low-carbon emissions.

Elections were held to decide which Member States would fill the seats on the Organization's other two policymaking organs, the Industrial Development Board and the Programme and Budget Committee. The Auditor General of Pakistan was reappointed as the UNIDO External Auditor for a further two-year term commencing 1 July 2010.

The General Conference reappointed the Director-General for a second four-year term. In his closing statement to the Conference, the Director-General noted that green was not a colour or a slogan but a way of life; it was about the hope that the new green revolution and the new green energy revolution would be inclusive and lift more of the world's population out of poverty in a sustainable manner. He assured Member States that he and his staff would dedicate themselves over the coming four years to delivering on some of the ideas that delegations had developed during the substantive debates of the Conference. He thanked Member States for their confidence in him and in the UNIDO management, and for giving him the opportunity to lead the Organization for the next four years.

B. Technical cooperation management

A review of UNIDO's technical cooperation procedures was conducted in 2009 and an action plan prepared for upgrading the existing project management cycle to achieve full compliance with Global Environment Facility (GEF) Fiduciary Standards for appraisal and monitoring. The inclusion of projects-at-risk and portfolio monitoring paved the way for the implementation of a comprehensive quality system from quality at entry to quality at delivery.

Quality assurance

The in-house review of technical cooperation activities is the responsibility of two cross-organizational bodies with rotating membership: the Programme Approval Committee (PAC) and the Quality Advisory Group (QAG). Both are supported by the Quality Assurance Unit.

The Quality Advisory Group is mandated to appraise project proposals and advise UNIDO staff on ways to improve the quality of their proposals before submission for approval. The Programme Approval Committee is responsible for the final review and approval of programmes and projects as well as the allocation of UNIDO programmable resources within the parameters set by the Executive Board. The Quality Assurance Unit coordinates all activities in support of the PAC and QAG, provides guidance on the consistent

application of technical cooperation guidelines across the Organization and monitors their implementation.

Programme Approval Committee

Following established practice, the PAC met on a regular fortnightly basis and in several additional sessions to review service summary sheets, project concepts, fully fledged project documents, integrated programmes, joint programmes and certain categories of project/budget revisions, as well as discussing policy and strategy. The Committee was also requested to assess all proposals for the organization of expert group meetings and related activities prior to their submission to the Executive Board. In total, 34 meetings were held to review 385 new submissions, with an overall approval rate of 82 per cent, as well as 252 project/budget revisions. Table 1 gives a breakdown of PAC decisions:

Table 1. PAC action on submissions received during 2009

	Number	Percentage
New proposals	385	100
Approved as submitted	159	41.0
Approved subject to revision	157	41.0
Resubmission requested	62	16.0
Decision postponed	5	1.5
Not approved	2	0.5
Project/budget revisions	252	100
Approved	247	98
Not approved	5	2

Quality Advisory Group

The Quality Advisory Group (QAG) continued to meet on a weekly basis and appraised 240 submissions (102 concepts and 138 programme/project documents) providing for each proposal written observations or recommendations to the submitting unit. Of the total submissions, 18 per cent were found to be in line with UNIDO quality standards while 53 per cent required relatively minor changes. In the remaining 29 per cent of the cases, the issues identified were of a more substantive nature and required clarification from submitters before their transmission to the PAC and to donors.

In the course of the year, the composition of the Group was further strengthened with the appointment of an alternate advisor on GEF matters, which enabled the Group to cope more effectively with the growing number of proposals that are being developed for financing by the GEF.

The approval rate by the PAC confirms that the Group continues to play a significant role in the continuous improvement of the Organization's technical cooperation activities, with particular regard to project design, implementation modalities and the incorporation of monitoring, reporting and evaluation mechanisms.

C. Funds mobilization

Technical cooperation – net approvals

The positive trend in the volume of new funding for technical cooperation continued in 2009. The total of net technical cooperation project and programme approvals from all sources of funds amounted to \$183.4 million. This is almost 20 per cent higher than in 2008 and easily the highest in the history of UNIDO.

This record total is composed of net increases to current project allotments of \$158.7 million, a net increase in the volume of future payments due under already signed agreements of \$23.8 million and an increase in the programmable donor contributions available with UNIDO of \$0.9 million. Given also the actual volume of project services delivered during the year of \$139.7 million, the portfolio of projects and programmes “in-hand” increased by a substantial \$43.2 million to \$355.4 million. This record level is expected to result in a continuing increase in 2010 of the volume of technical cooperation services actually delivered by UNIDO to its clients.

Figure 1. UNIDO funds available for future implementation

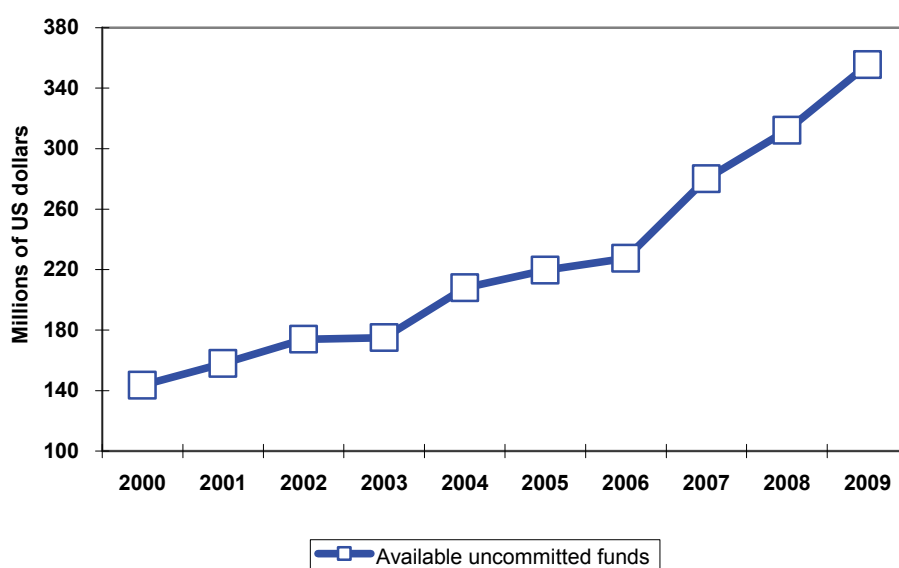
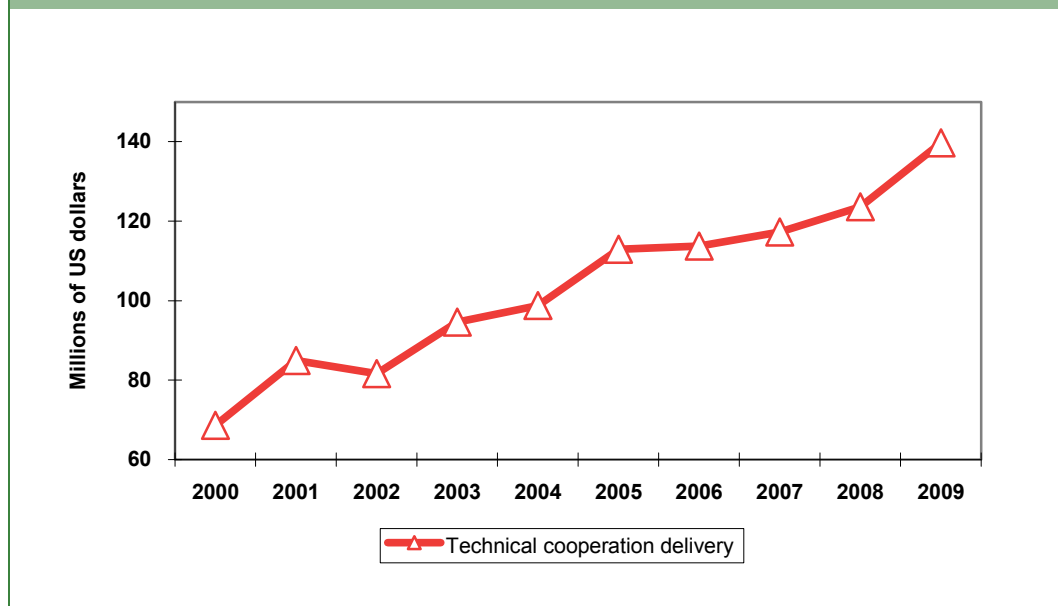


Figure 1A. UNIDO technical cooperation delivery



Funds mobilization

Hand in hand with an increase in the overall volume is a welcome diversification of the sources of funding, reflecting an ever-growing appreciation of UNIDO's mandate and the quality of its services. While in the last eight years, the share of funding provided by the Multilateral Fund for the Implementation of the Montreal Protocol and the GEF together



The Director-General congratulates the staff of UNIDO on a successful year

reached nearly 50 per cent, in 2009 their share dropped to 32 per cent despite an increase in the level of their funding. Contributions from individual donor countries also rose, with

16 countries each contributing more than \$1 million. The European Commission has become a large contributor. Finally the growing number of multi-donor trust funds – including those established for post-conflict situations, the Delivery as One pilot countries or the Spanish-funded Millennium Development Goal Achievement Fund – have become a significant source of funding with more than \$20 million in 2009.

Of UNIDO's three thematic priorities, environment and energy attracted the largest share with \$82.3 million, almost two-thirds from the GEF and the Multilateral Fund. Poverty reduction through productive activities received \$42.6 million and trade capacity-building attracted \$30.2 million.

UNIDO's funding from governmental sources (including through various multi-donor trust funds) reached almost \$100 million (including support costs), showing a gradual yet continuous increase. The largest contributor in 2009 was the European Commission with a net increase (excluding support costs) in project budgets of \$12.7 million, followed by Italy with \$8.1 million. Other major contributors with net contributions above \$1 million included France with \$7.5 million, Norway with \$6.5 million, Turkey with \$5.3 million, Japan and Switzerland with \$2.6 million each, Nigeria with \$2.4 million, and Austria, Bahrain, China, Germany, India, Republic of Korea, Russian Federation, South Africa and Spain, all with contributions between \$1 million and \$2 million. Appendix B shows the distribution of Industrial Development Fund and Trust Fund approvals by region and thematic priority.

Funding by governments of UNIDO technical cooperation through various United Nations multi-donor trust funds increased to \$22.7 million. The largest component continued to relate to post-crisis multi-donor trust funds, with \$9.3 million of net budget increases. In 2008, The Millennium Development Goals Achievement Fund (MDG-F), financed by Spain through the United Nations Development Programme (UNDP), contributed \$6 million to project budgets. Delivering as One multi-donor trust funds contributed \$5 million, and the United Nations Trust Fund for Human Security, financed by Japan, contributed \$2.4 million.

In the environmental field, funding from the Multilateral Fund for the Montreal Protocol amounted to \$16.7 million. As anticipated last year, there was a significant increase in approvals under the Global Environmental Facility to \$43.3 million, with several large-scale projects approved mainly in the area of persistent organic pollutants (POPs). As a considerable number of large-scale projects are under development or consideration, particularly in the climate change and energy areas, a further increase is expected for 2010. As already indicated, an important challenge in this context relates to the GEF requirement of co-funding, both for preparatory assistance projects and for the main projects. In particular for large-scale projects for the least developed countries, the requirement for co-funding is expected to be difficult to fulfil and co-funding from donor governments will be sought. In 2009, Italy greatly facilitated the development of the portfolio by providing about \$1 million for co-funding of eight preparatory assistance projects.

2010 began with a healthy number of pipeline projects that are expected to be approved during the year and it is highly likely that the figures for 2010 will again exceed those for 2009 given above. Major contributions are expected in the area of energy and climate change from the GEF as well as under the trade capacity-building theme from the European Commission and other governmental donors. The thematic priority of poverty reduction through productive activities will, in all likelihood, continue to benefit from multi-donor trust funds.

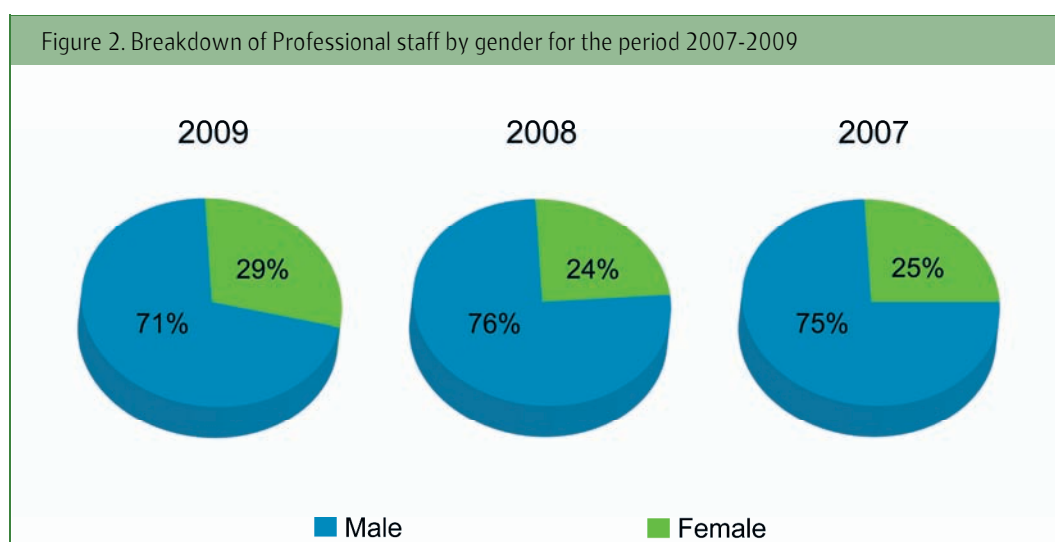
As indicated in previous years, a major challenge will continue to be the ability of UNIDO to provide or mobilize the cost-sharing required by its various donors and programmes.

D. Human resource management

Recruitment

A number of initiatives aimed at facilitating recruitment and staff planning were approved in 2009. They included (i) conducting meetings of the appointment and promotion bodies electronically in order to expedite the recruitment process; (ii) retaining good, but unselected, candidates from a recruitment process for consideration for other posts calling for the same qualifications; and (iii) advance approval to initiate the recruitment process. Approval of recruitment actions early in the year for posts falling vacant during the year helped succession planning during 2009.

A total of 106 recruitment actions were completed, resulting in the appointment of 83 new staff to the Secretariat, 35 of them in the Professional category of whom 15 were from



list A countries, 10 from list B, 6 from list C and 4 from list D countries.¹ Forty-six per cent of new recruits at the Professional level were female compared with 36 and 25 per cent

¹ See appendix K.

respectively for 2007 and 2008. The overall gender distribution of Professional staff in the Secretariat now stands at 71 per cent male and 29 per cent female as against 76 per cent male and 24 per cent female in 2008 and 75 per cent male and 25 per cent female in 2007.

The Young Professionals Programme, initiated in 2009, where seven out of ten staff members recruited were female, contributed towards an improvement in the gender balance but it is clear that more has to be done to increase the proportion of female Professional staff at UNIDO. The Organization continued its efforts during the reporting period to recruit staff on a wide and geographically equitable basis. In addition to advertising in international – and where feasible regional – magazines and journals, the Organization took steps to target female staff by forwarding vacancy announcements to a number of organizations involved with women's issues.

The number of Professional staff in the field increased from 36 to 60 in 2009 of whom 37 are international and 23 national, representing a 67 per cent increase in field presence since the launch of the Field Mobility Policy in April 2006. The ten staff members recruited under the Young Professionals Programme underwent a tailored induction programme covering all aspects of UNIDO.



UNIDO's recent recruits to the Young Professional Programme received a briefing from the Human Resource Management Branch

Staff relations

Many personnel policies are subject to staff management consultations before their promulgation by the Director-General. The year under review witnessed an intensification of staff/management consultations, especially within the framework of the Joint

Advisory Committee (JAC). Some of the joint recommendations to the Director-General related to:

(a) The management of staff members assigned to UNIDO field offices as Industrial Development Officers

The purpose of the new arrangements with respect to staff assigned to the field is to put into practice the concept of Delivering as One UNIDO (i.e. the cross-organizational integration of the Organization's developmental services) and to promote, within its resources, more effective programmatic and operational linkages between Headquarters and the field.

(b) Gender mainstreaming

The Director-General's Bulletin on gender contains a UNIDO policy statement for mainstreaming gender issues in the Organization's technical cooperation programmes and its human resource management.

(c) Post classification

A comprehensive policy on post classification outlines the framework and describes procedures for the classification of posts.

(d) Reporting of misconduct

Procedures have been introduced to protect UNIDO staff members who report alleged misconduct, provide information in good faith on alleged wrongdoing or cooperate with an audit or investigation.

(e) Ethical behaviour

A new code of behaviour defines and upholds the guiding ethical principles and values of the Organization as well as standards of conduct for various categories of personnel including staff members, consultants, experts, interns and others. The ethics function necessary to facilitate and implement these provisions was also approved.

(f) Financial disclosure

An integral part of UNIDO's fiduciary standards, the policy on financial disclosure will assist the Organization and its personnel in identifying and resolving actual or potential conflicts of interest.



The Joint Advisory Committee formulates recommendations for submission to the Director-General

Learning and career development

During 2009, staff had the opportunity to upgrade their competencies using both internal and external facilities (see appendix L). A professional development programme was organized for staff at the P-1 to P-4 levels as well as National Programme Officers; 104 staff members participated in the three modular programmes that focused on the development of management skills and competencies, the achievement of results through personal effectiveness, teamwork and leadership skills.

The JAC agreed on a revised learning policy reaffirming the fact that UNIDO's most important resource is its staff members and the knowledge and technical expertise embodied in them. The policy takes into consideration the challenging and dynamic business environment in which UNIDO is operating and the need for a continual learning process. The policy also introduces measures to encourage a continuous flow of knowledge and ideas between the Organization and the external environment through partnerships and exchanges with educational and research institutions as well as other organizations. Recognizing that e-learning can be a powerful tool that enables maximum outreach, the Organization carried out a bidding exercise to select a provider to produce online courses on subject areas relevant to headquarters and field staff. Extensive training was provided to introduce new staff, especially the newly recruited Young Professionals, to the Organization and to familiarize existing staff with procurement procedures and with the International Public Sector Accounting Standards (IPSAS). Training was organized for senior staff as part of the change management initiative.

Staff recognition

The 2009 merit promotion exercise resulted in a total of 32 promotions, of which 19 staff members were in the General Service category, 12 in the Professional category and one was a National Officer.

E. UNIDO offices

Brussels

In March, the Director-General paid an official visit to the headquarters of the European Union in Brussels where he met the Commissioners for External Relations and Energy as well as other senior officials. This paved the way for closer collaboration between the Brussels Office and the Directorates General of the Commission dealing with development, external relations, energy, environment, trade, EuropeAid and health and consumer protection. The representative of the Brussels Office accompanied the Director-General to the Third EU-Africa Business Forum, held at the end of September in Nairobi, Kenya. The Director-General gave a keynote speech and the representative of the Brussels Office presented UNIDO policies and activities. Late in October, the Brussels Office represented UNIDO at the European Development Days in Stockholm, Sweden.

In addition to its advocacy role in Brussels, the Office participated in a number of missions to countries in the Arab and Latin America and the Caribbean regions with a view to developing joint EC-UNIDO programmes. The Brussels Office attended the twelfth African Union Summit, held in February-March in Addis Ababa, Ethiopia, as well as a meeting of the Bureau of the Conference of African Ministers of Industry (CAMI). UNIDO is seeking to improve coherence between UNIDO/African Union cooperation and the programming under the EU/Africa Strategic Partnership. Throughout 2009, the UNIDO Brussels Office participated actively in the work of the United Nations Team Brussels that comprises 24 agencies, funds and programmes, particularly on strategies for a joint approach to European Union institutions.

Geneva

Geneva has the greatest concentration of United Nations bodies, specialized agencies and other intergovernmental organizations in the world, not to mention an equally large number of international non-governmental organizations. The UNIDO Office in Geneva represents the Organization's interests in that city by attending meetings on behalf of Headquarters, maintaining a regular two-way flow of information between UNIDO, the United Nations Office at Geneva and other Geneva-based international organizations and showcasing UNIDO's activities at various events such as the World Trade Organization's Second Global Review of Aid for Trade in June and the celebration of Africa Industrialization Day on 20 November.



The Director-General addressing the 56th session of the United Nations Conference on Trade and Development in Geneva

The Office maintains regular contact with the 20 Permanent Missions to UNIDO based in Geneva and provides information to another 200 missions and delegations, in particular on activities undertaken jointly with international organizations and United Nations bodies based in Geneva. It also provides information on the work of UNIDO's policymaking organs to those delegations that were unable to attend the meetings in Vienna. In 2009, Cambodia opened a Permanent Mission in Geneva, bringing the number of UNIDO Permanent Missions in Geneva representing least developed countries to 11; other Member States are in contact with the Office with a view to establishing Permanent Missions to UNIDO.

The Geneva Office represented UNIDO at a large number of meetings and events designed to raise awareness among the international community of the significance of industrial development. Africa Industrialization Day was celebrated jointly with the Permanent Delegation of the African Union and the United Nations Economic Commission for Africa (ECA) Liaison Office in Geneva.

New York

The New York Office achieved greater visibility for UNIDO both at the intergovernmental and inter-agency levels through its involvement in a wide range of issues related to the work of the Organization.

In the area of energy and climate change, the New York Office supported the Director-General in his role as Chairman of the Advisory Group on Energy and Climate Change (AGECC) and worked closely with the Office of the President of the General Assembly in preparations for the interactive thematic dialogue of the General Assembly on energy efficiency, energy conservation and new and renewable sources of energy.

For the first time in several years, the Office attended the Inter-agency Network on Women and Gender Equality (IANWGE) and the Commission on the Status of Women – a clear indication of UNIDO's renewed commitment to gender equality. The Office was also involved in preparations for UNIDO participation at the International Colloquium on Women's Empowerment, Leadership Development, International Peace and Security, held in March in Monrovia, Liberia. It represented UNIDO at a follow-up meeting that took place in New York on 24 September on the establishment of the Angie Brooks International Centre on Women's Empowerment, Leadership Development, International Peace and Security and extended an invitation on behalf of UNIDO to host the biennial joint workshop between the OECD Development Co-operation Directorate Network on Gender Equality and IANWGE. The workshop will be held early in February 2010 in Vienna and will focus on the economic empowerment of women.

2009 marked the twentieth anniversary of Africa Industrialization Day on 20 November. To celebrate the occasion, the Office organized a panel discussion on the topic Industrialization strategies and policies: a key to the economic transformation of Africa. The event began with statements by the President of the General Assembly and the United Nations Secretary-General, followed by a discussion on the need for new, effective industrialization strategies and policies for Africa.

The Office attended two meetings on security and sustainable development in Africa in which UNIDO will be involved in the future and finalized a report detailing UNIDO's support to the New Partnership for Africa's Development (NEPAD).

Field representation

UNIDO continued to work towards greater decentralization of its activities, and was able both to expand its field network and reinforce its existing field offices. All UNIDO Representative (UR) positions, with the exception of one post, were filled by the end of the year and recruitment for that vacancy will begin shortly. Other Professional posts at UNIDO field offices are either filled or are under recruitment.

In countries where there is no UR, UNIDO established four UNIDO Desks, bringing the total number to 17. Non-staff costs of the new UNIDO Desks in Cambodia and Kyrgyzstan will be covered by UNDP under the cost-sharing arrangements stipulated in the Cooperation Agreement signed with UNDP in 2004, while the staff and non-staff costs of the Desks in Mozambique and Uganda will be borne by UNIDO. In five countries where there is neither a field office nor a UNIDO Desk, the Organization maintains a field presence by means of UNIDO Focal Point.

The field office workplans, which reflect the principles of results-based management (RBM), continue to be used as the main tool both by headquarters and field offices in outlining their predicted yearly activities in the countries under their coverage. Similar workplans for countries that are covered directly by headquarters are prepared by the

respective regional programme. All workplans are closely aligned with the UNIDO programme and budget document.

Throughout the year, UNIDO encouraged headquarters staff to maintain close contact with their counterparts in the regional offices. This not only contributed to a higher level of coherence at the country level but also to improve the delivery of technical cooperation.

ITPO network

2009 saw the development of a new vision and strategy for UNIDO's Investment and Technology Promotion Offices network. The new vision was based on the findings of an independent evaluation of the ITPO programme carried out the previous year, as well as the outcome of two meetings: the Asian ITPO meeting held in September in Shanghai, and the European ITPO Coordination meeting in Rome in October. Throughout the year, emphasis was given to the integration of UNIDO technical cooperation activities, with a special focus on green investments and expanding operations in the African region.

ITPO Greece intensified efforts to promote business partnerships between Greece and Africa, targeting in particular Burundi, Ethiopia, Mozambique, Rwanda, Sierra Leone, Uganda and the United Republic of Tanzania. ITPO Rome played an active role in a forum held in June in Rome entitled Italy and Africa: Partners in Business, and organized by the Italian Ministry of Economic Development, while ITPO Japan continued to run a delegate programme with the Centre for Promotion of Investment in Mozambique, and concluded a project on clam-processing between investors in Mozambique and Japan. The project is expected to yield more than 250 job opportunities for local people.

On green and energy-related investments, ITPO Italy facilitated UNIDO's debut at three G8 Energy Ministers Meetings held in 2009. ITPO Bahrain and UNIDO Headquarters



The opening of the Cleaner Technologies for Economic Development Forum in Bahrain

organized a UNIDO Week in Bahrain in February that included a Clean Technology Forum to mark the designation of 2009 by the Government of Bahrain as the Year of Green Industry. ITPO Mexico was involved in the UNIDO Global Renewable Energy Forum 2009, exhibiting the latest technologies around the world and supporting national efforts to expand cooperation between Mexican industries and foreign partners. ITPO France-Marseille pioneered UNIDO cooperation with the Union for the Mediterranean's Business Development Initiative, focusing on micro, small and medium enterprises. Under the terms of a memorandum of understanding, ITPO Marseille will serve as the focal point for Mediterranean countries to benefit from UNIDO's expertise in areas such as green industry and the environment.

In 2009, UNIDO launched a preparatory assistance project to establish a UNIDO ITPO network in countries of the Eurasian Economic Community (EurAsEC). The purpose of the project is to enhance investment and technology flows within EurAsEC countries and smooth their way into the global investment market.

F. United Nations coherence and partnerships for development

1. UNIDO and system-wide coherence

Throughout the year, UNIDO continued to deepen its relationship within the United Nations system at the policy, normative and operational levels. At the policy level, UNIDO played an active role in the United Nations System Chief Executives Board for Coordination (CEB), under the leadership of the Secretary-General. It was also an active member of the United Nations Development Group and contributed to advancing system-wide coherence and Delivering as One in the field. At the normative level, it worked closely with a number of sister organizations, while at the operational level it cooperated with various counterparts in partner countries, within the overall context of the Delivering as One initiative.

With the adoption of General Assembly resolution 63/311 on system-wide coherence, work on five crucial issues, namely gender equality, governance, funding of development operations, Delivering as One and harmonization of business practices went into high gear. A key provision of this resolution is that agreement on all the above issues must be reached within a single decision. This means that while Member States agreed on the establishment of a gender entity and work is in progress to define the mandate and structure of that body, its establishment may not take place until agreement has been reached on the other four issues.

Within the context of Delivering as One, UNIDO played an active role in the United Nations country teams, theme groups and clusters. A new directive for the future, contained in General Assembly resolution 63/311, calls for country-led evaluations with the participation of relevant stakeholders and with the technical support of the United Nations Evaluation Group.

Chief Executives Board for Coordination

The United Nations System Chief Executives Board for Coordination (CEB) encourages and monitors coordination and cooperation on substantive and management issues. Its membership consists of the executive heads of the organizations of the United Nations system, under the chairmanship of the Secretary-General. Since its conversion to a specialized agency in 1986, UNIDO has been a member of the CEB and its predecessor, the Administrative Committee on Coordination.

During the year under review, UNIDO sought to bring greater focus to the development agenda of the CEB, stressing that sustainable growth is essential for creating jobs, generating income, reducing poverty and financing the social agenda of education and health. It also made a significant contribution to discussions on climate change. Recognizing the vital role of UNIDO within the United Nations system, the Secretary-General and the members of the CEB accepted an invitation from the Director-General to convene the spring 2010 session of the CEB in April in Vienna.

UNIDO continued to take an active part in the CEB subsidiary bodies including the High-Level Committee on Programmes (HLCP), the High-Level Committee on Management (HCLM) and the United Nations Development Group (UNDG). It helped define a timely response to the global financial and economic crises and worked with other United Nations agencies to identify areas for concerted action. This resulted in the launch in April by HLCP of nine joint initiatives to tackle the impact of the crises on developing economies and livelihoods and, equally important, address pre-existing imbalances in the global economy that had hampered equitable and sustained growth. Together with the World Intellectual Property Organization (WIPO) and the International Telecommunications Union (ITU), UNIDO leads the initiative on technology and innovation. UNIDO continued to work with the United Nations Conference on Trade and Development (UNCTAD) on the CEB cluster on trade and productive capacity.

UNIDO was involved in HLCP Working Group preparations for the 15th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 15), held in December in Copenhagen, Denmark, contributing to discussions on fairer, greener and sustainable globalization. Within HLCM, UNIDO focused on key management and administrative issues such as the simplification and harmonization of business practices and the development of a corresponding plan of action. The Organization continued to serve on the Steering Committee for Staff Safety and Security under the aegis of HLCM. It will be implementing the decisions taken by the CEB to ensure the safety and security of staff in 2010.

The triennial comprehensive policy review

The triennial comprehensive policy review of operational activities for development of the United Nations system (TCPR) was adopted by the United Nations General Assembly in

December 2007 and provides guidance on key policy orientations for development cooperation and country-level modalities of the United Nations system. UNIDO achievements in the TCPR focus areas are reflected in its numerous technical cooperation activities, described in chapters 3 to 7 of this Report. The entire *Annual Report 2009* should thus be seen as a review of the Organization's achievements in the context of the TCPR.

In 2009, UNIDO contributed to the management report, submitted by the Secretary-General to the General Assembly, which describes the implementation made by the United Nations system on guidance provided by the TCPR. UNIDO made substantive inputs to other reports on, inter alia, the functioning of the Resident Coordinator system, human resource challenges at the country level, simplification and harmonization, and the financing of the operational activities of the United Nations system.

UNIDO continued to play an active role in the United Nations Development Group (UNDG), particularly through its active participation in the Delivering as One pilot programmes (see below). UNDG established a policy committee and five working groups to which UNIDO has assigned staff members. These working groups are responsible for developing the processes, procedures and tools to attain greater coherence among agencies at the working level. UNIDO is a member of both UNDG and its Advisory Group and in November hosted a meeting in Vienna of the UNDG Working Group on Country Office Business Operations.

In line with the call by the General Assembly for agencies to harmonize their planning cycles with that of the comprehensive policy review, UNIDO revised its medium-term programme framework 2010-2013. Areas that were enhanced included South-South cooperation, gender equality and the empowerment of women, strengthened capacity-building and measures to improve aid effectiveness. UNIDO will seek to fully align its next medium-term programme framework with the planned cycle of the new quadrennial comprehensive policy review (QCPR).

A reliable knowledge system is one of the most important factors determining productivity, economic linkages, market access and investment in developing countries. The Millennium Development Goals Achievement Fund requested UNIDO to formulate a project that would allow private enterprises in developing countries access to the knowledge systems that could help them grow. The project, entitled Development of a global knowledge management system in private sector development, is designed to improve local practices and policymaking in the field of private sector development (PSD). In a nutshell, the PSD global knowledge management system aims at enhancing the United Nations system's knowledge capabilities in the field of PSD policy and improving its ability to deliver policy advice, particularly at the country level. It should further support developing countries in acquiring and adapting PSD-relevant knowledge to their specific development needs. The project is expected to start in March 2010.

Delivering as One

UNIDO continued to be fully engaged in efforts to promote system-wide coherence through the Delivering as One initiative, now in its third year of implementation. Work focused on the development impact of Delivering as One innovations at the country level. UNIDO continued its support to Delivering as One pilot countries as well as to the countries that have voluntarily adopted that approach (so-called self-starters). Progress was documented in the *Delivering as One UN Synthesis Report* prepared by the United Nations Evaluation Group on country pilots. The accomplishments reported by the Governments and United Nations country teams of the eight pilot countries in the stocktaking reports, as well as the conclusions of various inter-agency and intergovernmental discussions, also bear testimony to the success of the approach.

Pilot countries have completed a full year under the new programmatic and management arrangements put into place in early 2008. Notwithstanding a great deal of progress made, there are still obstacles to coherence, effectiveness and efficiency that need to be addressed in order for the United Nations reform process to proceed further. General Assembly resolution 63/311 on system-wide coherence, adopted on 14 September, requests the Secretary-General “to urgently undertake arrangements for an independent evaluation of lessons learned”, the findings of which should be submitted to the General Assembly at its sixty-sixth session. The independent evaluation will capture the results from country-led evaluations currently under way, with the participation of relevant stakeholders and the support of the United Nations Evaluation Group (UNEG) and the United Nations Secretary-General.

Throughout the year, UNIDO continued to be involved in the efforts of governments and United Nations country teams in the self-starter countries to improve the ability of the United Nations to respond to national priorities. UNIDO played an active part in the preparation of United Nations Development Assistance Framework (UNDAF) documents pertaining to many 2008 and 2009 UNDAF roll-out countries. This close involvement inevitably had an impact on the way UNIDO operates: once it had established the Delivering as One Rapid Response Team at Headquarters to provide critical support and guidance to its field offices, UNIDO strengthened its cross-organizational team by forming an informal Delivering as One monitoring group to oversee the implementation of UNIDO’s commitments in the One Programmes of the Delivering as One countries. A series of Delivering as One review and monitoring missions were undertaken to pilot and self-starter countries. The missions to self-starter countries Botswana and Malawi also aimed to review progress towards voluntary adherence to Delivering as One mechanisms and to assess implications for current and future UNIDO operations.

Albania

On 17 June, UNIDO joined the One UN Programme in Albania following a successful review by the Government of progress made during the first year of implementation.

On 18 February, the UNIDO National Cleaner Production Centre (NCPC) project was approved by the Joint Executive Committee of the Albania One UN Coherence Fund for implementation over the period 2009-2010. The focus on cleaner production responds to the Government's need to stimulate environmentally sustainable ways of production. The implementation of the programme started in September after the first tranche of \$215,000 from the One Fund allocation was transferred to UNIDO.



The Deputy Prime Minister of Albania and the UN Resident Coordinator sign an amendment to the One UN programme including UNIDO as a fully-fledged member

Cape Verde

As a member of the United Nations Global Change Management Support Team, UNIDO took part in the second inter-agency mission to Cape Verde from 26 February to 18 March. The object of the mission was to plan organizational changes and support the initial phase of development of an office management plan to effectively implement the Delivering as One initiative in the first United Nations Joint Office. As the lead agency in the subprogramme Growth and Economic Opportunities, involving 12 participating agencies and several national partners, UNIDO coordinated the preparation of operational documents, including the workplan and budgetary framework, for the mobilization of Transition Fund resources.

Mozambique

To date, UNIDO has received an allocation of \$1.85 million from the One UN Fund for implementation of the joint programmes Youth and employment, Women's empowerment and Environment and climate change. The fourth joint programme, Building capacities for effective trade policy formulation and management, was approved for funding in July. UNIDO participated in the UNDAF 2007-2009 mid-term review exercise that ended with

the high-level meeting of heads of agencies and ministers in May. The extension until 2011 will allow the United Nations Country Team a full year of implementation before consultations begin on the next programming cycle.

Pakistan

The One UN Programme document 2008-2010 was signed on 4 February in the presence of the United Nations Secretary-General and the Prime Minister of Pakistan. It provides for joint programmes on agriculture, rural development and poverty reduction, health and population, environment, education and disaster management as well as the four cross-cutting issues of gender equality, human rights, civil society participation and refugees. UNIDO proposals relating to women's economic empowerment through productive activities and entrepreneurship development have been incorporated and fully funded. In addition to its One UN Programme stand-alone projects, UNIDO is working with other participating United Nations agencies on the development of joint programmes.

Rwanda

In the course of a review and monitoring mission to Rwanda in July, the Senior Coordinator for United Nations System Coherence discussed UNIDO projects under the Delivering as One initiative with Government authorities, the United Nations Resident Coordinator, the country team, project counterparts and the UNIDO Head of Operations and visited project sites. UNIDO activities under the One Programme relate to capacity-building for industrial policy formulation, entrepreneurship development, agro-industrial value chains and market access, waste management and income generation, cleaner production and rural energy development. UNIDO has been working with agencies involved in the trade and productive sector as well as the Government to update and incorporate the Enhanced Integrated Framework Diagnostic Trade Integration Study within the One UN Programme.

United Republic of Tanzania

The One UN office on the island of Zanzibar, United Republic of Tanzania, was officially opened in February. Housing all United Nations agencies represented in Zanzibar, it is the first One UN office in the United Republic of Tanzania to pioneer common services. In February, the One Programme was assigned additional joint programmes on environment and education. UNIDO is participating in both programmes, focusing on the efficient use of energy and natural resources and renewable energy technology for rural mini-grids, as well as youth entrepreneurship development at secondary school level and science, technology and innovation in higher education and research.

Uruguay

The One Programme is based on UNDAF 2006-2010 and the strategic and priority areas defined by the Planning and Budget Office. It is made up of 11 projects of which UNIDO is the lead agency for the projects “Institutional strengthening for the design of economic development strategies: country international insertion and long-term energy policies development”, and “Technical assistance for the design of public policies that promote sustainable production and employment”. The Managing Director of UNIDO’s Programme Coordination and Field Operations Division visited Uruguay in September for a meeting with the United Nations country team.



Viet Nam

The One UN Initiative in Viet Nam comprises five elements: One Plan, One Budget, One Leader, One House and One Set of Management Practices. A Green One UN House, with cutting edge eco-design and technology, is under construction and will house all 16 participating agencies after its completion in 2010. The Director-General visited Viet Nam in September to discuss green industry issues with representatives of the Government and also had talks with United Nations staff and with student groups. The Government approved the composition of a One Plan Steering Committee (OPSC) in which UNIDO will be represented on a rotational basis.

2. Multilateral energy initiatives

UN-Energy

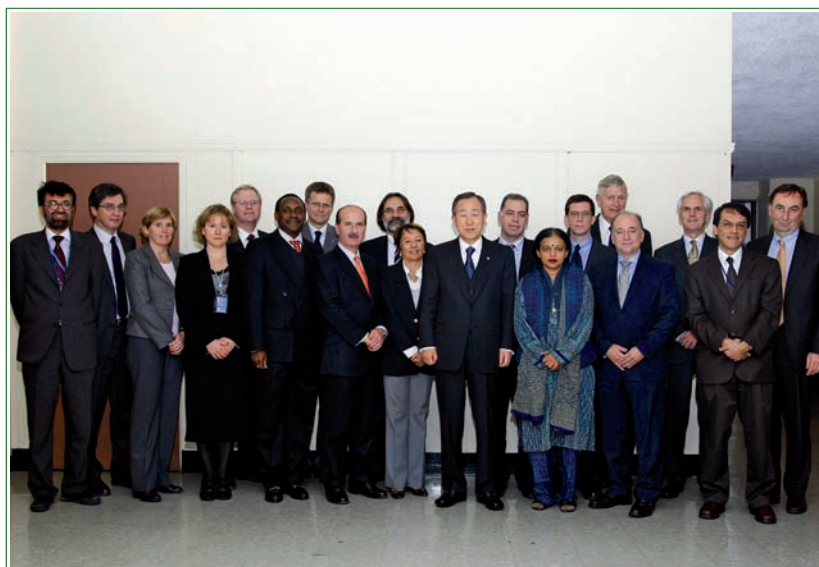
UN-Energy is the inter-agency mechanism that ensures coherence in the United Nations system's response to energy-related issues. It aims to promote system-wide cooperation on energy through a coherent and collaborative approach, given that there is no dedicated agency in the United Nations system with prime responsibility for energy. UN-Energy is organized in clusters, led by various member organizations, on energy access, energy efficiency and renewable energy. In his capacity as Chair of UN-Energy, the Director-General of UNIDO proposed a forward-looking review of UN-Energy to underpin its future activities and provide it with a vision for the future. In October, UNIDO opened a bid for the provision of services related to the design and implementation of a UN-Energy Knowledge Network in order to improve the functionality and delivery of UN-Energy. The Network will expand the knowledge base of UN-Energy and smooth the transition to a closer, unified UN-Energy that enjoys the collaboration of an ever growing number of professionals, both within and outside the United Nations system.

On behalf of UN-Energy, UNIDO is currently engaged in identifying areas where United Nations agencies and the private sector can work together to address simultaneously the challenges of climate change mitigation and the achievement of sustainable development.

The United Nations General Assembly dialogue on Energy Efficiency, Energy Conservation and New and Renewable Sources of Energy was held on 18 June. In his capacity as Chair of UN-Energy, the Director-General took part in a panel that focused on the role of the United Nations in assisting the deployment of clean technologies at scale.

Advisory Group on Energy and Climate Change

On 17 June, the United Nations Secretary-General convened an advisory group on energy issues that are critical to climate change. The Advisory Group on Energy and Climate Change (AGECC), chaired by the Director-General of UNIDO, comprises members drawn from United Nations agencies, the private sector, resource institutions and civil society. The main objective of AGECC is to assist the Secretary-General in linking energy issues including energy access and efficiency, to ongoing negotiations on climate change. Subsequent meetings were held in August and November. A comprehensive report will be submitted to the Secretary-General early in 2010. The Advisory Group submitted a set of ten specific recommendations to the Secretary-General on ways to safeguard the planet against the effects of climate change while providing cleaner, affordable, reliable and sustainable energy services.



The Secretary-General's Advisory Group on Energy and Climate Change

UNIDO's role as co-convener on technology transfer for climate change

In the aftermath of the 2007 United Nations Climate Change Conference in Bali, Indonesia, the United Nations Chief Executives Board for Coordination (CEB) declared technology transfer as one of the focal areas of the United Nations system's work on climate change. The CEB designated UNIDO and the Department of Economic and Social Affairs (UN-DESA) as co-conveners of a United Nations system-wide working group on technology transfer in order to encourage system-wide coherence and international cooperation on climate change-related technology development and transfer. The working group is currently conducting a survey of the main technology activities of United Nations system organizations, focusing on programmes, tools and instruments that facilitate the development, deployment and transfer of technology.

As a side event at COP 15, held in Copenhagen, Denmark in December, UNIDO and UN-DESA hosted a discussion on the role of international cooperation in accelerating the deployment of climate-friendly technologies, particularly in developing countries. Discussions focused on actions and strategies for the transfer of clean technologies and the promotion of energy for sustainable development. Low-carbon technologies are central to meeting the challenges and taking advantage of the opportunities posed by climate change.

3. Millennium Development Goals and UNIDO's response

The Millennium Development Goals (MDGs) that sprung from the United Nations Millennium Declaration, address in broad terms the most fundamental needs of humankind: freedom from poverty, hunger and disease and the right to education, employment, equality and a clean, healthy environment in which to live and pass on to the

next generation. It is no coincidence that UNIDO's three thematic priorities of poverty reduction, trade capacity-building and environment and energy are closely aligned with these goals. The technical cooperation activities implemented by UNIDO contribute to the achievement of many of these. To make this contribution more visible, several advocacy initiatives have been undertaken, including the creation of a website and a brochure to inform Member States and the public at large of successful interventions.²

Despite the notable impact and results of industrial development projects and programmes, there is an absence of specific targets within the MDGs that reflect the important role of industrial development in achieving the goals. UNIDO, within the context of the CEB Cluster on Trade and Productive Capacity, is seeking to highlight the contribution of the productive sectors to the sustainable achievement of the Millennium Development Goals, providing guidance to governments in their economic policymaking and priority-setting. The initiative was endorsed by the Industrial Development Board at its thirty-sixth session in May.³ The General Conference in December similarly stressed the key role of the productive sectors in reducing poverty and supporting sustainable development, as documented in resolution GC.13/Res.6. The resolution noted the initiative taken in the CEB Cluster on Trade and Productive Capacity on the contribution of industrial development to the achievement of the MDGs and requested the Director-General to report to the thirty-seventh session of the Industrial Development Board on specific means through which UNIDO could further contribute to the achievement of the Goals.

In the lead-up to the high-level plenary meeting of the United Nations General Assembly in September 2010, UNIDO was actively involved in several inter-agency initiatives that are reviewing progress made in achieving goals and targets. It has contributed case studies and successful strategies in the achievement of Goal 7 targets through the UNDG MDG Task Force, participated in the Inter-Agency and Expert Group on MDG Indicators and provided strategic guidance and input to the Secretary-General's Policy Committee on the 2010 MDG Summit. UNIDO is now recognized as a contributing agency to the annual Millennium Development Goals Report.

With five years until the deadline for the achievement of the goals, it is ever more important to renew commitment and increase efforts and resources. The recent global economic and financial crises have hit the poorest countries particularly hard with a fall in global markets and the price of commodities, growing unemployment, higher food prices and increased protectionism. These challenges, which are overwhelming for any individual country, reinforce the need for multilateral development cooperation, embodied in Goal 8.

² UNIDO and the Millennium Development Goals, July 2009.

³ IDB.36/Dec.13.

4. Other partnerships



Even before the advent of the system-wide coherence initiative, UNIDO recognized the advantages in sharing its expertise and experience with other organizations within the United Nations system and in turn benefiting from the complementary knowledge and experience of its partners. The different chapters of this Report describe many programmes and projects where cooperation and collaboration with institutions, within or outside the United Nations, are proving invaluable. In the interest of brevity, this section provides a small cross-section of the many partnerships that UNIDO undertakes to fulfil its mandate.

UNIDO regularly calls on the services of outside organizations and institutions to provide specialized training to staff. Experts from the National Association of Testing Authorities (NATA), Australia, ran a half-day workshop in July at UNIDO headquarters on international laboratory accreditation and best practices in regional accreditation. The International Organization of Legal Metrology (OIML) and the International Bureau of Weights and Measures (BIPM) agreed to organize specialized workshops in cooperation with UNIDO on industrial metrology.

The European Union (EU) is a major trading partner for the agro-industrial products of developing countries. Through its Directorate-General for Health and Consumer Protection (DG SANCO), it is responsible for the safety of food and other products and for the protection of consumer rights and public health within the EU. Since the beginning of the year, UNIDO has been taking part on a regular basis in regional workshops organized within the framework of DG SANCO's Better Training for Safer Food initiative, to review and improve the application of sanitary and phytosanitary measures on the African continent.

Michigan State University (MSU) provides the means for research, education, outreach and capacity-building in developing countries to promote sustainable economic and technical cooperation among all stakeholders within the global agri-food system. In January, an agreement was signed setting out the framework for closer cooperation between UNIDO and MSU. One proposed joint activity involves training and research. It targets developing country policymakers and the private sector in the area of trade capacity-building. Plans are under way to hold a summer school for senior officials involved in food safety from Africa and to organize joint training programmes. UNIDO also worked with Purdue University School of Pharmacy and Pharmaceutical Sciences, United States of America, on a programme to encourage the manufacture of generic drugs in Africa. Training was provided to students from five countries.

Providing young people in developing countries with entrepreneurship skills continues to receive high priority in UNIDO. In cooperation with Hewlett-Packard (HP), work progressed on a youth entrepreneurship development programme for unemployed or underemployed young people in Africa and the Middle East. UNIDO and HP's partnership project focuses on "Graduate Entrepreneurship Training through IT" (GET-IT), which teaches young people aged between 16 and 25 the basics of entrepreneurship, with hands-on experience in the use of computer technology. During 2009, 20 new GET-IT centres were established in Algeria, Egypt, Kenya, Morocco, Nigeria, Saudi Arabia, South Africa and the United Arab Emirates and all were equipped with HP technology. Over 100 trainers were certified to deliver GET-IT training while more than 12,000 students received GET-IT training. HP technology awards for GET-IT best achievers were given to centres in Nigeria and South Africa.



The world's fifth largest retailer, METRO Group, helps its suppliers conform to international food safety standards

In December, UNIDO signed a cooperation agreement with the METRO Group, one of the world's largest retailers, to help small producers to benefit from globalization by enhancing their knowledge and improving the quality and safety of their products. UNIDO and the

METRO Group have launched a demonstration supplier upgrading and compliance programme within the UNIDO/Etrace Centre in Egypt. The programme targets small-scale farmers and small and medium enterprises and focuses on enhancing compliance with international standards in production techniques, post-harvest practices and food safety. Since the METRO Group is opening new operations in Egypt and thousands of products will be sourced locally, the programme aims at building staff competencies and suppliers' capacities to comply with the Global Food Safety Initiative (GFSI) and METRO Group requirements. This would facilitate the process of recognition as a supplier of the METRO Group through its affiliated Makro Cash and Carry Egypt and GFSI members at large.

G. Conveying the message

Throughout 2009, the world media was kept abreast of the activities of UNIDO, especially those related to its global forum function. Over 60 press releases served as the basis for numerous articles about, and references to, UNIDO in newspapers, journals and other print media. The successful launch in Geneva, London, New York, Tokyo and Vienna of UNIDO's Industrial Development Report, entitled *Breaking In and Moving Up: New Industrial Challenges for the Bottom Billion and the Middle-Income Countries*, was widely covered in the press and many broadcasters, including BBC, Sky and Channel 4 ran interviews with the Director-General. Requests were also received for opinion pieces by the Director-General on a range of topics and placed in leading newspapers including the *New York Times*, the *International Herald Tribune* and *The Guardian*. The Director-General held interviews with correspondents from *Time*, *Newsweek*, Reuters, Associated Press and the *Frankfurter Allgemeine Zeitung*.

UNIDO Conferences received broad coverage in the world media in 2009, both from the print media as well as television networks ranging from CNN, Al Jazeera and CNBC to regional stations. Notable examples were the Vienna Energy Conference, held in June in Vienna, the International Conference on Green Industry in Asia, held in September in Manila, Philippines, the Mexico Global Renewable Energy Forum, held in October in León, Mexico, as well as the Least Developed Countries Ministerial Conference and the General Conference of UNIDO, both held in December in Vienna.

2009 saw the introduction of a fresh look to the UNIDO website (www.unido.org) as well as the launch of a French version of the website. The use of multimedia was also expanded on UNIDO's YouTube account. Other social networks are now being used to disseminate news of UNIDO activities, including Facebook and Twitter.

UNIDO can be proud of its multifarious publications that are generally available both in printed form and online at its website. Through its publications, which extend from specialized newsletters and booklets, to its new cutting-edge magazine, *Making It: Industry for Development*, UNIDO puts the issue of industrial development and its contribution to a better sustainable future, firmly centre-stage.



UNIDO's new magazine
*Making It:
Industry for
Development*

H. Greening activities in UNIDO and the VIC

In line with the commitment expressed by the Secretary-General to make the United Nations more climate friendly and environmentally sustainable, the Chief Executives Board for Coordination (CEB) agreed that by end of 2009, agencies would take all necessary steps to reduce their climate footprints and analyse the cost implications of purchasing carbon offsets to eventually reach climate neutrality.

In response to the CEB decision, UNIDO formed a Climate Team to measure and reduce the Organization's greenhouse gas (GHG) emissions.

The size of UNIDO's footprint in 2008 is estimated to be $10,221tCO_{2eq}$ or roughly the equivalent of the emissions of 5,000 cars travelling 10,000 km per year. This estimate covers GHG emissions from all activities for which UNIDO is operationally or financially responsible, whether at headquarters, field offices or those generated through UNIDO projects. To achieve United Nations-wide comparability, UNIDO is using the United Nations GHG Calculator and calculations will be verified by an external auditor. Staff members have been encouraged to submit ideas on ways to reduce the Organization's environmental impact. A scheme to reward successful contributions will provide an additional incentive for staff to play an active role in the greening of UNIDO. Two permanent exhibits in the Vienna International Centre (VIC) and an Intranet site provide details of the size of UNIDO's footprint as well as ongoing efforts to reduce it.

To reduce the environmental impact of official travel by UNIDO staff, the Organization's travel authorization form includes a section stating the amount of emissions in kilograms and requiring confirmation that the purpose of the travel could not be achieved through the use of video- or teleconferencing, or by the participation of staff from a local UNIDO field

office. UNIDO is contemplating a supplier switch to a CO₂ neutral electricity supplier for the VIC. The Terms of the Technical Specifications for the procurement of office equipment and supplies will shortly be amended to include green guidelines, ensuring that the Organization purchases energy efficient equipment. The option of buying hybrid cars in the future is also under consideration. In the coming years, UNIDO will take steps to integrate environmental protection in all aspects of its daily work, including water use, paper consumption and waste management.

As the Organization responsible for Buildings Management Services in the entire complex, UNIDO has introduced a comprehensive Greening the VIC programme. Efforts to cut down on the use of electricity include notices in elevators to encourage staff to use the staircase when moving from one level to the adjacent floor. Three innovative measures have had a significant impact both on environmental protection and safety and security:

Heating/cooling: Following the Cool UN campaign launched in 2008 in New York, UNIDO proposed a similar scheme in the VIC. After consultation with the VIC Medical Service and representatives of the other Vienna-based organizations, as of June the target temperature of the supply air was increased by 2°C. This resulted in savings of 16 per cent cooling energy, or approximately €33,000 and 75tCO_{2eq} for the period June to September. The target temperature of the supply air during the heating period was reduced by 2°C with expected savings in a similar range.

Office lighting: Daylight sensor-directed lighting operations were reintroduced in June. This measure led to savings of 62 per cent in electrical energy for office lighting, or €41,000 and 93tCO_{2eq} for the period June to September.



Motion sensors: All lamps in the VIC are being replaced with energy saving bulbs. Motion sensors have been installed in restrooms and other utility rooms in the F and G towers; these installations will be extended to the remainder of the VIC complex shortly. The installation of motion sensors in all offices is currently being examined and could be expected to result in further savings.

The UNIDO Staff Council continued to support activities to safeguard the environment and to raise awareness of these issues among staff. It welcomed all initiatives that resulted in environmentally sound practices, provided they did not impinge on the ability of staff to perform efficiently. In November, the Staff Council agreed that administrative circulars should no longer be distributed in print, except to areas where access to a computer or an e-mail account is limited.



2 | Strengthening UNIDO's strategic response capacity

A. The challenges

The decade that has just drawn to a close witnessed growing confidence in UNIDO as a relevant, specialized and efficient provider of services designed to reduce poverty through productive activities, promote the integration of developing countries in global trade through trade capacity-building and improve access to energy while fostering environmental sustainability in industry. The steady upward curve followed by UNIDO's technical cooperation delivery during this period is outlined in chapter 1. It was achieved despite budgetary constraints and bears testimony to the dedication of the staff and the success of a series of organizational, programmatic and managerial reforms that maximized cost-efficiency while meeting the growing needs of Member States for technical cooperation and capacity development.

While these measures undoubtedly served UNIDO and its stakeholders well, by late 2008 the Organization was obliged to consider a change of course. The food-fuel-financial crises, fast-growing populations in developing countries, unequal globalization, a burgeoning illicit economy, climate change and the call for new low-carbon and resource-efficient patterns of sustainable industrial development called for differentiated strategic responses. The diverging needs of its Member States have compelled the Organization to reconsider the concentration of the past decade on the provision of technical cooperation and take a fresh look at the wider range of developmental functions foreseen in its Constitution. In addition to technical cooperation and capacity-building, these include analysis and policy advice, support for the development of industry-related international norms, and the convening of industrial cooperation forums.

Against this complex and fast-changing background, UNIDO has adopted a more multidisciplinary and integrated approach. While targeting continued growth in delivery, it places greater emphasis on high-quality programme design and implementation and on the achievement of tangible results. Supported by efficiency-enhancing operating systems and processes, the approach is rooted in a framework of closer cooperation and teamwork that draws more effectively on the breadth of knowledge and expertise across UNIDO's various organizational units, both at Headquarters and in the field.

The present chapter presents in greater detail measures taken to introduce systemic and cultural change into the way the Organization carried out its work, which led, by early 2010, to the adoption of a programme of change and organizational renewal. It also describes a number of parallel endeavours, such as alignment with the Global Environment

Facility (GEF) fiduciary standards, the adoption of the International Public Sector Accounting Standards (IPSAS), continued application of results-based management (RBM) and the introduction of a new policy on gender and the empowerment of women.

B. The response

To strengthen its strategic response capacity, UNIDO is broadening its range of services while enhancing their quality and impact within the constraints imposed by a zero real growth regular budget. Towards the end of 2008 UNIDO embarked on a change management programme that involved a comprehensive review and overhaul of its organizational, management and operating systems and processes to enhance its efficiency and effectiveness.

The ensuing Growth with Quality strategy adopted a twofold approach. At one level, the Organization sought to build on the wide range of measures that had already been taken to improve the allocation of available resources and the efficiency of UNIDO's business processes. At another level, the strategy aimed to promote the increased internal coordination and teamwork needed to generate the desired growth in the volume and developmental impact of UNIDO's services. Drawing on the United Nations Delivering as One initiative, the Organization adopted the maxim of Delivering as One UNIDO as its guiding principle.

An expanded Board of Directors retreat in mid-February 2009 was held under the banner of Delivering as One UNIDO: Growth with Quality in Challenging Times. To reinforce the results-orientation of this retreat, two preparatory meetings of the expanded Board of Directors discussed ways to encourage teamwork and reward integration of services. The meetings also looked at strategies to improve the management and monitoring of technical cooperation delivery both at headquarters and in the field, introduce mechanisms for change management and business process re-engineering, and adopt more effective methods of knowledge management and knowledge-sharing. Armed with these preliminary findings and recommendations at the retreat, the Organization established a broad consensus on the way forward.

A number of recommendations were put into practice over the following months. A leading example was the provision of more logistical support to technical staff members in the organization of major conferences and similar events. Another was a decision, which is being further developed, to establish a framework for UNIDO to subcontract some its project implementation activities to pre-selected and pre-assessed partner institutions.

To create a core team within UNIDO for the promotion of the change management initiative, selected senior management attended Harvard Business School in June, where they were introduced to the Leading Change and Organizational Renewal (LCOR) model. This model emphasizes the need for an alignment between the strategic vision, executive leadership, business processes, human resources, corporate culture and formal structure of

an organization if it is to perform effectively and achieve its desired objectives. The LCOR model has since been adopted as the basis of UNIDO's change management initiative.



Efforts to sensitize UNIDO staff to the imperatives for change were accompanied by similar measures to raise awareness and enlist the support of Member States. While the scope of these consultations covered all aspects of the change agenda, the main focus was on the business process component. Particular emphasis was placed on the introduction of a comprehensive programme of business process re-engineering, aimed at enhancing the efficiency of workflows in the management of technical cooperation programmes and projects, human resources, financial resources and procurement activities, and the acquisition of an appropriate enterprise resource planning system for the Organization.

During the second half of 2009, a number of documents providing detailed information on the change management strategy, its benefits and expected results were submitted to the policymaking organs, together with a road map and a financial plan. As mandated by Member States, UNIDO commissioned a feasibility study on the expected impact of the initiative on the overall efficiency of the Organization, with particular emphasis on the various cost elements involved in the implementation of an enterprise resource planning system. A schedule was drawn up for the implementation of the initiative over the period 2010-2013. In December, the General Conference made resources available for the implementation of the initiative (decision GC.13/Dec.15 refers).

C. The next steps

With resources available, UNIDO has embarked on the full-scale implementation of an integrated programme of change and organizational renewal based on the LCOR model. It is anticipated that the programme will address the various building blocks of the LCOR

model in a coherent and coordinated manner and will lead to a comprehensive and holistic transformation of the Organization's culture, structure and business/management processes. The *Annual Report 2010* will provide a detailed progress report.

D. Parallel endeavours

The measures taken by UNIDO during 2009 to introduce the programme for change and organizational renewal have been complemented by efforts to strengthen its capacities to meet the requirements and expectations of its stakeholders. These have included steps to comply with the GEF fiduciary standards and IPSAS, as well as efforts to enhance the application of RBM and promote gender equality and the empowerment of women.

Global Environment Facility fiduciary standards

The Council of GEF has recommended minimum fiduciary standards for GEF implementing and executing agencies. Compliance with these standards is a condition for direct access to GEF funds. PricewaterhouseCoopers, the company contracted to conduct a comparative analysis of compliance with the fiduciary standards, rated UNIDO as fully compliant on the standards of internal audit, procurement, evaluation function and investigation function. In four other standards, the Organization was deemed to have achieved a significant degree of compliance (60 to 70 per cent). An action plan for upgrading the existing project management cycle to achieve full compliance with GEF fiduciary standards was endorsed by the GEF Council in November. It addresses a number of critical areas, namely: (i) strengthening the appraisal function; (ii) upgrading the internal mechanisms for screening and approval; (iii) harmonizing monitoring mechanisms and streamlining reporting standards; (iv) introducing portfolio monitoring; (v) setting up a risk tracking system for technical cooperation activities; and (vi) establishing a central function for overseeing the monitoring process. Interim measures have already been adopted and full implementation will be completed by the end of the first quarter of 2010.

Following staff/management consultations as well as a review by UNIDO's legal and internal oversight units, a paper on the code of ethical conduct was submitted to the Executive Board for adoption at the end of November (see section on human resources). The decision was subsequently taken to establish an independent ethics function. In relation to the hotline and the issue of whistleblower protection, a policy was formulated after several rounds of staff/management consultations as well as a legal and internal oversight review. This policy was approved in November. In addition, the draft policy on financial disclosure has undergone initial staff/management consultations.

UNIDO is currently working on the introduction of an Enterprise Risk Management system at the institutional level that will be integrated in the ongoing change initiative. As an initial step, an assessment of Organization-wide risks and opportunities was completed in December. A comprehensive Internal Control Framework document was compiled by the end of the year, presenting, in accordance with internationally accepted terminology,

the extensive documentation relating to the different aspects of internal control currently in place at UNIDO.

Finally, for the Standards of Project Appraisal and Monitoring and Projects-at-Risk-Systems, a detailed set of recommendations aimed at ensuring compliance with the Standards has been completed and approved by the Executive Board. Interim measures have already been adopted and full implementation will be completed by February 2010.

IPSAS

In 2007, the UNIDO General Conference decided to adopt International Public Sector Accounting Standards (IPSAS) (decision GC.12/Dec.14 refers). IPSAS focuses on the accounting and financial reporting needs of national, regional and local governments, related governmental agencies, and the constituencies they serve. Compliance with IPSAS guarantees that the financial reporting of public bodies conveys what is termed a “true and fair view” of the financial situation.

Any wrinkles associated with the transition to IPSAS have now been ironed out and UNIDO is ready for full implementation in 2010. The Organization has put in place new accounting policies that reflect the impact of IPSAS on UNIDO operations and detailed procedures are currently being set up. The customized accounting process meets the requirements of dual reporting. Outside specialists were involved in the design and implementation of the required process changes and software modules. An extensive training programme took place between November and December to familiarize staff, both at Headquarters and in the field, with the basic concepts of IPSAS and on the new processes.

UNIDO has sought the opinion of the External Auditors on accounting policies and issues and has worked together with other United Nations organizations on a common approach to IPSAS policies. Consultation with United Nations system organizations that have implemented or are implementing IPSAS has also helped clarify a number of issues. The main focus in 2010 will be on computing IPSAS-compliant opening balances as at 1 January 2010, documentation of system processes, the design of formats for the year-end financial statements, notes and reports, and test runs for full IPSAS compliance. Further work will also be carried out on the transitional provisions on specific standards that have been accepted by UNIDO.

Results-based management

The period between 2006 and 2009 saw considerable efforts on the part of UNIDO to enhance the application of results-based management (RBM) throughout the Organization. A Steering Committee, formed by the Director-General in 2007, conducted a self-assessment of progress made towards RBM implementation on the basis of which it developed an RBM action plan. The plan is currently under implementation and the External Auditors have expressed their satisfaction both with the approach and progress

made. In 2009, the Steering Committee developed a seamless RBM framework of strategic objectives, provided RBM-based workplans for UNIDO field offices and extended the comprehensive RBM training programme to all UNIDO staff.

Gender policy

In April, UNIDO updated its policy on gender equality and the empowerment of women, including the creation of a Gender Mainstreaming Steering Committee (GMSC) responsible for the development of a comprehensive implementation plan. With organization-wide membership and staff representation, the Committee is in a good position to ensure that the gender is mainstreamed in all programmes, policies and organizational practices.

One of the first tasks of the Steering Committee was to propose a comprehensive gender training and assessment exercise that would encourage staff in UNIDO to examine and apply a gender lens to their individual area of work. The exercise is expected to promote organizational learning and capacity-building to enable UNIDO to operate in a gender-conscious manner.

At the technical level, this exercise is also expected to develop tools for project managers to mainstream gender in technical and field operations. A concrete step towards this goal is the planned review of the large portfolio of UNIDO projects in Viet Nam, a country that is making significant progress in mainstreaming gender in its national poverty reduction and industrial development strategies. The results of the review should provide practical lessons for project managers on gender mainstreaming in the field and lead to concrete recommendations on how they can effectively mainstream gender in the project development and management process. The initiative could then be replicated in other countries and regions.



Setting up rural cooperatives such as the yarn bank has helped rural communities in Bhutan to increase their income exponentially

UNIDO has also been involved in organizing and participating in global forum activities on gender equality in an effort to share knowledge and experiences with other agencies and development partners. On 30 October, UNIDO hosted the Vienna launch of the *2009 World Survey on the Role of Women in Development: Women's Control over Economic Resources and Access to Financial Resources, including Microfinance*. Prepared by the Division for the Advancement of Women within the Department of Economic and Social Affairs of the United Nations Secretariat, the World Survey makes a timely contribution in the context of the current financial and economic crisis. It points out the need for appropriate gender-sensitive responses to the crisis that minimize the negative impact on women and take advantage of the opportunity to develop positive trends. In November, UNIDO took part in the International Conference of Women Leaders held in Haifa, Israel, on the topic of the global economic crisis and its implications for women.

In February 2010, UNIDO will host the Joint biennial workshop of the Inter-Agency Network on Women and Gender Equality (IANWGE) and OECD-DAC Network on Gender Equality (GENDERNET). The workshop will focus on the theme women's economic empowerment, national ownership and accountability. It will bring together governments, development partners and donors to share knowledge and experiences on how to promote ownership for the economic empowerment of women, drawing on practical case studies from the field.



3 | Poverty reduction through productive activities

The financial crisis that overshadowed the world's economy in 2009 took a heavy toll on the private sector, particularly in developing countries. UNIDO has long recognized that the growth and development of the private sector in developing countries, and especially of small and medium enterprises (SMEs), is a fundamental catalytic force in the reduction of poverty. The financial downturn revealed a number of shortcomings that need to be addressed. At the macro level, an unfavourable business environment can have a particularly serious impact on SMEs, curbing both economic growth and employment. Doubts about recovery tend to stifle the ability of countries to come up with realistic and achievable industrial strategies. At the micro level, restrictions on market access and capital transfer continue to penalize smaller players in the economy.

A. Cluster development



Artisans in Ethiopia form a cluster

Enterprises in developing countries – in particular the least developed among them – often lack the resources, knowledge and sophistication to go it alone. Within clusters, their competitiveness is enhanced by the achievement of economies of scope and scale and better access to resources and markets. A competitive private sector can also contribute to poverty reduction when it opens up opportunities for the poor to participate in economic activities and benefit from them.

As part of its integrated programme in Ethiopia, UNIDO provided support to three clusters in the capital, Addis Ababa, engaged in the handloom weaving, ready-made garments and leather shoes sectors, as well as to a fourth cluster of metal- and wood-working enterprises in the region of Tigray.



UNIDO guidelines on cluster-development proved useful in Nicaragua

The clusters were selected for their potential both to create job opportunities and to serve as a showcase to encourage the promotion of micro, small and medium enterprise (MSME) clusters elsewhere in the country. Notable achievements include: cost reduction through bulk purchases, shared storage space and a common showroom; greater efficiency as a result of joint participation in tenders, subcontracting agreements with larger firms and joint participation in training and trade fairs; and access to loans at reduced interest rates. As the firms in these clusters are mainly micro and small-scale businesses, it is mostly poor self-employed entrepreneurs and workers who have most benefited from the project.

B. Rural and women's entrepreneurship development

Many young people in developing countries grow up in an agrarian, often subsistence, environment, with no means to acquire the knowledge and skills that would enable them to start their own businesses. And yet, if a developing country is to create wealth and lift its population out of poverty, what it really needs is a vibrant and nation-wide entrepreneurial base.

UNIDO has stepped in to help bridge this gap in a number of countries by teaching entrepreneurial skills to school-age children both in rural and urban areas. The Entrepreneurship Curriculum Programme (ECP), introduced in secondary schools and vocational training institutes in Mozambique, Namibia, Timor-Leste and Uganda, prepares young men and women to enter adult life armed with the practical tools that will open the door to different economic opportunities. In addition to their academic studies that include

information and communication technology, the programme encourages the development of personal qualities such as innovation, creativity, planning and leadership that will stand students in good stead in their future career paths. By learning and applying concepts such as “save, innovate, invest and grow”, they gain an understanding of how the economy works. During the period 2006-2009, entrepreneurship courses were run in a total of 1,397 schools for more than 400,000 students.



UNIDO helps women breadwinners in the Plurinational State of Bolivia to become self-employed

Recently, other countries have joined the scheme. In Rwanda and the United Republic of Tanzania, the programme was introduced at the end of 2009, within the framework of the One UN programme. A pilot entrepreneurship curriculum programme was drawn up for Angola and will be tested in some 40 schools in 2010. Based on the experience of the pilot test, UNIDO will finalize the curriculum and train teachers in preparation for a nation-wide launch in 2012 that is expected to benefit over 500,000 students. One important aspect of the programme is the opportunity to share experiences. Education officials from Angola and Cape Verde took part in a teacher training programme in Mozambique and officials from Angola visited Mozambique, Namibia and Uganda to learn about implementation strategies for entrepreneurship education.

According to the United Nations High Commissioner for Refugees (UNHCR), the number of people forcibly uprooted by conflict or persecution worldwide stood at 42 million at the end of 2008.¹ Through its entrepreneurship development programme, UNIDO plays a pivotal role in raising the income-earning potential of refugees by helping them acquire the skills they need to earn a livelihood, whether in their country of refuge or in preparation for their return home. During the year under review, UNIDO, in cooperation with UNHCR, the United Nations Population Fund (UNFPA), the United Nations Children’s Fund (UNICEF), the Food and Agriculture Organization of the United Nations (FAO) and other

¹ *Global Trends 2008: Refugees, Asylum-seekers, Returnees, Internally Displaced and Stateless Persons*, UNHCR, June 2009.

agencies, helped refugees and internally displaced people to learn entrepreneurship and technical competencies. At the refugee camps in Buduburam and Krisan in Ghana, 1,287 predominantly West African refugees and the local population surrounding the camps received vocational training in practical subjects such as carpentry, joinery, draughtsmanship, masonry, computer hardware, electrical installation, baking, beauty care, dressmaking, batik and tie-dyeing, soap-making and interior decoration. Over 500 refugees were taught the business skills necessary to start up income-generating activities during their stay in the camps and upon return to their own countries.



UNIDO's entrepreneurship development activities in favour of refugees were not confined to Africa. A new project was approved in 2009 to help reduce poverty among internally displaced and local families in Armenia. Both in Armenia and Ghana, UNIDO will concentrate on building up income-generating activities, training and improving living conditions.

Within the United Nations Development Assistance Framework (UNDAF) for Sudan, UNIDO is responsible for bringing training and education opportunities to some of the most vulnerable members of society including youth, women and internally displaced people. Specifically, UNIDO assisted in rehabilitating and equipping seven vocational training centres in Khartoum State, as well as in two other states in southern Sudan. The competency-based curricula currently in preparation will provide the entrepreneurship and vocational skills that best respond to market demands for new products and services, product designs and processes.

In many countries, women still face gender-based obstacles that thwart their entrepreneurial ambitions, whether formal, informal or traditional in nature. UNIDO is providing assistance to Viet Nam's Chamber of Commerce and Industry to conduct a survey and analysis of gender-based obstacles that affect women entrepreneurs in

Viet Nam and will recommend practical measures to improve the situation. UNIDO lent its support to the development of a South-South cooperation network on women entrepreneurship in Eritrea, Kenya, Malawi, United Republic of Tanzania and Zimbabwe, with the backing of the Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries (PGTF).²

C. Agro-based industries

Food processing



Micro, small and medium enterprises involved in agro-processing display their wares at a trade fair in Rwanda

During the year under review, UNIDO was engaged in a series of new projects to tackle the issue of poverty among marginalized, rural populations by building up food-processing industries and strengthening food value chains. The concept involves increasing the value-added of the fruits and vegetables, dairy, fisheries, oilseeds and cereals produced by farmers – including smallholders – and at the same time helping them to access markets. Through targeted capacity-building, UNIDO is taking farmers along the path that connects them to markets and will eventually lead them to the global marketplace. Based on the experience of similar projects in Africa, rural food-processing centres have been set up in Burkina Faso, Congo, Mali, Morocco, Mozambique, Rwanda and the United Republic of Tanzania. The centres draw small-scale enterprises together in clusters so that they can share market distribution channels.

UNIDO gave a boost to the dairy, fruit and fisheries sectors in Iran (Islamic Republic of), Iraq and Sudan through the introduction of state-of-the-art technologies. Improvements in

² The Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries was established by the United Nations in 1983 to provide seed moneys for research and implementation of ECDC/TCDC projects among Member States of the Group of 77.

the supply side of the production of high-value crops for export, helped farmers and fishermen in Bangladesh, Burkina Faso, Congo, Mali and Morocco gain access to European markets.

Since the majority of UNIDO's food processing projects are moving towards value chain development and a market-oriented approach, there is a need for detailed assessment and planning in order to explore market opportunities and production potential. UNIDO provided assistance to a number of governments in the preparation of sectoral studies and in the design of strategies and master plans for subsector development. In the implementation of sectoral studies for three value chains in Ethiopia, UNIDO worked with FAO and the United Nations Development Programme (UNDP) on refining this approach and ensuring that it was used extensively in order to maximize the impact and sustainability of technical assistance activities in the food-processing sector.

UNIDO continued to support the rehabilitation and reconstruction of food processing industries in post-conflict countries. Two large projects are currently under way in Iraq to rebuild the date-processing and dairy industries through the introduction of modern technologies and to strengthen management and technical capacities. Following the success of previous UNIDO assistance to the industry, the Organization was asked to develop new projects in the area of food safety and dairy processing.

UNIDO assistance in the food-processing sector was reinforced by close collaboration with other United Nations bodies and agencies. In addition to collaboration with FAO and UNDP, UNIDO is collaborating with the International Labour Organization (ILO) and the World Health Organization (WHO) on new studies covering all aspects of the value chain from agricultural production, through processing, to marketing.



UNIDO support to the food-processing industry in post-conflict Lebanon

Agro-industry support

Fundamental challenges faced by many developing countries, particularly those with large rural communities, are inadequate access to food and the lack of employment opportunities. The problem is compounded by dependence on outdated and inefficient technology that inevitably leads to poor productivity and slow economic growth. Africa is particularly hard hit.

Agriculture-based industrial products account for half of all exports from developing countries, yet only 30 per cent of those exports involve processed goods compared to a figure of 98 per cent in the developed world. Adequate mechanization is the main engine of productivity and competitiveness in agriculture and agro-industries. It allows the transition from subsistence farming to commercial farming and market access. UNIDO has stepped up its support to the agro-industries sector in developing countries, in particular in the least developed among them. In order to create stronger agro-industries, UNIDO is running a number of projects to redesign, restructure and equip workshops and factories engaged in the design and manufacture of agricultural machinery and tools.

UNIDO, FAO and the International Fund for Agricultural Development (IFAD) collaborated on the production of a publication entitled *Agro-industries for Development* that was published in August. The book presents visions and views developed during the Global Agro-Industries Forum, held the previous year in New Delhi, India.



Farming communities in Sudan are now familiar with UNIDO's Nuba hoe

Five years after the tsunami that devastated coastal regions surrounding the Indian Ocean, the eastern provinces of Sri Lanka have not yet fully recovered. UNIDO embarked on a technical cooperation project to revive the livelihood of people suffering from poverty as a result of the tsunami or internal conflict. It adopted a multi-sectoral community-based approach that aims to revitalize agricultural activities and increase food production through

investments targeted at small-scale farmers, including women and other vulnerable groups. Subsequently, the project promotes access to assets and services and ensures better management of natural resources; removes constraints to domestic trade and stimulates public-private partnerships; and improves overall rural food production and economic activity. The project started off by trying to increase agricultural productivity and extended to the introduction of mechanization technologies and the stimulation of value addition through agro-processing activities to help the local economy recover in a sustainable manner. The project is also helping to establish market linkages through small-scale business development.

A new project was approved for Côte d'Ivoire to help raise the competitiveness of the country's enterprises through rehabilitation of the vocational training sector. The project aims to provide training opportunities for young people – many of whom live a precarious existence – in business and technical disciplines. In this way, they will approach the job market equipped with the right skills and will be in a position to contribute to the country's economic growth. Other projects that are engaged in improving the livelihoods of rural communities, particularly those in which human security is an issue, are under implementation in Indonesia, Lao People's Democratic Republic, Sudan and Uganda.



Mexican worker setting up bamboo preservation equipment

Policymakers are beginning to focus on the promotion of effective agriculture-based value chains as a means of further expanding the leading role played by agriculture in poverty reduction. In 2009, UNIDO published a staff working paper entitled *Agro-value chain analysis and development: The UNIDO Approach*. It presents important concepts and criteria for promoting agro-value chains in a way that harnesses market forces to achieve development goals. In addition, it presents several case studies that illustrate the different scenarios where value chain analysis has been useful to determine the most appropriate interventions to benefit the poor. To put this into practice, UNIDO is participating in the joint formulation of agro-value chain promotion projects in Comoros and Sudan with IFAD

and FAO. UNIDO is also preparing a project to promote forestry value chains in collaboration with the Government of the Republic of the Congo.

Various projects to promote the industrial utilization of bamboo as a renewable natural resource are under implementation in countries such as Ethiopia, India, Kenya, Mexico and Timor-Leste. UNIDO issued two technical training manuals in 2009 containing guidelines for the cultivation of Ethiopian highland and lowland bamboo; the manuals are also available electronically from the publications section of the UNIDO home page.³

A new Global Environment Facility (GEF) project on the control of desertification and poverty reduction in the high plateau ecosystems of eastern Morocco was launched in 2009. The project promotes the concept that the effective mitigation of land degradation and the control of desertification can be achieved only within the context of reduction of rural poverty and by integrated actions involving stakeholders at all levels.

Leather and textile industries



Leather workers from Africa and Asia receive training at a UNIDO workshop on cleaner production technologies in Turkey

One of UNIDO's main areas of focus in the leather sector was the upgrading of tanning and leather products industries in Bangladesh, Ethiopia, India, Mali, Nigeria and Rwanda. A two-week workshop on cleaner leather production technologies was conducted in November in Bursa, Turkey, for participants from Asia and Africa. UNIDO was also involved in project development activities to revitalize the leather industries in China, India, Kenya, Lesotho, Mongolia and Pakistan, with particular emphasis on process optimization through the adoption of cleaner technology.

³ www.unido.org.

UNIDO continued its help to Ethiopia to upgrade its tanneries and leather products manufacturing units, using the Organization's technical guidelines on benchmarking for tanneries and footwear companies. A major achievement was the accreditation of laboratories in the Ethiopian Leather and Leather Products Technology Institute.

Under the SWITCH-Asia Programme,⁴ a project was launched to look at ways to reduce environmental threats and increase the exportability of Bangladeshi leather products. It started with an assessment and review of the current technology – with reference to water management, energy consumption and occupational health and safety, for example – used in local tanneries that make up the tannery cluster in Hazaribagh. UNIDO has made recommendations for a pilot demonstration of the best available technology, a number of which have already been implemented.



Bangladesh's
future textile and
fashion
designers

In addition to environmental concerns, competitiveness is also an issue for industry in Bangladesh. The country is the third largest producer of garments in the world, after China and Turkey, but competition is edging closer and the industry can no longer confine itself to cutting and sewing. In cooperation with the London College of Fashion, United Kingdom, and the Niederrhein University of Applied Science, Germany, UNIDO helped the Institute of Fashion and Technology of the Bangladesh Garment Manufacturers and Exporters Association in Dhaka, Bangladesh, to set up an export and product development centre. In October, the centre began to provide technical support services to the industry in the development of new products. A five-year strategic development plan was developed to strengthen the National Institute of Textile Training Research and Design through public-private partnerships.

⁴ SWITCH-Asia is a European Commission initiative to promote sustainable consumption and production among small and medium enterprises and consumer groups in Asia.

Côte d'Ivoire lost much of its infrastructure during years of hostilities. The economy of Bouaké, the country's second largest city, relies heavily on the cotton industry. Under a project that started in March, UNIDO is helping to renovate and re-equip a damaged cotton centre in Bouaké so that it can become the classification centre for Ivorian cotton production. Through its project, UNIDO anticipates that Côte d'Ivoire will regain its international reputation as a producer of quality cotton thereby improving its competitiveness and increasing its income from the sale of cotton.

UNIDO prepared a strategic paper on the development of the textile and garment sector in the Syrian Arab Republic and helped to upgrade the garment computer-aided design and computer-aided manufacturing (CAD/CAM) systems in the Aleppo Clothing and Textile Development Centre.

D. Support for the pharmaceutical industries to achieve the MDGs

Three of the eight United Nations Millennium Development Goals relate specifically to health – child health, maternal health and HIV/AIDS – while health is a cornerstone of all efforts by the United Nations family to eradicate poverty.

In its publication *The Business of Health in Africa* (2007),⁵ the International Finance Corporation puts the overall pharmaceutical market in sub-Saharan Africa at an annual

Sub-Saharan Africa accounts for 11 per cent of the world's population, yet bears 24 per cent of the global disease burden and commands less than one per cent of global health.

value of \$3.8 billion of which only 25 to 30 per cent involves African pharmaceutical manufacturers. The production of life-saving drugs is concentrated in a few African countries, with 70 per cent of pharmaceutical manufacturing located in South Africa, an additional 20 per cent in Ghana, Kenya and Nigeria and the remaining 10 per cent spread over the remaining countries. Ensuring access to essential drugs at

affordable prices is one of the toughest challenges faced by governments in the management of public health systems in developing countries. Since 2000, substantial financial resources have been made available through international financing institutions such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, to allow wider access to the drugs against these and other so-called neglected tropical diseases. Despite an increase in recent years in the supply of essential medicines, there is a large disparity between the availability of affordable drugs and the requirements of the poorer segments of society. Tighter international patenting rules and regulations promulgated in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) further exacerbate the situation.

One solution is for the least developed countries (LDCs) to increase their domestic production of generic drugs. The TRIPS Agreement extends the deadline to LDCs for TRIPS compliance until 2016, offering them a window of opportunity. Another option is for

⁵ www.ifc.org/ifcext/healthinafrica.nsf/Content/FullReport.

the governments of developing countries to make full use of the flexibilities provided by TRIPS for the local production of pharmaceuticals. This is where UNIDO can bring the full weight of its experience to bear. In a project that entered its second phase in 2009, the Organization is seeking to increase the local production of essential generic drugs in Africa. Under the project, UNIDO will equip SMEs in a number of developing countries to manufacture essential generic drugs locally and make them available to the poor at an affordable price. The project encompasses advisory, promotional, institutional capacity-building and enterprise-level activities, the latter taking the form of pilot initiatives. Business partnerships, investment promotion and South-South cooperation will similarly be encouraged. The project will build on the experience of the earlier project but will endeavour to expand the geographical outreach.

In July, UNIDO co-hosted a multi-stakeholder round table in Ghana on improving access to medicines through the development of a local pharmaceutical industry. Participants from the public and private sector worked together on a common approach and strategy for the sector's development.

With UNIDO sponsorship, 14 students from five African countries – Kenya, Lesotho, Nigeria, Uganda and United Republic of Tanzania – passed the first two of four modules of an advanced industrial pharmacy training programme. The programme was organized by the Kilimanjaro School of Pharmacy in Moshi, United Republic of Tanzania, in collaboration with Purdue University School of Pharmacy and Pharmaceutical Sciences and Howard University School of Pharmacy, both in the United States of America. So far, courses have covered drug development and manufacturing as well as regulatory and quality compliance issues.



Trainee industrial pharmacists from five African countries

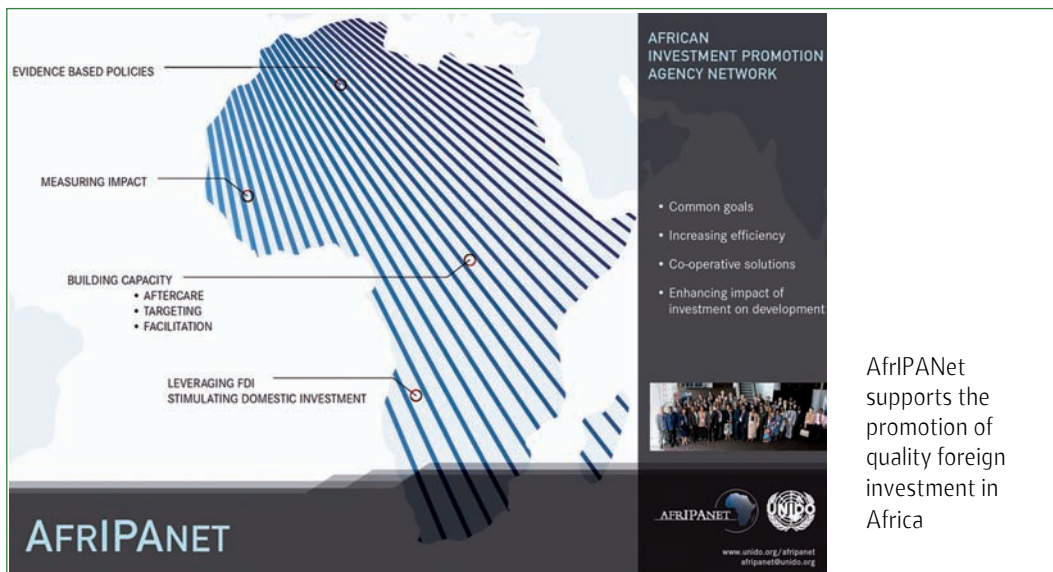
The Southern African Generic Medicines Association (SAGMA) was inaugurated in December as a voluntary, non-profit association to promote collaboration within the pharmaceutical sector. Its aim is to achieve self-sufficiency and reliability in the local production of affordable, quality generic medicines in the Southern African Development Community (SADC). UNIDO was closely involved in preparations for the inauguration of SAGMA and provided assistance in drawing up articles of association and other basic documents. Under the same project, UNIDO enabled two companies in Ghana to assess the feasibility and economic viability of manufacturing quality medicines against HIV/AIDS, malaria, and tuberculosis, as well as the production of other essential medicines.

E. Investment and technology

Foreign direct investment has a positive impact on the host economy and serves as a major catalyst for development and poverty reduction. UNIDO strives to support developing and emerging market countries in their efforts to maximize the benefits of the presence of foreign enterprises in their countries.

The UNIDO Regional Programme on Investment Promotion, launched in October 2008 at the fourth meeting of the African Investment Promotion Agency Network (AfrIPANet), encompasses the necessary elements to assist countries to shift emphasis from quantity to quality of foreign direct investment flows and to promote domestic investment for competitive growth. The programme can already count some significant achievements. The African Investor Survey, the first component of the regional programme, covers both foreign and domestic companies and provides a wide information base for policymakers. It is being conducted in over 20 African countries and will be completed during the first half of 2010. Data from the survey will allow investment promotion agencies to identify the investor types that are most beneficial for the country; it will help companies to recognize business opportunities and form the basis for strengthening national capacities for evidence-based policy advocacy and more resource-efficient investment promotion strategies.

The African Investor Survey is unique in the sense that it collects data at a continental level on investor motivation and the performance and perceptions of local institutions and covers all sectors of the economy. UNIDO has pioneered the development of an online investment-related information platform, the Investment Monitoring Platform, which is scheduled to be launched by the end of 2010. The platform will offer an array of primary data and analysis on domestic companies and foreign investors that cannot be found anywhere else. Web-based, it will be easily searchable by approved stakeholders including agencies, government departments and private sector institutions as well as individual investors.



A rigorous sensitization process is under way in participating countries to ensure local support for the Investor Survey and the sustainability of the Regional Programme on Investment Promotion. This involves raising awareness about the programme and its benefits among the relevant stakeholders, and has resulted in the establishment of implementation committees in each participating country, comprising private sector associations, investment promotion agencies and other concerned national institutions. The preparation stage of the African Investor Survey was undertaken in close cooperation with these institutions as well as national statistics offices and research institutions. In 2009, UNIDO trained specially selected teams of census-takers in each country to conduct face-to-face interviews with the companies' chief executive officers or designated officials in an effort to ensure the highest accuracy and reliability of data.

In order to reinforce the effects of the survey and to ensure that the data collected is of maximum value to the beneficiaries, the capacity-building component of the regional programme will ensure that relevant country-level institutions will be able to use the data from the survey to design effective investment promotion strategies.

Another pivotal element of the regional programme is the subcontracting and partnership exchange (SPX) programme. The project will establish local SPX centres within selected host institutions such as the national chambers of commerce. A benchmarking tool will be employed by the staff of the SPX centres to assist local SMEs in assessing their own competitive position so that they can become competitive suppliers and subcontractors to major buyers and to provide the management with a recommended action plan for upgrading and investment. During 2009, agreements with institutions to host the SPX centres and arrangements for the necessary institutional structures were under way in a number of countries including Ghana, Kenya, Nigeria, South Africa, Uganda, United Republic of Tanzania and Zambia. The role of these SPXs in each country will be to interact with large transnational corporations and state-owned enterprises to capture their

procurement needs and plans and benchmark the performance and capabilities of domestic enterprises in relation to international companies in their respective sector to assess their competitive position. The SPX centres will also be linked to the Investment Monitoring Platform. UNIDO is currently designing an internal information technology management system to ease management of the companies' databases and integrate all three components of the SPX centres, namely matchmaking, benchmarking and supplier capacity-building.

In September, UNIDO conducted the first benchmarking training course for South African SPXs in Pretoria, South Africa. In India, SPX centres are being established for the automotive and leather sectors.

A project is in operation in Iraq to revitalize the private sector by upgrading existing enterprises and creating new ones, with specific reference to the SME sector. Enterprise Development Units (EDUs) were put in place within Iraqi institutions in the governorates of Baghdad, Erbil and Thiqr. Extensive training programmes for entrepreneurs, consultants and counsellors were completed in 2009. UNIDO trained over 300 entrepreneurs and provided technical support to more than 200 small and medium-sized enterprises. The next phase of the project will concentrate on enhancing the capacities of EDUs to provide enterprise and supplier development services using the SPX methodology and establish an e-learning platform for local entrepreneurs.



UNIDO assists women entrepreneurs as part of the China culture and development partnership framework



4 | Trade capacity-building

Trade capacity-building is the key to sustainable industrial development. It unlocks the door that allows developing countries and economies in transition to enter the global marketplace, helping to secure their future economic growth and reduce poverty. While multilateral and regional trade agreements have started to ease access to global markets, the attempts of many developing countries to reap the full benefits of global trade are thwarted by a lack of competitive supply capacity and an adequate quality infrastructure that responds to market requirements.

UNIDO offers a range of programmes designed specifically to support the efforts of its client countries to build up the necessary capacities for trade and also incorporates trade capacity-building in many of its other projects and programmes.

A. Upgrading and competitiveness

Many enterprises in developing countries and countries with economies in transition are unable to keep pace with today's evolving business environment. Quality is as important as quantity and the high standards imposed by importers from the developed world can be daunting. It is the task of UNIDO to help developing countries produce goods that meet international standards by building capacities both in the public and private sector that will in turn lead to improved trade policies and strategies. One approach that UNIDO has found particularly effective is to single out a group of enterprises for upgrading under a pilot project that can be replicated by other enterprises in the area.

The Industrial Modernization and Upgrading Programme, launched by UNIDO in 2008 in the Syrian Arab Republic and funded by Italy, reached completion at the end of 2009. "IM UP-Syria" was designed to develop the competitiveness of the country's manufacturing sector, with a focus on textile industry value chains, to enable it to benefit from new trade opportunities in regional and global markets. The aim was to reinforce productive capabilities at the enterprise level as well as to develop the local skills needed to replicate the upgrading process on a larger scale. As a first step, UNIDO assisted 36 enterprises in drawing up detailed plans for marketing, product development, human resources management, cost-accounting and production planning, as well as for energy-saving and environmental measures. Training was offered to national consultants and staff of the Ministry of Industry of the Syrian Arab Republic in industrial upgrading.

Under a second phase of the project, UNIDO will provide similar advice and training early in 2010 to a further 40 small and medium enterprises from the textile, garment and



agro-food sectors. It will also help about ten enterprises comply with international standards in quality, safety, corporate social responsibility and environmental and energy standards.

Technology foresight

Technology foresight is regarded as the most upstream element of the technology development process. It provides inputs for the formulation of technology policies and strategies that guide the development of technological infrastructure. Technology foresight encourages innovation and provides incentives and assistance to enterprises engaged in the management and transfer of technology. The UNIDO Technology Foresight (TF) Programme is two-pronged: it fosters the development of medium- and long-term strategies in key industrial sectors – a current UNIDO project on the future of the textile industry in Argentina, in the Plurinational State of Bolivia and in Peru is a good example – and helps build capacity in the use of technology foresight methodology.

A recent initiative for Central and Eastern Europe and the Newly Independent States (NIS) is providing a clearer focus for the medium and long term and is helping knowledge institutions to adopt a stronger orientation towards technology development. Capacity-building in strategic decision-making goes hand-in-hand with technology foresight training. Courses designed to develop national and regional capabilities to organize technology foresight programmes for countries in the region continued as part of UNIDO's Technology Foresight Training Programme 2008/2009.



Technology
foresight training
in Slovakia

B. Quality and conformity infrastructure

Quality infrastructure

There can no longer be any doubt that standards in trade are here to stay. Over the years, different types of standards have been put in place by international standard-setting organizations that relate both to the various steps along the production process as well as to the final products and their impact on safety, health and the environment. Exporters must provide proof from internationally recognized institutions that their products conform to these standards. The ensuing improvements in quality are not only reflected in increased export figures, but also benefit domestic consumers, the labour force and the environment.



Standardization
training in
Bangladesh

At present, developing countries are not adequately involved in global standard-setting. They tend to be “standard takers” and not “standard makers”. Much of UNIDO’s assistance to developing countries focuses on developing a national capacity in the area of standards.

During the year under review, UNIDO continued to assist the Bangladesh Standards and Testing Institute in the development and harmonization of standards. As a result of technical assistance provided by UNIDO under the European Union-funded Bangladesh Quality Support Programme, the Bangladesh National Metrology Institute applied for accreditation for mass and temperature parameters. The programme’s support to exporters in the textile and fisheries sectors led to the adoption of traceability systems in the fisheries sector and the signing of memorandums of understanding for cooperation between local and European textile firms, as well as leading international universities.



Zambian
beekeepers
benefit from Aid
for Trade

Many of Zambia’s traditional exports – honey, wood and wood products, horticulture, leather and leather products, cotton and apparel – have not achieved the success they deserve because of failure to prove compliance with international quality standards. Under a new project, launched jointly by UNIDO and WTO with funding from the Norwegian Agency for Development Cooperation (Norad), the export performance of Zambia will be improved by strengthening the national legislative framework supporting standards, technical regulations, metrology, testing and quality. The project will also address deficiencies in standards, testing and metrology, especially legal metrology, establish a credible conformity assessment infrastructure with accreditation in relevant areas and ease the way to multilateral trading. During the inception phase of the project, UNIDO carried out a detailed assessment of the country’s national quality infrastructure that culminated in the drafting of a national quality policy. The ultimate beneficiaries of this Aid for Trade

project are manufacturers and exporters in strategic export sectors. They will be able to expand production and be in a better position to comply with export country regulations and standards by virtue of accredited testing and certification facilities in Zambia.

In addition to its numerous projects, UNIDO also addresses quality and standardization issues through its research and publications. Together with the International Organization for Standardization (ISO), UNIDO issued a publication entitled *Building Trust: The Conformity Assessment Toolbox*. *Building Trust* is a comprehensive, user-friendly handbook that provides a clear overview of conformity assessment and its role in international trade. It is a follow-up to the joint UNIDO/ISO publication *Fast Forward: National Standards Bodies in Developing Countries*, which introduced the concept of quality infrastructure as a facilitator of trade capacity-building and economic development. The new publication is intended to help business managers, regulators and consumer representatives in developing countries to understand conformity assessment and create effective conformity assessment infrastructure appropriate to their needs, although it will also be a useful reference tool for anyone concerned with the issue of conformity assessment and its impact on trade.

The establishment of a quality management system in line with ISO/IEC 17025 – the main standard used by testing and calibration laboratories – is always a complex task, not least for developing countries. UNIDO's *Complying with ISO 17025* was published in December as a practical guidebook to help developing countries secure international accreditation for their testing laboratories and acceptance of their products in other countries. In that way, they will overcome a major technical barrier to trade and be in a better position to exploit their competitive strengths in the global market.



UNIDO helps to build metrology capacities in Cambodia

The UNIDO web-based laboratory network portal LABNET was set up in December 2008 in Hyderabad, India, in cooperation with the World Association of Industrial and Technological Research Organizations (WAITRO). The aim of LABNET is to pool information and knowledge in the field of laboratory testing and calibration. It draws together members from developed and developing countries and provides a forum for an exchange of experience and information. During a Joint UNIDO-IAEA-UNODC-WHO Laboratory Network Seminar, held in Vienna in July, UNIDO organized an expert group meeting to discuss ways of enhancing LABNET by involving some of the Organization's key partners in standardization, laboratory accreditation and proficiency testing information systems. Specifically, LABNET could disseminate information on topics such as testing and calibration, laboratory management from planning to accreditation, layout and design. In collaboration with various stakeholders, it could also facilitate the sharing – inter alia through case studies – of the lessons learned and best practices implemented in different countries.

Metrology is fundamental to trade, yet as a concept is not always well understood by policymakers. Most global trade is underpinned by physical and/or chemical measurements that determine the quantity and quality of products and services. UNIDO's role in the global development agenda with reference to metrology development is twofold. First, it acts as a global forum to disseminate industry-related knowledge. Second, it provides technical support to metrology-related projects and strengthens national quality infrastructure.

At the end of 2008, UNIDO and the International Bureau of Weights and Measures (BIPM) signed a strategic partnership agreement to enhance the impact of industrial development on economic growth, minimize technical barriers to trade and assist in the integration of developing countries into the global economy. In 2009, UNIDO, the International Organization of Legal Metrology (OIML) and BIPM agreed to collaborate on UNIDO-funded activities to help strengthen the metrology infrastructures in a number of regions and promote the relevance of metrology to trade and capacity-building. Several joint UNIDO-BIPM activities are at the planning stage, including a technical publication on industrial metrology, support to the recently-formed Intra-Africa Metrology System (AFRIMETS) and the convening of specialized workshops.

In addition to meeting international standards, developing country producers must also comply with the requirements, technical and otherwise, of the transnational corporations that are the principal drivers of global value chains. Numerous private and voluntary standards have become, in effect, mandatory standards if producers in developing countries aspire to access global markets. With financial assistance from Norway, UNIDO is completing research on this issue and will publish its findings in 2010.

Compliance with sanitary and phytosanitary requirements

The need for sanitary (human and animal safety) and phytosanitary (plant safety) measures is beyond debate. Compliance with sanitary and phytosanitary (SPS) regulations is good for both importing and exporting countries since they safeguard consumers and help to improve the quality of exports. “Farm-to-fork” traceability of products – from grower to supermarket shelf – is fast becoming a key requirement for access to global markets and as a de facto supply-chain management system also helps the producer to improve the quality of products.

UNIDO has adopted a multifaceted approach to SPS compliance. This involves support to agro-industries, assistance to governments and trade associations, and the development of the relevant infrastructure.



Improved collection of cocoa beans reduces the risk of fungus in Côte d'Ivoire

Côte d'Ivoire is a major exporter of coffee and cocoa. The country tops the list of the world producers of cocoa, yet its exports to the European Union have been threatened recently by a carcinogenic mycotoxin, ochratoxine A (OTA), secreted by some types of fungi. UNIDO has been providing assistance to the Côte d'Ivoire authorities in identifying critical contamination points and adopting appropriate sampling methods. It equipped a laboratory with instruments to detect OTA in coffee and cocoa, trained staff and upgraded the premises. More than 2,000 samples of cocoa and coffee were analysed to determine OTA contamination levels. The Organization has introduced good practices during the production and post-harvest stage and helped build awareness of the problem. Promotional materials prepared by UNIDO included leaflets, ready-to-air radio spots, films as well as an image-box for the training of those unable to read. Training programmes were adjusted for

people working at all stages of the supply chain in more than 1,260 villages and cooperatives.

C. Aid for Trade

Of the multitude of gains to be achieved from globalization, trade – with its ability to create jobs and wealth – is the most visible. Economists have long recognized that the greatest benefits accrue to those countries that are able to export manufactured goods. The synergies derived from manufacturing are invaluable and permeate other sectors. Nevertheless, many countries still need to build the requisite institutions and infrastructure, acquire technology and skills and put in place the legal framework that will make this possible. Aid for Trade has emerged at a critical juncture when many disadvantaged countries require assistance if they are to benefit from multilateral trade rules. UNIDO is mandated to help countries develop their manufacturing industry and is a critical partner both of those countries that require Aid for Trade, as well as those that provide the financial resources to make this possible.

In light of recent changes in the pattern of global trade and trade-related technical assistance, UNIDO decided to revisit its trade capacity-building (TCB) approach. Examples of these changes include shifting trade relations between internationally sourcing global buyers and developing countries' suppliers and producers, new reference frameworks for conformity assessment, calls for partnerships and coherence, private sector needs for supporting technical assistance, and the necessity to better link multi- and bilateral technical assistance in TCB. A high-level consultative dialogue was held in November in Vienna where, with the help of key experts and stakeholders, areas were identified and strategies formulated to further develop the Organization's ability to deliver technical assistance. The event was funded by the Swiss State Secretariat for Economic Affairs (SECO) and Norad.

UNIDO prepared an updated version of the *Trade Capacity-Building Inter-Agency Resource Guide* that was first published in 2008. The new edition, to be published in 2010, describes the services and programmes of four additional United Nations organizations or agencies, thereby bringing the total to 25, and provides information on inter-agency cooperation mechanisms and on five regional development banks. One of the prime focuses of the new guide is on Aid for Trade. It also gives greater visibility to South-South cooperation and reflects closer collaboration with the Organisation for Economic Co-operation and Development (OECD). Services and programmes are systematically described in ten categories, enabling users to tap the competence of each participating development partner.

On 24 June, UNIDO signed an agreement in Vienna to join the Enhanced Integrated Framework (EIF) that assists in the coordinated delivery of trade-related technical assistance for the least developed countries. This followed a decision by the EIF Board on 14 May to recognize UNIDO as an implementing partner of the EIF and as an observer to its Board. UNIDO's contribution will draw on its expertise in the area of trade capacity-building.



Signing the partnership agreement between UNIDO and the Enhanced Integrated Framework

UNIDO is an active member of the Cluster on Trade and Productive Capacity of the United Nations System Chief Executives Board for Coordination (CEB). During 2009, all involved agencies attended a meeting with the Government of Bhutan at the initiative of UNIDO to discuss the country's access to the EIF. UNIDO has been cooperating with cluster agencies in several countries, including Cape Verde, United Republic of Tanzania and Viet Nam, on joint projects to be undertaken within the framework of the Delivering as One initiative.

D. Export consortia

For many years now, UNIDO has enjoyed the support of Italy in the establishment of export consortia. In September, a study tour to Italy was organized for Peruvian representatives of public and private support institutions. Consortium building continued in Morocco while new projects were developed for Côte d'Ivoire and Egypt. UNIDO organized a joint learning workshop on export consortia in October in Salerno, Italy, to review project experiences and improve UNIDO methodology. In November, training on export consortia for participants from Latin America and the Caribbean took place for the fourth time at the ILO International Training Centre

(ITC-ILO) in Turin, Italy. A new e-learning web-platform was developed in cooperation with the ITC-ILO and the first pilot course will be organized in 2010. The related *Training Manual for Export Consortia Promoters* was published in 2009. Other papers, including *The Strategic Management of Export Consortia* and *Quality Consortia*, were recently finalized.

E. Corporate social responsibility

Corporate social responsibility (CSR) is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives, while at the same time addressing the expectations of shareholders and stakeholders. Six years ago, UNIDO was the fifth core United Nations agency to join the Global Compact and it was primarily within this context that UNIDO formulated its approach to CSR as a means towards increased productivity and competitiveness of developing economies.

As a champion of small and medium enterprises (SMEs), UNIDO continued to carry out a wide range of capacity-building initiatives to enable public and private business support and advisory institutions to meet emerging CSR standards. Progress was made on the establishment of a regional CSR network in Central, South and Eastern Europe. In the course of the year, Bosnia and Herzegovina, Bulgaria, Serbia and Ukraine nominated institutions to serve as focal points within the network. The focal points were responsible for carrying out the first CSR perception surveys among 200 small and medium enterprises and undertook a process of stakeholder mapping, describing all public and private institutions of relevance to CSR or SME development at the national level. A website was recently created to serve as a platform for the exchange of experiences and information (www.csr-net.org).

In February, the UNIDO field office in Viet Nam developed and launched a three-year project under the SWITCH Asia 2007-2013 scheme on “Helping Vietnamese SMEs adapt and adopt corporate social responsibility for improved linkages with global supply chains in sustainable production”.

UNIDO, UNDP and ILO joined forces in 2009 to help Turkey’s textile industry reach a state of “responsible competitiveness”, involving both upgrading the productivity and market access of firms as well as benefiting disadvantaged communities in the country’s poorest areas. The programme “Harnessing sustainable linkages for SMEs in Turkey’s textile sector”, launched in November, responds to Millennium Development Goal 8 on the development of a global partnership for development. One of the aims of the programme is to enhance competitiveness among Turkish small and medium enterprises in the textile sector by introducing the concepts of sustainable development, corporate social responsibility and gender equality into business processes and practices. In this context,

the UNIDO Responsible Entrepreneurs Achievement Programme (REAP) will be made available to relevant business support and advisory institutions in Turkey. A one-week REAP training course was organized for business advisors from Central and Eastern Europe, Latin America and the Caribbean and Asia between 14 and 18 December at UNIDO Headquarters in Vienna.



5 | Environment and energy

Access to clean, affordable energy and a healthy, ecologically balanced environment is a prerequisite for sustainable development and the growth of industrial production in the world's poorer countries. Unfortunately, many industries in developing countries have to rely on obsolete technologies and inefficient processes that use excessive amounts of material and energy. The world over, producers and consumers alike cling to patterns of production and consumption that fail to take into account the planet's available resources and growing population as well as the capacity of an already challenged ecosystem to absorb further emissions.

A. Decoupling natural resource use and economic growth

Decoupling the use of natural resources from economic growth is a key development challenge. Currently, the consumption of materials, water and energy – not to mention the generation of waste and emissions – is increasing in step with economic activity. But the planet's available resources and its capacity to assimilate emissions are limited. Population growth compounds these difficulties. In the past, progress in decoupling emissions from increased economic growth was extremely slow. In the meantime, most countries have experienced a drop in emissions relative to their gross domestic product, but absolute emissions are still on the rise. International trends show that the decline in energy or material intensities has been insufficient to offset growing demand. The global challenge is to decouple the consumption of natural resources from economic growth in absolute terms.

UNIDO's Green Industry Initiative addresses issues such as resource efficient and cleaner production, energy efficiency, renewable energy for industrial applications, water consumption and waste management. It unleashes the potential of industries to produce more with less. There are a number of compelling arguments in favour of green industries: resource and low-carbon efficiency, the decoupling of industrial consumption of natural resources and release of emissions from industrial growth, increase in productivity, the creation of new industries, greater access to global markets as well as the creation of jobs that support environmental improvements and resource efficiency. Progress through the green industry approach can lead to a sustainable and equitable reduction in poverty.

During the year under review, UNIDO continued to make green industry an organization-wide priority. This entailed a two-pronged approach: enabling existing industries to operate more efficiently with less waste and lower emissions and building up an environmental goods and services sector. The Green Industry Initiative draws on the Organization's extensive experience in helping its client countries to attain energy and water efficiency, cleaner production and the environmentally sound management of chemicals and technologies. It aims to translate project achievements into significant improvements at the national level that ultimately result in the much needed decoupling of economic development from growth in consumption of natural resources and increasing pollution levels.

A landmark event in 2009 was the International Conference on Green Industry in Asia, held in Manila, Philippines, from 9 to 11 September and co-organized by UNIDO and the Government of the Philippines, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations Environment Programme (UNEP). Senior government officials from 22 countries in the region unanimously adopted the Manila Declaration on Green Industry in Asia and Framework of Action, which calls upon governments, the private sector and international organizations to collaborate in fostering the development of green industry. UNIDO follow-up to the Conference includes the drafting of national green industry strategies and the preparation of national eco-efficiency profiles and of a green industry policy package.

As part of the Green Industry Initiative, a "UNIDO Week in Bahrain" took place from 2 to 5 February and included a three-day forum on Cleaner Technologies for Economic Development. The outcome of the Forum was the Manama Statement on "Towards Zeroing Industrial Wastes and Emissions through Cleaner and Resource Efficient Technologies and Products" that urges governments, international organizations, the private sector and academia to develop and implement zero discharge strategies.

B. Working for a resource efficient and cleaner world

October marked the launch of the joint UNIDO-UNEP Programme on Resource Efficient and Cleaner Production (RECP) in developing and transition countries. Resource Efficient and Cleaner Production applies preventive environmental strategies to processes, products and services, increasing efficiency and reducing risks to human health and the environment. The joint programme aims at improving the resource productivity and environmental performance of enterprises. It operates through a network of National Cleaner Production Centres (NCPCs) that offer training, technical assistance and policy advice and foster investments for the transfer of environmentally-sound technologies. Through the joint programme, the NCPC network can function as a global network for RECP.



Activities at the Ukrainian NCPC were officially launched in 2009

During 2009, projects to build new NCPCs or Programmes (NCPPs) were started in Albania, Cape Verde, Republic of Moldova and Montenegro, taking the number of countries with an NCPC or NCPP to 46. Further RECP programmes and networks were developed in 2009 for Indonesia, Mauritius, Senegal and the United Arab Emirates. Follow-up projects were approved for implementation with existing NCPCs in Sri Lanka and Tunisia, while other extension projects were being finalized in cooperation with the NCPCs in Cambodia, Lao People's Democratic Republic, Mozambique, The former Yugoslav Republic of Macedonia and Uganda. A global networking meeting of NCPCs and NCPPs was held in Switzerland in October 2009 with cleaner production experts from over 40 programme countries. Cooperation with UNEP and other agencies was strengthened, examples include UNIDO's accession to the Marrakech Task Force on Sustainable Tourism and to the Solving the E-waste Problem (StEP) Initiative. A start was made on the development of programmes to encourage sustainable tourism and low carbon industry, as well as on the development of regional RECP programmes, in particular for Africa. The thematic programme on chemical leasing continued in 2009 with NCPCs from seven countries and was introduced in India. A sustainable public procurement initiative was developed for Colombia. Several NCPCs are now implementing international cleaner technology transfer projects for energy efficiency and renewable energy, including some funded by the Global Environment Facility (GEF).

At its eleventh session, the Commission on Sustainable Development (CSD) decided that its multi-year programme of work beyond 2003 would be organized on the basis of seven two-year cycles, with each cycle focusing on selected thematic clusters of issues. During the year under review, the NCPC network played a leading role in preparations for the fourth thematic cycle of the Commission on Sustainable Development in 2010/2011

that focuses on the environmentally sound management of chemicals and waste, and on transport, mining and sustainable consumption and production. In collaboration with the African Roundtable for Sustainable Consumption and Production (ARSCP) and the National Cleaner Production Centres in Africa, UNIDO prepared a report on the status of waste and chemicals management in Africa as an input to African preparations for the eighteenth session of the CSD that will take place in May 2010. UNIDO's contribution to the CSD preparations in Asia and the Pacific, Europe and Latin America and the Caribbean focused on sustainable consumption and production.

UNIDO participated in the second session of the International Conference on Chemicals Management (ICCM), held in May in Geneva, which also served as the fourth meeting of the Conference of the Parties of the Stockholm Convention.

The Strategic Approach to International Chemicals Management (SAICM), adopted by the first International Conference on Chemicals Management in 2006, responds to the need to assess and manage chemicals more effectively in order to minimize adverse effects both on human health and the environment. In 2009, UNIDO began work on SAICM implementation projects, inter alia in Egypt, El Salvador and Peru, under the ICCM Quick Start Programme. This programme was set up by ICCM at its first session in 2006 in order to support initial capacity-building and implementation in developing countries.

Chemical leasing encompasses efficient chemical management and ways to reduce negative releases to the environment. A Global Chemical Leasing Award – a joint initiative of the Austrian Federal Ministry for Agriculture, Forestry, Environment and Water Management and UNIDO – was announced on 13 May at ICCM2 in Geneva. The award is the first of its kind and was designed to contribute to the greening of industries, supporting the sound management of chemicals and inspiring companies around the world to engage in chemical leasing practices. The final award ceremony will take place in 2010. On 8 December, UNIDO launched a National UNIDO Chemical Leasing Network at the Faculty of Technology and Metallurgy of the University of Belgrade, Serbia.

Work on the effective removal of persistent organic pollutants (POPs) continued in 2009. In April, a UNIDO team met Japanese companies interested in clean-up operations for POPs stockpiles in Asia and visited a number of sites. One of the issues discussed was similar support to East African countries. As a follow-up action recommended by the 2007 National Implementation Plan (NIP) of China for the Stockholm Convention on Persistent Organic Pollutants, UNIDO developed a non-combustion technology project, funded by the GEF, for the disposal of pesticides stockpiles and dioxin-rich fly ash from waste incinerators. Two post-NIP project proposals were developed for India in 2009 and submitted to GEF for approval, focusing on the management and disposal of polychlorinated biphenyls (PCB) and the treatment and disposal of medical waste. It is expected that both projects will be operational in 2010.



Participants attending the BAT/BEP Conference in Romania

Work progressed on GEF-financed projects in Angola and Swaziland to create greater awareness of POPs and to develop a national implementation plan pursuant to Article 7 of the Stockholm Convention. In other areas, the Organization is moving beyond national implementation plans. GEF has, for example, approved UNIDO projects for medical waste management and disposal and capacity-building in China, polychlorinated biphenyl disposal in Algeria, Armenia, Azerbaijan, India, Mongolia, Morocco and the former Yugoslav Republic of Macedonia, cleaning up contaminated sites in Ghana and Nigeria, and the introduction of best available techniques (BAT) and best environmental practices (BEP) strategies in Viet Nam and the countries of the Red Sea and Gulf of Aden coastal zone. As more and more countries put in motion their national implementation plans, there will be an increasing demand for UNIDO technical cooperation. In the Philippines and in Slovakia, work continued in 2009 on a project to promote non-combustion technologies for POPs removal, while a similar project has just started in China.

Under the Stockholm Convention, governments are obliged to use BAT/BEP to reduce or eliminate POPs emissions. Global and regional forums are important tools to facilitate the implementation of BAT/BEP-related activities. Following the successful inaugural meeting of the BAT and BEP Regional Forum for East and South-East Asia in October 2007, a similar forum was launched in November 2009 in Bucharest, Romania, for the countries of Central and Eastern Europe, Caucasus, and Central Asia. The launch of the new forum was followed by a training course on the implementation of Article 5 of the Stockholm Convention and practical use of the Guidelines on BAT and BEP. Further regional BAT and BEP forums will be created for Africa, the Arab region and Latin America and the Caribbean.

In mid-2009, one of UNIDO's flagship projects in the area of cleaner production, the integrated waste management and recycling project in Cuba, was officially handed over to the Government. In the demonstration area of the project, Playa Municipality in Havana,

municipal solid waste (MSW) destined to be used as landfill was reduced by 38 per cent as a result of the segregated collection of organic and inorganic waste. The biogas plant is working well and provides energy to the MSW centre in landfill Calle 100 through the internal grid. The first national laboratory to carry out analytical analysis of compost is fully equipped and landfill techniques were enhanced to ensure environmentally-friendly and safe landfill. The introduction of a new payment system for waste collection in landfill Calle 100 resulted in a considerable cost reduction for the City of Havana. In total 1,120 national experts were trained on the cleaner management of municipal solid waste.

The GEF International Waters Programme targets transboundary water systems, such as river basins with water flowing from one country to another, groundwater resources shared by several countries, or marine ecosystems bounded by more than one nation. In 2009, UNIDO joined the GEF Task Force on International Waters that serves as a platform between GEF implementing agencies and the GEF Secretariat. The Task Force helps to formulate GEF programmes and coordinate their implementation. It holds a monthly teleconference between representatives of each of the ten implementing agencies. Some of the issues addressed by the Task Force are: transboundary water pollution; over-extraction of groundwater resources; unsustainable exploitation of fisheries; protection of fisheries habitat; invasive species; and balancing competing uses of water resources. UNIDO is involved in the execution of a number of large water-related projects and in March was invited to give a keynote speech at the Fifth World Water Forum held in Istanbul, Turkey. It also participated in the Fifth GEF Biennial International Waters Conference that took place in October at the Australian Great Barrier Reef.

Work continued in 2009 on the Guinea Current Large Marine Ecosystem (GCLME) project that aims to reverse the trends in natural resource degradation. The UNIDO-executed GCLME project supports sixteen countries in West Africa in rebuilding the depleted fisheries industry, reducing land and sea-based pollution and restoring degraded habitats. Another important ongoing project addresses the threat to marine and coastal resources along the 48,000 km of sub-Saharan African coastline from the impacts of development-related activities, especially tourism. One of the objectives of the project is to capture best available practices and technologies for contaminant reduction and sustainable collaborative tourism investments.

A new project on the Integrated Assessment and Management of the Gulf of Mexico Large Marine Ecosystem received final endorsement by GEF in 2009 and is under implementation. A global project, "Engaging the agribusiness industry in partnerships to reduce the impact of excess nutrients on large marine ecosystems", is in preparation for GEF funding in partnership with UNEP. In the Mediterranean region, Egypt, Morocco and Tunisia will use UNIDO's transfer of environmentally sound technology (TEST) methodology to improve water efficiency and reduce industrial effluents. The project will primarily address industrial hotspots that are associated with persistent toxic substances. It will show the benefits of an integrated approach that includes the adoption of best available techniques, cleaner production and clean technology, and appropriate environmental management practices. UNIDO is also using TEST in a water and sanitation project for a

river basin in Honduras, funded by the Millennium Development Goals Achievement Fund.

According to World Health Organization (WHO) estimates, some 20 million people in Bangladesh are at risk from drinking arsenic-contaminated water. Efforts to mitigate the pollution of groundwater by arsenic from soil minerals were successfully completed in 2008. Follow-up activities designed during 2009 included an impact assessment of the project through a series of workshops and seminars.

At the first meeting of the Global Mercury Partnership Advisory Group, held in Geneva in early April 2009, UNIDO was designated as lead agency in the artisanal and small-scale gold mining partnership area, the objective of which is the reduction and elimination of the use of mercury in artisanal and small-scale gold mining. The partnership area has set a target of a 50 per cent reduction in mercury demand by the year 2017.

C. Energy efficiency and renewable energy



Technical workshop on the UNIDO Renewable Energy Observatory for Latin America, held in Colombia

The year in review saw a continuation of some of the project activities described in the *Annual Report 2008*, such as support to the International Centre for Hydrogen Energy Technologies in Turkey, a UNIDO project to demonstrate the viability of hydrogen energy technologies and their widespread use in developing countries, or the establishment of an Observatory for Renewable Energy in Latin America and the Caribbean. The Observatory is a multi-institutional and multidisciplinary programme that brings under one umbrella efforts both inside and outside the region to trigger actions in the field of renewable energy that would enhance energy security and reduce poverty in the region. Other notable activities that carried through to 2009 included assistance in the implementation of the newly adopted ISO 50001 energy management standard and joint activities with the

National Cleaner Production Centres in the area of energy efficiency and the introduction of renewable energy technologies.

In addition to the ongoing project activities mentioned above, others are currently in the final planning stage. One particularly promising initiative is the promotion of renewable energy-based mini-grids for rural electrification and productive uses and the development of multi-purpose mini-hydro power systems in West Africa. At the end of 2009, project preparation grants were approved for Cape Verde, Chad, Côte d'Ivoire, Gambia, Guinea, Liberia, Nigeria and Sierra Leone.

With support from the Government of Austria, UNIDO is in the process of establishing the Regional Centre for Renewable Energy and Energy Efficiency of the Economic Community of West African States, located in Praia, Cape Verde. The Centre will begin operations in the coming months and will focus on:

- Building up a regional policy and regulatory framework for renewable energy and energy efficiency;
- Developing a regionally agreed equipment standards and equipment performance labelling scheme;
- Capacity-building for market enablers and market players on various aspects of renewable energy and energy efficiency;
- Establishment of a renewable energy and energy efficiency information management system for the region;
- Development of a renewable energy resource map for each of the ECOWAS countries;
- Development of a knowledge-based platform to promote intraregional and interregional cooperation; and
- Promotion of investments in renewable energy and energy efficiency projects.



Hydrogen
tanking in Turkey

Low-carbon technologies are central to meeting the challenges, and taking advantage of the opportunities posed by climate change (see chapter 1). The issue of technology transfer to developing countries is crucial to UNIDO's renewable energy activities. In 2007, UNIDO commissioned a study to assess existing information sources on biomass conversion technologies available to developing countries. Recommendations were made on the role UNIDO could play in improving information flows. Simultaneously, UNIDO approached its network of Cleaner Production Centres to determine the technological information required by entrepreneurs. The outcome of these studies led to the preparation of a project for the establishment of a Biomass Conversion Technology On-Line Information Platform (BIOTIP) to be launched in 2010. The platform will provide information on commercially available bioenergy technologies, suppliers, environmental and economic data and describe a number of success stories. The database is complemented by a bioenergy training package for policymakers and enterprise practitioners on technology, policy, socio-economics and finance and provides detailed training for those involved in the cocoa, coffee, palm oil, rice, sugar, wood and vegetable and food processing industries.

In the area of energy efficiency, a major programme was launched in 2009 on energy management standards and industrial system optimization (motors, steam and compressed air). The programme targets selected Asian countries, namely Cambodia, Indonesia, Malaysia, Philippines, Thailand and Viet Nam. UNIDO is working in close cooperation with the European Bank for Reconstruction and Development (EBRD), the Global Environment Facility (GEF), the International Energy Agency (IEA), the International Organization for Standardization (ISO) and the World Bank, as well as a wide range of key national stakeholders, industries and financing institutions.



Solomon islanders display the certificates they received following training in the maintenance of solar energy units

In order to provide a platform for experts from Member States to discuss, share and learn from each others' experiences and expertise two significant conferences were organized in 2009.

The “Vienna Energy Conference – Towards an Integrated Energy Agenda Beyond 2020” was convened by UNIDO in June as part of a series of major energy- and green industry-themed dialogues that aimed to bring together policymakers, private sector and civil society representatives to discuss energy issues in the context of the current global financial and economic crisis. More specifically, the aim was to identify courses of action that would pave the way to a more sustainable, low-carbon future. The Conference, which was co-organized with the Government of Austria and the International Institute for Applied Systems Analysis (IIASA), counted more than 700 participants. UN-Energy lead agencies such as UNEP, the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the World Bank, were actively involved in drawing up the programme and in leading, or participating in, discussions both in the plenary and the parallel sessions.



Panellists at the Vienna Energy Conference

Building on the work of the Global Renewable Energy Forum, held in May 2008 in Foz do Iguacu, Brazil, UNIDO organized a Global Renewable Energy Forum in October, in León, Mexico, in cooperation with the Ministry of Energy of Mexico. The Forum, subtitled “Scaling up Renewable Energy”, brought together over 2,000 participants from 73 countries, representing government, international organizations, academia, civil society and the private sector. The main objective of the Forum was to strengthen interregional cooperation and encourage innovative multi-stakeholder partnerships aimed at scaling up renewable energy in the Latin America and Caribbean region, and worldwide. The event also examined renewable technologies as a key means toward energy security, poverty reduction and the attainment of a post-carbon society.

A welcome spin-off effect of major conferences is that they provide an opportunity for new partnerships with organizations both within and outside the United Nations system. In 2009, UNIDO again contributed to initiatives such as the Global Bioenergy Partnership,

an initiative for international cooperation hosted by FAO, as well as the Roundtable on Sustainable Biofuels (RSB). RSB is an international initiative coordinated by the Swiss Federal Institute of Technology in Lausanne that enables a dialogue between farmers, enterprises, non-governmental organizations, experts, governments and intergovernmental agencies concerned with ensuring the sustainability of the production and processing of biofuels.



Global Renewable Energy Forum in Mexico

UNIDO joined the World Bank facilitated programme *infoDev*, to support a study on climate technology innovation centres in order to generate a broader understanding of the concept and its relevance to developing countries. UNIDO's contribution consists of providing a bottom-up analysis at the regional level, focusing on the potential of existing centres and networks to accelerate the development, deployment and dissemination of low-carbon technologies in the manufacturing sector in Sri Lanka and Thailand. UNIDO is also working in partnership with national energy research institutes such as the National Renewable Energy Laboratory and the Lawrence Berkeley National Laboratory, both part of the United States Department of Energy, or The Energy and Resources Institute in India. Cooperation agreements with a number of national energy agencies are also in the pipeline.

D. The Montreal Protocol

UNIDO assistance to developing countries in meeting their compliance targets under the Montreal Protocol dates back to 1992. Over the past few years, the focus has been on the phase-out of chlorofluorocarbons (CFCs), with a deadline for the total phase-out for developing countries of 1 January 2010. As of 31 December 2009, National CFC Phase-out Plans, Terminal Phase-out Management Plans and Sector Plans had been completed by UNIDO in over 85 countries. UNIDO projects had achieved the phase-out of some 47,000 metric tons of CFC annual consumption and production in total.



A UNIDO counterpart in a new HCFC phase-out project

Training programmes are an integral component of all UNIDO projects financed by the Multilateral Fund for the Implementation of the Montreal Protocol. Training modules include management and technical skills, the training of operators and technical staff and the safe handling of new equipment and chemicals. Wherever possible, UNIDO uses national expertise so that countries are encouraged to assume ownership of the projects. This has been the case in Algeria, China and Egypt. Following the success of a similar course in 2007, in March 2010 UNIDO will run a training course in Japan for some 25 national ozone officers from countries in Asia and elsewhere.

UNIDO also plays a prominent role in the phase-out of methyl bromide, a highly potent ozone-depleting fumigant. A technical assistance project for the total phase-out of methyl bromide in tobacco, cut flowers, horticulture and post-harvest uses was launched in Zambia in 2009, while UNIDO continued to assist Egypt and Guatemala to attain their compliance targets under the Montreal Protocol. Both countries were able to reach their first 20 per cent reduction goal in 2007/2008 and the second phase for Egypt is currently under implementation to achieve a total phase-out by 2013. A milestone in UNIDO assistance to Brazil's farming industry was reached in 2009 with the complete phase-out of the use of methyl bromide, following the adoption of methyl bromide-free methodologies.

The number of people using inhalers is rising in line with a worldwide increase in respiratory disease. The conversion to CFC-free inhalers in Egypt, Iran (Islamic Republic of) and Mexico made good progress in 2009 and technology providers were identified. UNIDO's metered-dose inhaler (MDI) project in China was approved at the beginning of 2009, equipment was delivered on site and technology providers identified. Despite the deadline of 1 January 2010 for the total phase-out for CFCs, the prolonged use of medical grade CFCs has been extended into 2011 for several countries manufacturing inhalers that contain CFCs, under the Essential Use rule. The rule, introduced by Parties at the time of

signing the Montreal Protocol, permits the use of ozone-depleting substances (ODS) for the treatment of certain critical medical conditions.

Since 2007, UNIDO has tackled two new issues highlighted in the Montreal Protocol agenda, namely the phase-out of hydrochlorofluorocarbons (HCFCs) and the destruction of banks of ODS and ODS-containing equipment. ODS-destruction demonstration projects are in preparation in Algeria, China, Mexico and Turkey as well as one African and one Western Asian country. The technical complexities of HCFC conversion technologies pose a number of challenges. UNIDO's expertise will be invaluable in ensuring a holistic and sustainable approach, namely zero ozone depleting potential, low global warming potential, efficient energy consumption and a reasonable cost effectiveness ratio.

Hydrochlorofluorocarbons Phase-out Management Plans (HPMPs) are in the final stage of preparation by UNIDO in 40 countries. At the fifty-ninth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, held in Port Ghalib, Egypt, in November 2009, UNIDO was the first implementing agency to submit an HPMP and this served as the basis for discussion.

In light of the HCFC freeze in 2013, which is calculated as the average of 2009 and 2010 consumption levels, a number of countries will need to execute individual HCFC phase-out activities and HPMP preparations simultaneously, in order to mitigate the anticipated rise in consumption levels after 2013. The Executive Committee also approved a UNIDO-submitted HCFC phase-out project. As the first investment project to be approved for implementation, the proposed project strategy and its subsequent execution will serve as an example to improve the design of future HCFC phase-out projects.



6 | Cross-cutting programmes

A. South-South cooperation

The UNIDO strategic long-term vision statement, adopted by the General Conference at its eleventh session in 2005, recognized South-South cooperation as an increasingly important feature of UNIDO's work. Complementing the traditional transfer of resources and technology from the developed to the developing countries, South-South cooperation enables developing countries to benefit from the experiences of the more advanced developing economies.

The first UNIDO Centre for South-South Industrial Cooperation (UCSSIC) was launched in 2007 in India. In the words of the Minister of Commerce and Industry at the opening ceremony: "India has as much to learn as to teach, as much to receive as to give. Mutual benefit is the defining phrase." These words are applicable to all emerging economies that have reached a certain level of industrialization and are prepared to share both their successes and lessons learned with those lower down the industrial development ladder. The notion is not new. Since its earliest days, UNIDO has encouraged economic and technical cooperation among developing countries but over the years the concept has grown to include investment in each other's economies.



South-South cooperation. Sri Lankan experts, Chinese equipment and Rwandan trainees

UNIDO's two established South-South Industrial Cooperation Centres, in China and India, will soon be joined by new ones in Indonesia, Iran (Islamic Republic of) and Morocco. The UCSSIC in the Islamic Republic of Iran is linked to a newly established Nanotechnology Centre in Tehran and has a budget of around \$4 million. The Government of Morocco has agreed to support the establishment of a centre in Rabat.

Projects and programmes carried out by UNIDO reflect the growing importance of South-South cooperation. More and more technical cooperation inputs and resources emanate from the countries of the South, particularly in the areas of agro-industries, renewable energy and trade capacity-building. UNIDO's new Traceability Centre for Agro-Industrial Exports (Etrace) in Egypt is a case in point (see chapter 1, section F4), with strong South-South elements that enhance food safety and exports on a regional level. In another example, Sri Lankan experts have, for the past three years, been using Chinese equipment to help establish rural mini-hydropower services for productive and domestic use in three districts in Rwanda.

UNIDO has made a conscious effort to cultivate partnerships with institutions that promote South-South cooperation. The first article in *South-South in Action*, a biannual magazine launched by the United Nations Development Programme (UNDP) in December 2008, featured UNIDO's South-South Industrial Cooperation Centres. In December 2009, UNIDO participated in the Global South-South Development Expo in Washington D.C., United States of America, organized by UNDP's Special Unit for South-South Cooperation.

In preparing policy recommendations for the Least Developed Countries Ministerial Conference, held in December in Vienna, UNIDO worked together with a number of concerned partners, including the South Centre, an intergovernmental policy think-tank of developing countries based in Geneva, Switzerland. Discussions with the African Development Bank on South-South cooperation were also initiated during the year.

B. Least developed countries

UNIDO support for activities of the least developed countries (LDCs) grew by an average of 30 per cent a year over the period 2003 to 2008, a clear reflection of the Organization's determination to help lift the world's poorest populations out of poverty. Close to 80 per cent of LDC programme delivery over the same period was concentrated in Africa, home to 33 of the 49 countries designated as least developed. An increase in the number of projects and programmes in favour of LDCs has been accompanied by greater emphasis on partnership-building and policy inputs specifically tailored to the needs of LDCs.

The third of three consecutive ministerial conferences dedicated to least developed countries took place in December in Vienna. Building on the success of the 2007 and 2008 conferences that concentrated largely on UNIDO's engagement in trade capacity-building and the Aid for Trade initiative, the third Least Developed Countries Ministerial

Conference examined the impact of the global recession on LDCs and the expected repercussions, both in the short- and medium-term. In preparation for the Ministerial Conference, UNIDO commissioned a number of studies ranging from a general examination of the global and regional issues involved, to three sector-specific studies on the fruits and vegetables, fisheries and dairy sectors in eight African and Asian LDCs. The studies included reviews of existing policies and analyses of their effectiveness both in a regional and global context and also identified key drivers of growth.

The Ministerial Declaration, adopted at the conclusion of the Conference, reiterated the conviction of LDCs that while they were primarily responsible for their own development, international partnerships and cooperation had a crucial role to play. They also recognized that effective development depended on economic diversification, capacity-building, adherence to international quality standards, transfer of technology, improved competitiveness and the allocation of national resources for building productive capacities.

“With a set of pre-conditions and enhanced adaptive capabilities to use modern technology and commercialize new knowledge, LDCs can leapfrog several stages of development and move into a higher degree of industrialization”

Kandeh K. Yumkella, Director-General of UNIDO in his address to the 2009 LDC Ministerial Conference

The Ministerial Plan of Action was endorsed by the UNIDO General Conference at its thirteenth session that followed the LDC Conference. The General Conference agreed on the necessity to achieve economic diversification among LDCs in order to enhance food security and productive capacities and to reduce their vulnerability to external shocks. This, the General Conference agreed, would be implemented by means of a two-pronged approach that concentrated on policy and strategy research on

the one hand and demonstration projects related to research work on the other. These activities will concentrate on the following five priority areas: agro-industries; innovation, technology transfer and productivity; private sector development and investment; industrial infrastructure; and policy space, governance and institution-building.



Fifteen youth groups in Sierra Leone were trained in waste management

The Ministerial Conference in Vienna was recognized as a major preparatory event leading up to the Fourth United Nations Conference on LDCs (LDC-IV), to be organized in 2011 in Turkey by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS). LDC-IV will review the 2001-2010 Programme of Action adopted at LDC-III in 2001 in Brussels. The emphasis of the Ministerial Conference in Vienna on the need for productive capacity-building and economic diversification will doubtless be reflected in the agenda for LDC-IV.

C. Human security coordination

Human security is a fundamental development issue that addresses both the protection of people's well-being from chronic threats and vulnerabilities that are structurally embedded in their lives – poverty, unemployment, diseases and environmental degradation are a few examples – and from sudden external crises, such as war, pandemics, financial and economic downturns and natural disasters.

UNIDO strengthens the ability of individuals and groups to reduce risks and vulnerabilities, ensuring that there is no interruption to their productive activities. It also builds into its projects concerns for energy, health and environmental security that affect people's productive capacities. Operating on the principle of "building back better", UNIDO ensures that restored livelihoods and productive capacities will be as free as possible from future risks and threats and, at the same time, as green as possible.

Since 2003, UNIDO has been implementing a series of projects in different countries under the United Nations Trust Fund for Human Security.¹ The projects cover a range of human security concerns, from recovery after armed conflict to problems that constitute a structural threat and endanger lives.

Ghana hosts many refugees from armed conflicts in other African countries. A common problem facing the refugee camps is that people have little opportunity to earn money and living conditions are tough. When refugees involve themselves in the economic life of local communities, this can lead to disputes since more often than not people living nearby, who gave up part of their land for the refugee camps, are themselves poor. The problems are complex and call for concerted action on the part of different agents. Building on earlier work by the United Nations High Commissioner for Refugees (UNHCR), UNIDO was the lead agency in a project aiming to improve conditions in the Buduburam and Krisam refugee camps in Ghana and enable refugees to create viable small enterprises either back home or locally (see chapter 3). While other United Nations agencies engaged in the project focused on improving health and sanitation infrastructure and increasing agricultural productivity, UNIDO trained people for commercially viable economic

¹ The United Nations Trust Fund for Human Security was created in 1999 to promote human security by financing interventions of United Nations agencies and their partners that mitigate threats to vulnerable people and communities around the world.

activities and provided the necessary basic equipment. It also supported the development of locally-run business support centres and local credit systems. Other United Nations agencies involved were UNHCR and the Food and Agricultural Organization of the United Nations (FAO), in cooperation with government institutions, non-governmental organizations and organizations representing inhabitants of the camps and village communities. Tens of thousands of refugees benefited from the project, along with a similar number of people from nearby communities.

The Lao People's Democratic Republic is among the world's poorest countries, with nearly one quarter of its population earning less than a dollar a day. In rural areas, the scourge of poverty is compounded by widespread dependence on opium-poppy cultivation and addiction to illicit drugs. In 2006, UNIDO and the United Nations Office on Drugs and Crime (UNODC) embarked on a joint project aimed at creating alternative income-generation opportunities in three districts of Oudomxay Province. A major challenge was the treatment and rehabilitation of hundreds of villagers affected by the use of opium and other illicit drugs. In addition to its social dimension, the main objectives of the project are crop diversification, adding value to agricultural commodities and improved marketing. Twenty-two villages with a total population of 36,000 are receiving assistance. More than 30 village productivity groups were created and around 1,000 people have meanwhile been trained in basic agro-processing and community development. Sesame oil, handmade paper, brooms and bags knitted from natural fibres are just some of the items being produced and sold. The Productivity and Marketing Centre in Oudomxay City plays a central role in the transformation of the local economy, creating a much-needed link between remote villages and the markets. The beneficiaries are now able to sell products to tourist markets and took part in the Lao Handicraft Festival in October/November.



Exhibitors at the Lao Handicraft Festival

In 2009, UNIDO published a folder entitled *UNIDO Contribution to Human Security* that contains factsheets on the 12 projects implemented by UNIDO with funding from the United Nations Trust Fund for Human Security.

UNIDO is involved in a number of post-conflict activities in Côte d'Ivoire, Guinea, Liberia and Sierra Leone that together form the Mano River Union (MRU). One of these activities draws on South-South cooperation with the Arab Gulf Programme for United Nations Development Organizations (AGFUND), a non-profit, regional development institution. AGFUND is funding a three-year enterprise development and investment promotion programme for Guinea, Liberia and Sierra Leone.

International Labour Organization (ILO) statistics show that youth unemployment in Liberia is 88 per cent, while for the MRU countries as a whole it is around 70 per cent.² Marginalized and vulnerable youth, some of them ex-combatants and former child soldiers, remain a high priority for UNIDO. The joint UNIDO/ILO/UNDP multi-stakeholder Programme for Productive and Decent Work for Youth in the MRU countries is addressing the problem through entrepreneurship development, access to finance and employability under UNIDO's leadership. A subregional Youth Forum – the first of its kind – was held in March in Freetown, Sierra Leone and focused on youth-led business ventures, social entrepreneurship and networking. A virtual communication tool was launched during the Forum to encourage an exchange of information and experiences on issues related to youth employment. A similar project is being executed in the Wau region of southern Sudan, with financial support from the European Union, and focuses on the rehabilitation of training infrastructure.



Communications
hub in
Côte d'Ivoire

Following a pilot Entrepreneurship Development Programme that began in 2006, UNIDO was part of a new multi-agency initiative to create employment in Tunisia, where the unemployment rate, at 14 per cent of the active population, is one of the highest in the world. Young people are hardest hit by unemployment in Tunisia – half of the unemployed are under 25 years old – and the situation is particularly dire for young graduates and women. Engaging Tunisian youth to achieve the MDGs is a three-year programme

² *Independent evaluation of the ILO's strategy to increase Member States' capacities to develop policies and programmes focused on youth employment*, International Labour Office, October 2009.

designed to adjust youth and employment policies and programmes to reflect labour market trends. It is designed to address the specific needs of both unemployed university graduates and low skilled youth.

In August, UNIDO and ILO launched a three-year project to improve the employment prospects of young migrant workers in urban areas of China, in cooperation with the Ministry of Human Resources and Social Security. The project aims to promote better access to decent work and to reduce the vulnerability of young people to poor working conditions through pre-employment education and training. UNIDO will develop and conduct demand-driven skills upgrading and recognition programmes and provide entrepreneurship training to assist the young migrants with starting up a business after acquiring the necessary technical know-how in a company.

In cooperation with the Austrian Federal Ministry for European and International Affairs, UNIDO continued to explore the concept of resilience, in particular the ability of socio-economic systems to adapt to pressures. In the context of the Vienna Environment for Human Security initiative, launched by the Ministry in 2007, UNIDO participated at the Alpbach Resilience Retreat as part of the European Forum Alpbach, held in August in Austria.

D. Industrial research

Partnerships – old and new – proved invaluable in 2009 to UNIDO's research and statistics activities. A continuous exchange of expertise and staff took place under an existing agreement between UNIDO and Japan's Institute for Developing Economies, while new partnerships were forged with the United Nations University World Institute for Development Economics Research (UNU-WIDER) and the Maastricht Economic and Social Research and Training Centre on Innovation and Technology (UNU-MERIT). Knowledge partnerships are of paramount importance to UNIDO's efforts to create an understanding of industrial development among policymakers and academics in order to generate the information synergies required for sound policy advice.

An international workshop organized in October by UNIDO, UNU-WIDER and UNU-MERIT and entitled *Pathways to industrialization in the twenty-first century: new challenges and emerging paradigms*, examined whether or not industrialization is still the best route to development, given the global economic crisis and emerging environmental constraints. The workshop sought to determine whether industrial development can generate the diversified production structure and employment necessary for improving the material well-being of more than a billion people still living in poverty. Other issues discussed included the impact of China and India on industrial development in other parts of the globe and the contribution of entrepreneurship and innovation to industrial growth.



Food processors in Rwanda take part in a trade fair

During 2009, UNIDO was associated with a joint research project with the World Bank's Development Economics Research Department on Africa's competitiveness in simple manufactured goods. The project is currently at the stage of defining the relevant methodology and seeking international funding. It will attempt to examine not only the role of recognized factors underpinning industrialization, such as the nature of business conditions and the availability of infrastructure, but also less studied ones, including social capital and industrial policy.

The impact of the global economic crisis on industrial development in developing countries was the topic of a field-based analysis undertaken by UNIDO. The study looked at the international perspective as well as the situation in selected developing countries and countries with economies in transition, namely Argentina, Cameroon, China, Egypt, India, Nicaragua, Nigeria, Tunisia, Ukraine, United Republic of Tanzania and Viet Nam. Case studies were carried out on the impact of the crisis on the Bangladeshi and South-East Asian textile industries, the automotive industry, with particular reference to developing countries, and the wind power industry in China, India and countries of the Latin America and the Caribbean region. An analysis of the textile and garments industry reveals that while there has been a reduction in exports across the board, the effect of the crisis has been higher at the middle and upper levels of the consumer markets. Competitive pricing and improvements in quality spared the lower end of the market to some extent. Bangladesh, for example, was able to maintain a modest growth in exports, although at much lower unit prices. Industry case studies also indicate that an important driver for industrial recovery in developing countries may be green and "greening" industry.

A number of studies examined structural change from agriculture to industry, as well as between and within manufacturing industries; they also looked at the role of technical and institutional change in determining those patterns. One study suggests that a reallocation of resources towards innovation within a specific manufacturing sector may be as important

for productivity as a reallocation from one sector to another. Least developed countries, the study maintained, would stand to gain from first climbing the skills and technology ladder within an industry before attempting to branch out into new sectors. Another study, relating intersectoral reallocation of resources to growth in South-East Asia, concludes that the best option is to combine participation in global value chains with strengthened domestic linkages and the promotion of qualitative upgrading. A third study reveals that the nature and extent of the impact of the financial crisis on the automotive industry of Thailand is determined by the changes in its production structure characteristics.

The role of public capital and infrastructure for industrial development was highlighted in several papers. They show that infrastructure capital – energy, telecommunications and transport – explains why some countries have managed to industrialize and others have not. The rate at which capital grows also helps determine the speed of industrial development. Other important determinants include human capital, institutional quality and linkages to agricultural productivity.

Work on the *UNIDO Industrial Development Report 2011* began in 2009. The focus of the report is on the environmental, economic and developmental impact of industrial energy efficiency and the government policies that are necessary to improve energy use by industrial firms in developing countries. Initial findings suggest that while most industries are reducing their energy intensity, with a corresponding impact on climate change and energy access, they still face a series of barriers to the adoption of energy-saving technologies and processes that would allow them to make major additional reductions. Policies in the areas of information and capacity-building, investment financing, technology transfer, cooperation and industrial regulation would help developing countries to achieve greater energy efficiency.

A project to assist the Government of Mongolia in designing an industrial policy began late in the year. The main purpose of this study is to appraise the manufacturing sector and its continuing contribution to the overall economy. The project seeks to mobilize stakeholders to contribute their ideas in the formulation of policies and at the same time analyse long-term structural change and the role of industrial policy.

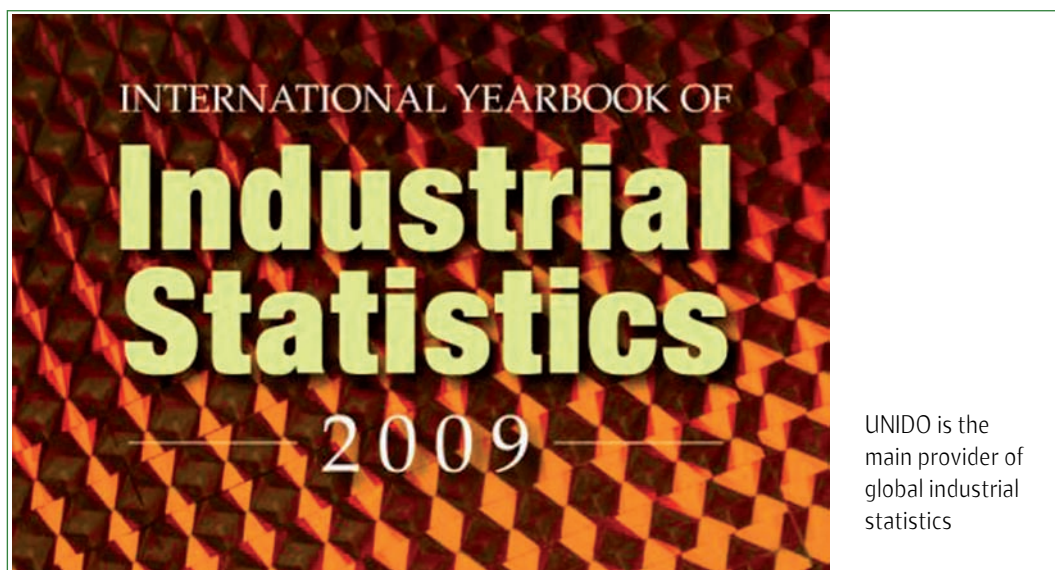
E. Industrial statistics

In accordance with the mandate of the United Nations Statistical Commission,³ UNIDO maintains international databases of industrial statistics and produces statistical products for international data users. The *International Yearbook of Industrial Statistics 2009*, based on the compilation and aggregation of statistical tables in standard format at the country, regional and global level, was distributed by reputable booksellers the world over. Reviews of previous editions described the Yearbook as “the only international publication

³ The United Nations Statistical Commission, established in 1947, is the highest decision-making body for international statistical activities, especially the setting of statistical standards, the development of concepts and methods and their implementation at the national and international level.

providing worldwide statistics on current performance and trends in the manufacturing sector". In terms of comprehensiveness, accuracy, and cross-country comparisons, it was considered unparalleled. UNIDO also produced an updated CD-ROM version of its industrial statistics database (INDSTAT4) as well as the UNIDO Industrial Demand Supply Balance Databases, containing data broken down by country, industry and year. Statistics for major indicators of industrial performance are available online at the UNIDO website to satisfy the needs of a wide range of data users.⁴ The Statistical Country Briefs present data for a selected country compared to the figures for the geographical region or development group to which it belongs.

In 2009, UNIDO pioneered a new statistical database, the largest industrial statistics database of its kind. Unlike others that show data by different classification codes for different time periods and countries, INDSTAT2 presents business structure statistics from 1963 to 2007 by a single classification scheme at the 2-digit level of ISIC All Economic Activities Revision 3. INDSTAT2 allows the user to carry out long-term business structure data analysis for a large number of countries.



Data collection from national statistical offices that started at the beginning of the year is progressing. The updated data will be published in the *International Yearbook of Industrial Statistics 2010*.

In an effort to modernize its statistical processes, UNIDO recently completed the migration of its statistical databases from the mainframe computer of the International Atomic Energy Agency to a self-reliant client server environment and associated applications. The new system provides greater possibilities for updating data, controlling errors and producing statistical products. UNIDO is further developing its statistical methods and applications to

⁴ www.unido.org.

improve the quality of data collected and disseminated. *UNIDO Data Quality: A Quality Assurance Framework for UNIDO Statistical Activities* was published in February and distributed to data users. The publication describes the statistical activities of UNIDO and the relevant quality dimensions that are followed in the process of statistical data production.

New activities were initiated during the year aimed at expanding the coverage of the database and statistical products. These activities include the recent estimates of production data, pilot publication of mining and utility data, the collection of quarterly production indices through secondary data sources and the development of statistics methodologies for energy statistics.

UNIDO has long been recognized as a front runner in the field of international statistical data and metadata systems. As an active member of the international statistical community, UNIDO continued to contribute to the development of international recommendations and standards. It cooperated with the Technical Advisory Group on the Development of Economic Statistics of the United Nations Economic and Social Commission for Asia and the Pacific to draw up an action plan for the region covered. In June, UNIDO attended the East Asia Expert Meeting on Manufacturing Statistics, held in Cebu, Philippines, and presented a paper on the quality assurance of manufacturing statistics in terms of international comparability. UNIDO is also engaged in a programme of cooperation with FAO and WTO on the establishment of an inter-agency database.

After a series of consultative meetings with the United Nations Statistics Division and other United Nations bodies, the UNIDO industrial statistics database has now been successfully integrated into the One UN data system.⁵ International data users can now access a limited selection of UNIDO industrial data, while full UNIDO data is available on CD-ROM.

⁵ www.undata.org.



7 | Making a difference

Introduction

This chapter presents a cross-section of UNIDO projects, covering different regions and different activities. They are arranged according to the thematic priority to which they primarily respond: poverty reduction through productive activities, trade capacity-building and environment and energy. The last project cuts across all thematic priorities equally.

Some of the projects featured are in their early stages, and while their final outcome should not be prejudged, there have been encouraging indications of success. The majority of projects described have reached, or just passed, the half-way mark in their implementation. Descriptions of these projects include a brief account of achievements to date as well as those expected in the near future.

Other projects in this chapter reached completion during the year under review. Here again, the quantifiable results achieved attest to the fact that UNIDO was able to make a real difference both to the livelihoods of the population and the economy of the country or countries involved. One project reviewed was completed sufficiently long ago to demonstrate clearly the sustainability of UNIDO's intervention. A recent evaluation reaffirmed the lasting impact of initiatives introduced and referred to the growing number of stakeholders who had benefited from the economic dynamism triggered by the project.



A skilled craftsman in Nicaragua

A common thread running through all the projects described in this chapter is that, without exception, they show results, whether preliminary, intermediary or of proven sustainability. They represent only a small selection from UNIDO's extensive portfolio of projects and programmes. Readers interested in learning more may wish to look at the Organization's website (www.unido.org) that contains up-to-date information on its activities.

1. Young heads for business

Project title:	Entrepreneurship development for youth in Mozambique
Thematic priority:	Poverty reduction through productive activities
Objective:	To give young people the skills to launch their own businesses or find employment
Planned outcomes:	Introduction of an entrepreneurship curriculum programme at secondary and vocational schools as part of the country's school reforms
Results:	Some 30,000 students acquired the skills needed to improve their livelihoods

Competitive entrepreneurship is a necessary condition for private sector development and poverty reduction since entrepreneurs create businesses that in turn generate jobs, income and wealth. The Government of Mozambique has been carrying out secondary school reforms to enable education to meet the economic and social needs of the country. UNIDO is assisting the Ministry of Education and Culture to introduce an entrepreneurship programme in the curricula of secondary and vocational schools nationwide, based on the experiences gained in pilot projects.



Entrepreneurs
in the making in
Mozambique

The programme targets young people in rural areas who hitherto had little opportunity to learn the skills necessary to start their own businesses. This year, 30,255 students – 17,504 male and 12,751 female – attending 33 schools completed the course. The Government anticipates that the number of participating schools will increase to 311 by 2012. In addition to their academic curriculum, students spent 60 per cent of their time involved in practical work. They visited enterprises in their communities and local entrepreneurs helped to assess student projects. All those participating in the programme gained an understanding of the role of the private sector and its potential for reducing poverty. They also developed competencies such as creativity, flexibility, time management, problem solving, task orientation, decision making, management abilities and a capacity for hard work. The programme has triggered a cultural change in communities through the families of students. Its massive impact and sustainability are assured through its integration in the country's compulsory education system.

2. Growing back

Project title:	Support for sustainable livelihood recovery through improved agricultural productivity and community-based entrepreneurship in North-East Sri Lanka
Thematic priority:	Poverty reduction through productive activities
Objective:	To increase agricultural productivity and value-added production
Planned outcomes:	The provision of equipment and training to improve productivity; helping producers to reach markets
Results:	Farm equipment delivered and farmers trained

Sri Lanka's rich, fertile soil, plentiful sunshine and adequate water resources once gave it the label "bread basket of the East". Twenty years of civil conflict coupled with massive destruction in 2004 by the Indian Ocean tsunami have taken their toll on agricultural production, particularly in the north-east of the island. Agriculture is still the most important sector of the Sri Lankan economy and some 80 per cent of the population lives in rural areas. While other agencies are involved with reconstruction and rehabilitation, UNIDO is supporting the revival of agricultural activities and increasing food production through investments in the manufacture of agricultural equipment targeting small-scale farmers, including women and other vulnerable groups. The project involves small businesses as well as local support schemes and self-help initiatives. UNIDO is assisting some 3,000 households to increase food production through the introduction of hand tools, implements and agricultural machinery, including basic food-processing equipment. Product diversification to increase the value-added of agricultural products is encouraged through the creation of agro-based micro and small businesses. Workshops organized by UNIDO introduced agriculture extension staff and local farmers to sustainable irrigation methods. Local structures such as agricultural institutions, rural production groups

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and banking and credit facilities assist small-scale farmers and encourage entrepreneurs to invest in food-processing activities. Technical and entrepreneurial training has empowered individuals and communities to acquire the knowledge and skills that will enhance food production and promote sustainable food security.



Thirty Sri Lankan women were introduced to new technology for rice-based products

3. Selling the best parts

Project title:	Development of the automotive supplier industry in Serbia
Thematic priority:	Poverty reduction through productive activities
Objective:	To achieve enhanced market access for small and medium-sized automotive component manufacturers in Serbia
Planned outcomes:	Creation of stronger, more effective clusters
Results:	Improvements in delivery time; reduction in machine downtime; enhanced environmental performance

In 2007, UNIDO launched a two-year business partnership and cluster development programme to strengthen the automotive cluster in Serbia. The aim of the project was to enhance the performance of suppliers in the automotive component industry in order to make them competitive internationally and to upgrade the Serbian Automotive Cluster Organization by strengthening the institutional set-up, building linkages to relevant industry support institutions and developing a pool of well-trained national engineers. Ultimately, the cluster should be in a position to access global supply chains and international markets, particularly the European Union. UNIDO provided the services of technical experts who carried out shop-floor training over a period of 12 months and offered a group of Serbian counsellors and cluster development agents the know-how and expertise to

assist local firms. Company staff received training on the methodologies, requirements and importance of continuous improvement. Through regular cluster review meetings, participating companies learned how, through better communication, they could benefit from each other's experiences and identify best practices. Drawing on the model of the Auto-Cluster Slovenia (ACS), the Serbian auto-cluster was guided in the formulation of its vision, strategy and business plan, which led to increased satisfaction among members and laid the foundations for future collaboration. At the closing conference in December, participants reviewed the lessons learned. Improvements noted included a marked reduction in delivery time for many products, a reduction in machine downtime through preventive maintenance practices, an increase in the application of standard operating procedures as well as savings in energy and water consumption.



Production line
in a Serbian
auto-component
factory

4. Rebuilding Lebanon

Project title:	Increase access to markets for Lebanese products and improvement of quality infrastructure to increase TBT/SPS compliance
Thematic priority:	Poverty reduction through productive activities
Objective:	To support economic recovery and restore industrial units in war-affected areas of Lebanon to generate employment and reduce poverty
Planned outcomes:	Restored economic activities and diversification of income-generating activities
Results:	655 new jobs created; 155 enterprises rehabilitated

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In 2006, conflict displaced a large proportion of the Lebanese population and destroyed much of the country's infrastructure and industry, including an estimated 900 commercial enterprises, 25 fuel stations and warehouses and agro-processing plants. What was once an emerging agro-industrial sector was gravely affected and the country had to rely on imports to cover its food needs. In response to a request from the Government, UNIDO launched a project to help rebuild Lebanon's agro-industries and restore livelihoods in 2007. The first step was to assess damage and, together with public and private stakeholders, to identify areas for priority assistance. It was agreed to target small and medium enterprises in the textile, leather, woodwork, food and beverage and olive oil sectors. Most of these were family-owned enterprises that had been partially or totally destroyed. Over the past two years, 86 enterprises have been supported by the project, eight benefiting from extensive restoration work and 39 receiving new machinery and technical and managerial training. Capacity-building included direct training and study tours. Entrepreneurs, representatives of government and business associations and university students were trained in the use of UNIDO's Computer Model for Feasibility Analysis and Reporting, business counselling, business management, good manufacturing practices and hazard analysis and critical control points. UNIDO arranged study tours to Egypt, France, Jordan and the Syrian Arab Republic. Through the project, enterprises have been able to resume production, re-employ staff and generate new jobs. The livelihoods of the employees and their families, including extended family members, have been restored and food security is no longer a major concern.



5. Made in Ecuador

Project title:	Sustainable improvement of industrial competitiveness: cluster development
Thematic priority:	Poverty reduction through productive activities
Objective:	To introduce the cluster and networking approach to small garment-producing enterprises
Planned outcomes:	Improvement of design and production; enhanced competitiveness
Results:	Retail outlets reported a 60 per cent increase in sales; training enabled a 15 per cent reduction in production time; new trade fair attracted over 100,000 visitors

Between 2004 and 2007, UNIDO worked with the Ministry of Trade and Commerce of Ecuador to provide a complete overhaul of the flagging garment industry in the town of Atuniqui, nestled in Ecuador's northern highlands. A look at the situation in Atuniqui prior to UNIDO's assistance and the situation four years later represents a true "before and after" story. Strong competition from Asian manufacturers, coupled with massive inflation following the adoption of the US dollar as national currency



The "Deny" factory benefited from joining the Atuniqui garment cluster

in 2002, had been a hard blow for the town's major industry. Together with the Chamber of Commerce, UNIDO demonstrated the advantage of business clusters. It introduced new cutting and design techniques to 16 enterprises selected for a pilot programme that were later adopted by 100 other businesses. Training opportunities were provided to apprentices wishing to upgrade their skills and knowledge. UNIDO also facilitated training courses on management, production processes, cost reduction, product development and commercial strategies, with an emphasis on products that responded to fashion-conscious shoppers. Cluster enterprises showed a 60 per cent increase in employment and a 15 per cent increase in salaries. Bulk purchasing and sharing large orders led to cost savings for companies in the cluster.

Computer-aided design and manufacturing (CAD/CAM) was introduced and the 70 enterprises that adopted it have never looked back. Another 80 companies are purchasing CAD/CAM services from the University or Chamber of Commerce, bringing the number of “computerized” garment businesses in the town to almost 50 per cent. UNIDO’s support was the starting point for an ambitious process of socio-economic reform that will involve the entire population of Atuniqui.

6. Safer coffee and cocoa

Project title:	Prevention and control of ochratoxine (OTA) contamination in coffee and cocoa beans in Côte d’Ivoire
Thematic priority:	Trade capacity-building
Objective:	To ensure that exports of coffee and cocoa conform to EU standards
Planned outcomes:	Training and awareness-building to avoid contamination
Results:	2,600 villages and cooperatives trained; analysis of 3,000 samples for OTA

As the world’s top producer of cocoa and a major exporter of cocoa and coffee, Côte d’Ivoire counts on European markets for both products. Some time ago, its crops were threatened by a carcinogenic mycotoxin, ochratoxine A (OTA), secreted by certain types of fungi. Maximum levels of OTA are closely monitored by the European Commission and new, reduced limits could be introduced; if this happens, it would lead to the rejection of much of Côte d’Ivoire’s agricultural production. UNIDO has been providing assistance in identifying critical contamination points



and adopting appropriate sampling methods. It equipped a laboratory with instruments to detect OTA, trained staff and upgraded the premises. Help in awareness-building and the introduction of good practices during the production and post-harvest stages were also a priority. With 1.7 million hectares of cocoa and over 600,000 hectares of coffee, producers were shown how to avoid, or reduce, contamination that mostly occurs on the plantation and during the first processing steps at the farm. More than 3,000 samples of cocoa and coffee have been analysed to determine OTA contamination levels. Promotional materials prepared included leaflets, ready-to-air radio spots, films as well as an image-box to train those unable to read. Training programmes were adjusted for people working at all stages of the supply chain in more than 2,600 villages and cooperatives and carried out by 36 fully trained and well-equipped extension officers selected among decentralized entities of the Ministry of Agriculture and cooperatives. Rural radio staff also received instruction on OTA contamination and on the quality of the cocoa and coffee production.

7. Aiming for the best

Project title:	Bangladesh quality support programme
Thematic priority:	Trade capacity-building
Objective:	To contribute to export growth through access to international markets
Planned outcomes:	Improvement of the competitiveness of the textile and garment industry and a strengthening of quality infrastructure for all sectors
Results:	Fashion design; new technologies; accredited fisheries and metrology laboratories

As part of a large, multisectoral quality support programme for Bangladesh, UNIDO has been working with the Government to build capacities in the textile and garment sector to increase competitiveness through improved quality and innovation. Although the industry only took root in Bangladesh 25 years ago, the sector now accounts for 80 per cent of exports, calling for a new generation of textile specialists and graduates. UNIDO has been assisting the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in transforming the BGMEA Institute of Fashion and Technology (BIFT) into a centre of excellence, shortly to become a university and arranged for the visits of experts from the London College of Fashion (LCF), United Kingdom, and Niederrhein University, Germany. Study tours were organized to Germany and the UK and the British Council awarded BIFT a research grant. Under the quality support programme, UNIDO established the Bangladesh National Metrology Institute (BNMI). The Bangladesh Accreditation Board will provide accreditation to testing and calibration laboratories, certification and inspection agencies. The Bangladesh Standards and Testing Institution, set up under

the programme, has grown substantially through UNIDO support. The programme also supports the second largest export industry in Bangladesh, the fisheries sector, which creates income for more than a million people. UNIDO helped the Department of Fisheries to build and equip two new laboratories in Chittagong and Khulna. The inspection and control capacity of the Fisheries Inspection and Quality and Control office was upgraded to comply with international requirements. A countrywide traceability system for shrimps is currently under implementation.



Upgrading
Bangladesh's
textile industry

8. Responsible business

Project title:	Establishment of a regional network for corporate social responsibility (CSR) competence for the Central, South and Eastern European region
Thematic priority:	Trade capacity-building
Objective:	To enhance the environmental and social conditions of small and medium enterprises (SMEs) in Central, South and Eastern Europe
Planned outcomes:	Improved competitiveness of SMEs
Results:	Created broad understanding and awareness of CSR and its relevance to SMEs; laid foundations for conducive policy environment promoting CSR

The establishment of a regional network for corporate social responsibility was recommended at a UNIDO regional forum held in 2006 in Croatia. The network aims to improve the environmental and social conditions in SMEs operating in the region's industrial sectors, enabling them to increase both productivity and quality by conducting business in a socially and environmentally responsible manner. It provides a platform for the exchange of information on best practices and helps

foster partnerships between public and private institutions. The Croatian Cleaner Production Centre currently acts as the network's central institution and is supported by national focal points in the other participating countries (currently, Bosnia and Herzegovina, Bulgaria, Serbia and Ukraine). Focal point institutions have carried out background research and conducted CSR perception surveys among SMEs in more than 200 firms, providing valuable insight into the level of understanding of CSR. They have also drawn up a stakeholder map, describing national public and private institutions that are of relevance to CSR or SME development. A regional website provides country-specific information and will facilitate communication and the exchange of experience. In December, UNIDO organized a regional CSR training course in Vienna to build the capacity of business consultants and business association members to extend CSR counselling services to SMEs throughout the region. The training was based on the UNIDO Responsible Entrepreneurs Achievement Programme (REAP) methodology.¹ Activities planned for the future include a knowledge bank, advisory services, technical assistance and in-plant assessments, regional capacity-building and policy advice.



CSR training course at UNIDO Headquarters

9. Stitching together

Project title:	Developing national capacities for promoting export consortia in Morocco
Thematic priority:	Trade capacity-building
Objective:	To improve competitiveness of SMEs to enable better access to export markets

¹ www.unido.org/reap.

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Planned outcomes: The adoption by Government and public institutions of policies and strategies to promote export consortia; acceptance by SMEs of the export consortia approach

Results: Creation of 20 export consortia and preparations for a further ten; training; establishment of the Moroccan Association of Export Consortia

SMEs have much to gain from joining an export consortium in terms of their ability to modernize, improve and market their products at a lower cost and risk than they would otherwise incur alone. In line with similar projects in Jordan and Tunisia, UNIDO has been helping SMEs in Morocco to create export consortia in different sectors. The first step was to identify objectives, develop a business plan and promote the consortia. By organizing workshops and study tours, UNIDO created an understanding of the concept in public and private institutions that promote or regulate export consortia. So far, 20 export consortia have been formed involving 15,000 jobs in 150 enterprises and covering 9 sectors in 11 towns; a further 10 consortia are under development. The project has also built capacities in institutions involved with export consortia and provided training to consortia managers. The Government encourages export consortia through a specific funding scheme. All the consortia created under the project have now developed their own corporate image, negotiated preferential tariffs with service providers and exhibited at trade fairs. Some have also jointly undertaken a modernization and upgrading process, set up a shared training facility and restructured compliance departments. Members of a textile-garment consortium were able to increase exports by an average of 22 per cent in four years while exports from the sector as a whole over the same period only increased by 10 per cent. Through their consortium, seven Moroccan travel agencies now form the third largest operator in the sector in Morocco and, for the first time, cooperatives of women producers that form an argan oil² consortium had a stand at international fairs.



The MOSAIC textile consortium participates in a trade fair

² Argan oil is produced from the kernels of the argan tree and is endemic to Morocco.

10. Healthy water = healthy fish

Project title:	Combating living resource depletion and coastal area degradation in the Guinea Current Large Marine Ecosystem (GCLME) through ecosystem-based regional actions
Thematic priority:	Environment and energy
Objective:	To mitigate the effects of environmental damage
Planned outcomes:	Reduced pollution, revitalized fisheries, regional coordination
Results:	Strategic action programme in place; workshops and training held

The Guinea Current Large Marine Ecosystem (GCLME) extends from Guinea-Bissau to Angola. For some years, UNIDO has been involved in projects to counteract the effects of widespread environmental degradation caused by sea- and land-based activities. A recent project was launched in order to recover the region's depleted fish stocks, reverse coastal degradation and destroyed habitats, and establish a regional management framework for the sustainable use of living and non-living resources in the GCLME. The large project, which is scheduled for completion in 2010, responds to specific problems identified by the 16 countries of the GCLME region. One priority is to build up regional capacities, strengthen national and regional institutions and ensure regional coordination. The support of the private sector will be sought in order to ensure long-term sustainability. The project is currently putting in place nine demonstration projects to show which measures are likely to result in the most dramatic improvements; these projects can easily be replicated elsewhere.



Beach profiling with a high precision global positioning system to monitor coastal erosion

It is also seeking a sustainable financing mechanism for future implementation and looking at ways to conserve biodiversity, reduce coastal erosion and improve water quality. National action plans to mobilize external financial support are in

preparation and will be finalized by mid-2010 after which UNIDO will organize a donor conference. Other results achieved so far include the ratification of a Strategic Action Programme by all 16 GCLME countries. A number of workshops and training courses were held on issues such as municipal wastewater treatment and the joint management of transboundary stocks of fish and shrimps.

11. Tried, tested and transferred

Project title:	Cleaner technology (CT) promotion in India
Thematic priority:	Environment and Energy
Objective:	To reduce environmental pollution and improve the competitiveness of industrial entities through the adoption of cleaner technologies
Planned outcomes:	Strengthened capacities of cleaner production centres and service providers on cleaner technology assessments and implementation of CT transfer
Results:	38 companies have adopted cleaner technologies; national partners are now able to formulate projects in the area of cleaner technologies and the clean development mechanism

In 2002, UNIDO launched a project in India to promote on a broader scale the transfer and adoption of cleaner technology. The project focused initially on the dye and dye intermediates, automotive supply and cogeneration (combined heat and power) sectors, but extended its coverage to the chemical sector following the project's mid-term evaluation. This opened the door to the introduction of the clean development mechanism (CDM), especially in the refrigeration sector. Services offered to Indian enterprises included cleaner technology assessments, cleaner technology implementation, matchmaking or technology brokerage with companies in Switzerland or other OECD countries, and financial engineering. During 2008 and 2009, special efforts were made on the promotion and design of CDM projects by small scale enterprises and clusters. The transfer of clean technology was achieved either by upgrading or modifying existing equipment that can be locally manufactured or acquiring advanced, cleaner process technology from international sources. Despite some delays in implementation, largely as a result of initial funding difficulties, half the required capital was raised by the private sector and the remaining half was expected either from public funding or under joint ventures with foreign suppliers. UNIDO modelled the project on its previous successes in the transfer of clean technology and was able to develop related CDM projects with a significant potential for reducing carbon emissions. One particularly noteworthy achievement was the elaboration of new approved methodologies for the production of energy-efficient domestic refrigerators and the manufacturing and servicing of domestic refrigeration appliances, using a low global warming potential refrigerant.



A factory manufacturing refrigerator cabinets in India

12. Green industry, blue seas

Project title:	Transfer of environmentally sound technologies (TEST) in the South Mediterranean Region
Thematic priority:	Environment and energy
Objective:	To introduce integrated modern, environmental management tools in the region
Planned outcomes:	Awareness by recipients and donors of innovative technology to reduce pollution; achievement of stress reduction measures achieved through demonstration projects and monitored at water-body level
Results:	National partners selected; training and awareness raising activities, selection of demonstration industries

Often referred to as one of the centres of ancient civilization, the Mediterranean Sea has, over the centuries, remained a place of strategic, economic and cultural importance. Bordered by 21 sovereign States, it covers an area of 2.5 million km². It was a favourite destination of early tourists and continues to be the world's most frequented tourist destination. Today, the sea is highly polluted as a result of land-based activities, including tourism and manufacturing industries. To address the problem, UNIDO is helping three countries of the south Mediterranean region – Egypt, Morocco and Tunisia – to adopt environmentally sound technology. MED-TEST is a UNIDO green industry initiative supported by GEF and the Italian Government to address priority hot spots of industrial pollution identified in the Mediterranean Strategic Action. MED-TEST is modelled on the success of

Danube-TEST, executed by UNIDO from 2001-2004 in five countries of the Danube basin. As a first step, UNIDO selected country coordinators and national technical partners. Training of national experts in UNIDO TEST methodology took place in April in Vienna where UNIDO's integrated TEST approach was presented. Technical site reviews were completed at 70 industries in the three countries. Forty-two companies were identified in which demonstration activities will be initiated. Training and technical assistance activities are planned for 2010 at each demonstration site. Despite the global financial crisis, local industries have responded very positively to the initiative. This is encouraging since it paves the way for improvements. Co-financing is a measure of their commitment to implement the measures identified during the course of the project.



Twenty national experts from the three countries came to Vienna for training

13. CFCs phase-out in Argentina

Project title:	National CFC phase-out plan
Thematic priority:	Environment and energy
Objective:	To phase out 1,810 ODP tons of chlorofluorocarbons (CFCs) in the refrigeration sector
Planned outcomes:	To enable compliance with Argentina's obligations under the Montreal Protocol
Results:	Production of CFCs stopped and import ceased, without any detrimental impact on the economy; Argentina is in compliance with all CFC phase-out obligations under the Montreal Protocol

The CFC demand in Argentina was gradually halved during the period 1996-2002 through the implementation of various projects addressing, inter alia, the manufacture of refrigeration equipment, foams and aerosols. Notwithstanding this success, it was clear that Argentina would be unable to meet the complete phase-out of CFCs by 1 January 2010 without further assistance. Working with the Government, UNIDO prepared a national phase-out plan, approved in April 2004 by the Montreal Protocol's Executive Committee. The major unaddressed CFC consumption was in the refrigeration service sector. As a first step, total CFC consumption was phased out at the remaining SMEs manufacturing refrigeration equipment. Through a training programme for 6,000 refrigeration technicians on good refrigeration practices and other related topics, CFC leakage during maintenance work and operation was reduced and a national CFC refrigerant recovery and recycling scheme put in place. The Government issued regulations for controlling the use of CFCs including a licensing system for the import and export of ODS, annual CFC production quotas, a ban on the use of ODS in enterprises that have already been helped to convert to ozone-friendly substances, a certification scheme for refrigeration technicians and public awareness activities. The latter included ozone protection awareness campaigns in the media and participation in major fairs and exhibitions, designed to keep up the phase-out momentum within the different ODS consuming sectors, as well as to identify the remaining ODS users in the country. CFCs are being recovered, recycled and even reclaimed for further use in servicing appliances.



Recent UNIDO publications describing its Montreal Protocol and greener industry activities

14. Sharing knowledge in Latin America and the Caribbean

Project title:	UNIDO Industrial Knowledge Bank for Latin America and the Caribbean
Thematic priority:	Cross-cutting
Objective:	To establish a low-budget and efficient tool to support requests for assistance from SMEs in Latin America and the Caribbean
Planned outcomes:	Platform for the promotion of real-time knowledge
Results:	In first months of operation, ten countries have volunteered as knowledge donors

The UNIDO Industrial Knowledge Bank for Latin America and the Caribbean was established in March 2009. It is a tripartite partnership platform – UNIDO, knowledge donors and knowledge recipients – to address the urgent technical assistance needs of its members and to facilitate the exchange of knowledge and best practices among Latin American and Caribbean countries. The Bank’s members can be donors or recipients of knowledge and expertise, or both. The knowledge donor institution is responsible for the quality, integrity and professionalism of the expert. Donor countries provide their expertise free-of-charge and the knowledge recipient countries commit themselves to cover all local costs involved, including publication of results. UNIDO is responsible for managing offers of, and requests for, assistance,



An expert from Ecuador assists the Bolivian women's artisanal group Tres Palmas

and covers the travel costs of experts. It enjoys the support of the Group of Latin American and Caribbean Countries (GRULAC). Since its inception just nine months ago, there have been ten knowledge transactions. The Chamber of Small and Medium Enterprises in Lara State, Venezuela (Bolivarian Republic of), offered advice on best practices in the agro-industries sector to a non-governmental development organization in Peru. An information technology corporation in Jamaica worked with

the Ministry of Industry and Trade of Suriname on SME policies through a regional training workshop in internationalization strategies for small and medium enterprises. One of the most important manufacturers of Panama hats in Ecuador assisted the Bolivian women's artisanal organization "Tres Palmas". The environmental control agency of Colombia advised its Peruvian counterpart on ways to recycle waste while institutes in Brazil provided advice to Colombia and Trinidad and Tobago on agro-industrial policies and industrial development strategies, respectively.

General Information on UNIDO

A. Size and structure of the Organization

UNIDO was established in 1966 and became a specialized agency of the United Nations in 1985. The Organization currently has 173 Member States. A list of all Member States is shown on page 124.

UNIDO employs about 690 staff members at Headquarters and other established offices. The Director-General of UNIDO, Kandeh K. Yumkella (Sierra Leone), was reappointed by the thirteenth session of the General Conference (7-11 December 2009) for a period of four years. The estimated total volume of UNIDO operations for the biennium 2010-2011 is €375 million. The value of UNIDO's ongoing technical cooperation programmes and projects totalled \$698.5 million as of 31 December 2009. The value of technical cooperation programmes in 2009 was the highest since 1992, amounting to \$139.7 million. This represents more than twice the delivery over the corresponding figure for the year 2000, maintaining the growing trend of UNIDO's technical cooperation services.

The structure of the Organization is shown on page 125.

B. UNIDO's primary objective

The primary objective of the Organization is the promotion of sustainable industrial development in the developing countries and economies in transition. To this end, UNIDO also promotes cooperation on the global, regional, national and sectoral levels.

C. The policymaking organs

UNIDO has three policymaking organs: the General Conference, the Industrial Development Board and the Programme and Budget Committee.

General Conference

The Member States of UNIDO meet once every two years at the General Conference, the supreme policymaking organ of the Organization. The Conference determines the guiding principles and policies, approves the budget and work programme of

UNIDO and appoints the Director-General. It also elects representatives to the Industrial Development Board and the Programme and Budget Committee. The thirteenth session of the General Conference took place from 7 to 11 December 2009.

The fourteenth session of the General Conference is scheduled to take place from 28 November to 2 December 2011.

Industrial Development Board

The Board has 53 Members and reviews the implementation of the work programme, the regular and operational budgets, and makes recommendations to the General Conference on policy matters, including the appointment of the Director-General.

The Board meets once in General Conference years, and twice in other years. The thirty-sixth session of the Board took place from 23 to 26 June 2009.

The present composition of the Board is shown in box 1.

Box 1. Composition of the Industrial Development Board		
Algeria	Indonesia	Romania
Angola	Iran (Islamic Republic of)	Russian Federation
Austria	Iraq	Saudi Arabia
Belgium	Ireland	Senegal
Cameroon	Italy	South Africa
Chile	Japan	Spain
China	Kazakhstan	Sudan
Colombia	Libyan Arab Jamahiriya	Sweden
Costa Rica	Mexico	Switzerland
Côte d'Ivoire	Morocco	Syrian Arab Republic
Cuba	Namibia	Tunisia
Ecuador	Norway	Turkey
France	Pakistan	United Kingdom of Great Britain and Northern Ireland
Germany	Peru	Ukraine
Ghana	Philippines	Uruguay
Greece	Poland	Zimbabwe
Guatemala	Portugal	
Hungary	Republic of Korea	
India		

Programme and Budget Committee

The Programme and Budget Committee, consisting of 27 Members, is a subsidiary organ of the Board. It meets once a year and assists the Board in the preparation and examination of the work programme, the budget and other financial matters. The twenty-fifth session of the Programme and Budget Committee took place from 5 to 7 May 2009.

The present composition of the Committee is shown in box 2.

Box 2. Composition of the Programme and Budget Committee		
Algeria	Italy	Sudan
Austria	Japan	Switzerland
Brazil	Kenya	Tunisia
Cameroon	Lebanon	Turkey
China	Mexico	Ukraine
Côte d'Ivoire	Norway	United Kingdom of
Ecuador	Pakistan	Great Britain and
France	Poland	Northern Ireland
Germany	Republic of Korea	Venezuela (Bolivarian
India	Russian Federation	Republic of)

D. Policy milestones

- The Business Plan on the Future Role and Functions of UNIDO, adopted by the Industrial Development Board (IDB.17/Dec.2) and endorsed by the seventh session of the General Conference in 1997 (GC.7/Res.1), provided the basis for UNIDO's organizational and programmatic transformation. It concentrated the Organization's activities in two areas: strengthening industrial capacities, and cleaner and sustainable industrial development. The Business Plan required the Organization to undertake both technical cooperation and global forum activities in these areas.
- Recognizing the need for UNIDO to adapt its functions and priorities and orient its activities to the new realities and requirements of the changing global economic environment, the Strategic Guidelines "Towards improved UNIDO programme delivery" were adopted by the Board at its twenty-sixth session in 2002 (IDB.26/Dec.7). The Guidelines were conceived as an important contribution to the efforts to make UNIDO a more efficient and effective organization, to further sharpen the focus of UNIDO's technical and cooperation activities.

- The vision for the future of UNIDO is set out in the strategic long-term vision statement 2005-2015, adopted in resolution GC.11/Res.4 at the eleventh session of the General Conference in 2005. Responding to international development priorities, it presents a flexible vision for operations around three thematic priorities:

Poverty reduction through productive activities, by promoting industrial growth, focusing on employment and income generation, as well as institutional capacity-building and the development of small and medium enterprises;

Trade capacity-building, by assisting countries in building and developing both production and trade-related capacities, including the capacity to conform to the standards of international markets required for participating in international trade;

Environment and energy, by focusing on and promoting renewable sources of energy and supporting programmes which maximize industrial energy efficiency, as well as other activities promoting sustainable industrial development and supporting the implementation of international environmental agreements.

- In December 2008, the Director-General presented to the thirty-fifth session of the Board the proposals for the medium-term programme framework (MTPF) 2010-2013.¹ The MTPF represented a significant departure from previous MTPF documents. For the first time, the MTPF contained an overarching development objective explicitly linking industrial development to the three thematic priorities – “Industrial development for poverty reduction, inclusive globalization and environmental sustainability”. The development objective provides the overall context in which UNIDO aims to deliver on the mandate given by its Member States and contribute to the achievement of the MDGs. The MTPF was taken note of with appreciation by the thirteenth session of the General Conference and was recognized as an important and flexible tool for implementing the Organization’s mandates.²

E. UNIDO around the world

- In 2009 UNIDO maintained a field network of 28 regional and country offices around the world, some of which cover more than one country. In addition, 17 UNIDO Desks had become operational by 2009. UNIDO also maintained an office of the Special Representative to Iraq and a centre for regional cooperation in Turkey.

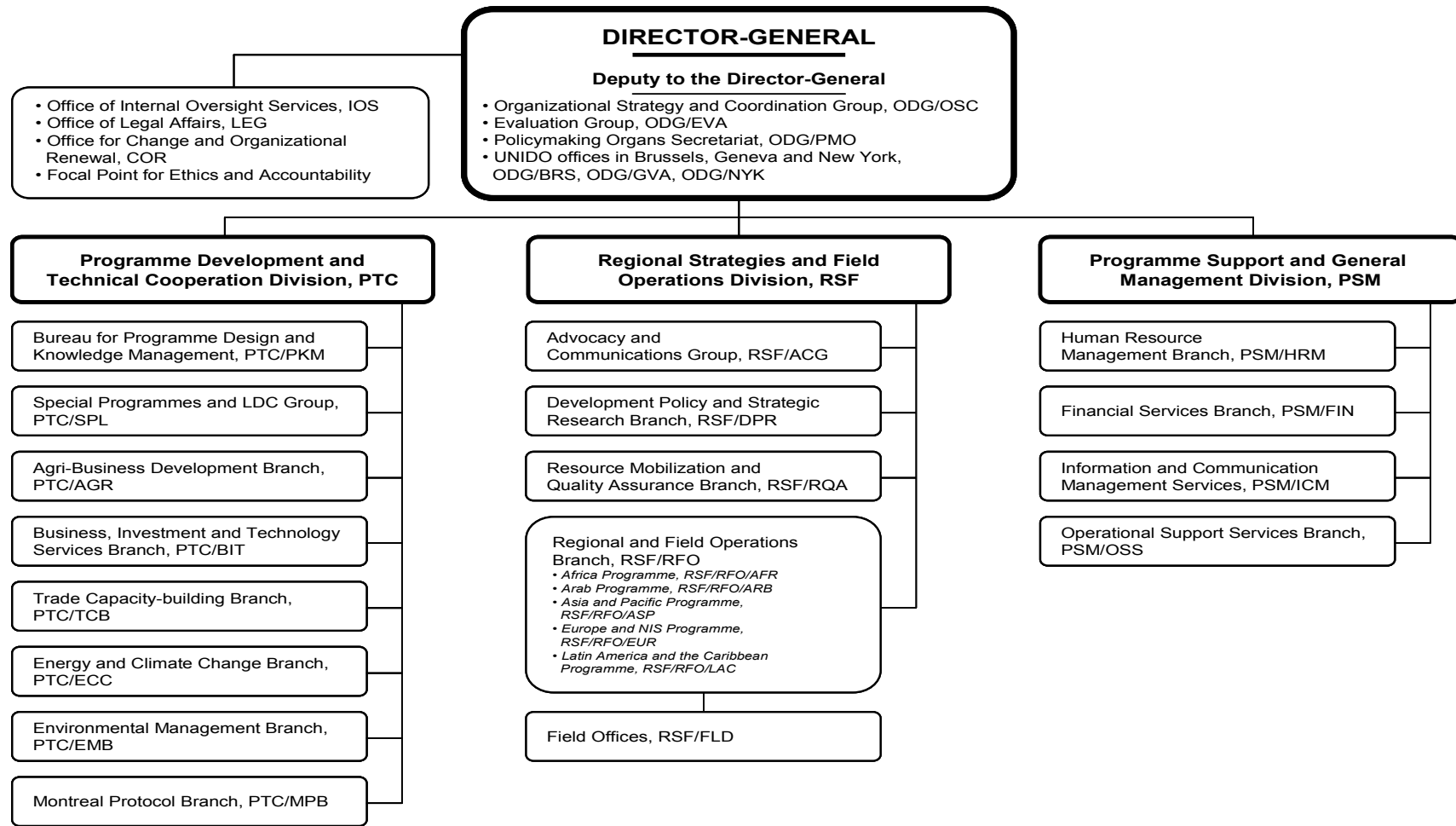
¹ IDB.35/8/Add.1.

² Resolution GC.13/Res.3.

- A network of Investment and Technology Promotion Offices (ITPOs) and Investment Promotion Units (IPUs) around the world promote investment and technology flows to developing countries and countries with economies in transition. There are also a number of International Technology Centres at various stages of development that work closely with the ITPOs.
- In addition to the above, there are numerous National Cleaner Production Centres (NCPCs) and National Cleaner Production Programmes (NCPPs), established by UNIDO and UNEP, and more are under establishment.
- UNIDO maintains offices in Brussels (EU), Geneva (United Nations) and New York (United Nations).

Member States of UNIDO

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



* As at 1 March 2010.

List of abbreviations and acronyms

A

ACS	Auto-Cluster Slovenia
AFRIMETS	Intra-Africa Metrology System
AfrIPANet	African Investment Promotion Agency Network
AGFUND	Arab Gulf Programme for United Nations Development Organizations
AGECC	Advisory Group on Energy and Climate Change
AIDS	Acquired immune deficiency syndrome
ARSCP	African Roundtable for Sustainable Consumption and Production
ASEAN	Association of Southeast Asian Nations
AU	African Union

B

BAT	best available technique
BEP	best environmental practice
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BIFT	BGMEA Institute of Fashion and Technology
BIOTIP	Biomass Conversion Technology On-Line Information Platform
BIPM	International Bureau of Weights and Measures
BNMI	Bangladesh National Metrology Institute

C

CAD	computer-aided design
CAM	computer-aided manufacturing
CAMI	Conference of African Ministers of Industry
CDM	clean development mechanism
CD-ROM	compact disc read-only memory
CEB	United Nations System Chief Executives Board for Coordination
CFC	chlorofluorocarbon
CNBC	Consumer News and Business Channel
CNN	Cable News Network
CO _{2eq}	carbon dioxide equivalent
COMFAR	Computer Model for Feasibility Analysis and Reporting
COP 15	15 th Conference of the Parties to the United Nations Framework Convention on Climate Change
CP	cleaner production
CSD	Commission on Sustainable Development
CSR	corporate social responsibility
CT	cleaner technology

D

DaO	Delivering as One
Dec.	decision
DG SANCO	Directorate-General for Health and Consumer Protection of the European Union

E

EBRD	European Bank for Reconstruction and Development
EC	European Community
ECA	United Nations Economic Commission for Africa
ECDC	economic cooperation among developing countries
ECOWAS	Economic Community of West African States

ECP	Entrepreneurship Curriculum Programme
EDU	Enterprise Development Unit
ESCAP	Economic and Social Commission for Asia and the Pacific
EIF	Enhanced Integrated Framework
Etrace	Egyptian Traceability Centre for Agro-Industrial Exports
EU	European Union
EurAsEC	Eurasian Economic Community

F

FAO	Food and Agriculture Organization of the United Nations
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G

G8	Group of Eight (Canada, France, Germany, Italy, Japan, Russian Federation, United Kingdom and United States of America)
GC	General Conference
GCLME	Guinea Current Large Marine Ecosystem
GEF	Global Environment Facility
GENDERNET	OECD-DAC Network on Gender Equality
GET-IT	Graduate Entrepreneurship Training through Information Technology
GFSI	Global Food Safety Initiative
GHG	greenhouse gas
GMSC	Gender Mainstreaming Steering Committee
GRULAC	Group of Latin American and Caribbean Countries

H

HCFC	hydrochlorofluorocarbon
HIV	human immunodeficiency virus
HLCM	High-level Committee on Management
HLCP	High-level Committee on Programmes
HP	Hewlett-Packard
HPMP	hydrochlorofluorocarbon phase-out management plan

I

IAEA	International Atomic Energy Agency
IANWGE	Inter-agency Network on Women and Gender Equality
ICCM	International Conference on Chemicals Management
IDB	Industrial Development Board
IEA	International Energy Agency
IEC	International Electrotechnical Commission
IFAD	International Fund for Agricultural Development
IIASA	International Institute for Applied Systems Analysis
ILO	International Labour Organization
INDSTAT	industrial statistics database
IPSAS	International Public Sector Accounting Standards
ISIC	International Standard Industrial Classification
ISO	International Organization for Standardization
IT	information technology
ITC-ILO	International Training Centre of the International Labour Organization
ITPO	Investment and Technology Promotion Office
ITU	International Telecommunications Union

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J

JAC Joint Advisory Committee

L

LABNET Laboratory network initiative
LCF London College of Fashion
LCOR Leading Change and Organizational Renewal
LDC least developed country
LDC-III Third United Nations Conference on Least Developed Countries
LDC-IV Fourth United Nations Conference on Least Developed Countries

M

MDG Millennium Development Goal
MDG-F Millennium Development Goals Achievement Fund financed by Spain through the United Nations Development Programme (UNDP)
MDI metered-dose inhaler
MRU Mano River Union
MSU Michigan State University
MSME micro, small and medium enterprise
MSW municipal solid waste

N

NATA National Association of Testing Authorities
NCPC National Cleaner Production Centre
NCPPI National Cleaner Production Programme
NEPAD New Partnership for Africa's Development
NIP national implementation plan
NIS Newly Independent State
Norad Norwegian Agency for Development Cooperation

O

ODS ozone-depleting substance
OECD Organization for Economic Co-operation and Development
OECD-DAC Development Assistance Committee of OECD
OIML International Organization of Legal Metrology
OPSC One Plan Steering Committee
OTA ochratoxine A

P

PAC Programme Approval Committee
PCB polychlorinated biphenyl
PGTF Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries
POP persistent organic pollutant
PSD private sector development

Q

QAG Quality Advisory Group
QCPR quadrennial comprehensive policy review

R

RBM	results-based management
REAP	Responsible Entrepreneurs Achievement Programme
RECP	resource efficient and cleaner production
RSB	Roundtable on Sustainable Biofuels

S

SADC	Southern African Development Community
SAGMA	Southern African Generic Medicines Association
SAICM	Strategic Approach to International Chemicals Management
SECO	State Secretariat for Economic Affairs, Switzerland
SME	small and medium enterprise
SPS	sanitary and phytosanitary measure
StEP	Solving the E-waste Problem
SPX	subcontracting and partnership exchange

T

TCB	trade capacity-building
TCDC	technical cooperation among developing countries
TCPR	triennial comprehensive policy review
TBT	technical barriers to trade
TEST	transfer of environmentally sound technology
TF	technology foresight
TRIPS	trade-related aspects of intellectual property rights

U

UCSSIC	UNIDO Centre for South-South Industrial Cooperation
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UN-DESA	United Nations Department of Economic and Social Affairs
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEG	United Nations Evaluation Group
UNEP	United Nations Environment Programme
UNHCR	United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UN-OHRLLS	United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
UR	UNIDO Representative
US	United States of America
UNU-WIDER	United Nations University World Institute for Development Economics Research
UNU-MERIT	United Nations University Maastricht Economic and Social Research and Training Centre on Innovation and Technology

V

VIC	Vienna International Centre
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W

- WAITRO World Association of Industrial and Technological Research Organizations
- WHO World Health Organization
- WIPO World Intellectual Property Organization



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