

# Annual Report 2010

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UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

*UNIDO Annual Report 2010*

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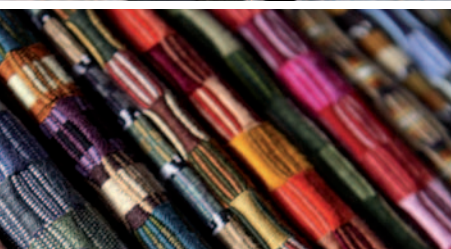
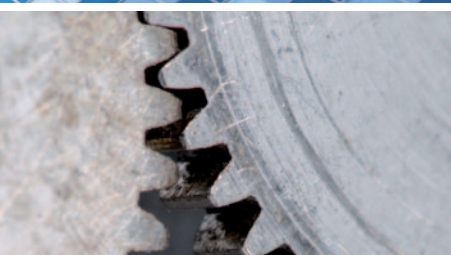
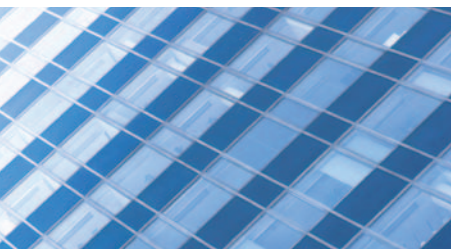
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Operational statistics • Project approvals under voluntary contributions • Technical cooperation with the least developed countries (LDCs) • Regular programme of technical cooperation • Appointment of experts by Lists of States • Agreements and other arrangements concluded in 2010 • Country promotion presentations/seminars organized by ITPOs • Procurement • Field representation • Composition of the Secretariat and personnel-related information • Staff development • Industrial statistics • List of technical cooperation activities

## Foreword by the Director-General

Readers of the 2010 Annual Report of UNIDO will recognize a number of further enhancements in its presentation and structure designed to reach out to a broader audience beyond its primary readership, the representatives of Member States in our policymaking organs. The change in the look, style and content of the Report reflects a continuation of our efforts to present UNIDO to readers hitherto unfamiliar with our Organization and its work and who, reading about our role in the reduction of poverty, may wish to work with us, support us, or call on our expertise to help them solve pressing developmental problems. It is also intended to show the centrality of sustainable industrial development as a prerequisite for enduring poverty reduction through economic diversification into more productive and competitive activities, with particular emphasis on least developed countries. Sustainable industrial development is also a requirement for increased integration into global trade flows, using environmentally and socially acceptable approaches. This, we believe, is a *sine qua non* for genuine wealth creation, which goes well beyond the mere alleviation of poverty.

During the year in review, UNIDO was able to build upon the successes of the preceding years. Once again, we were deemed to be the best performing implementing agency of the Montreal Protocol, and the length and breadth of our activities were recognized by our stakeholders in both developed and developing countries. These favourable developments notwithstanding, we have continued our efforts to increase our efficiency, effectiveness and results orientation, in order to make UNIDO an even more valuable partner for prosperity. Our efforts are built on the foundation of a comprehensive programme of change and organizational renewal

that we have initiated with the guidance and support of Member States. This will lead to fundamental changes in the way our Organization operates, as described in greater detail in chapter 1.

More than ever before, UNIDO excels at filling a niche, at providing specialized services that represent essential brushwork in the vast canvas of the activities undertaken by the United Nations to promote economic and social development. We work together with other agencies and are just as happy to provide the essential foundations on which others build, as we are to assume a leadership role in those areas in which we have been given the relevant mandate by our Member States and the international development community. We pride ourselves on being efficient and reliable partners, responsive to the needs of others and flexible enough to adjust our approach and methodologies to the individual situations of our client countries. In this connection, we are particularly pleased at the recognition given to industrial development and related energy issues in the outcome document of the United Nations Summit on the Millennium Development Goals held in New York in September. Our aim, first and foremost, is to reduce poverty effectively and lastingly through the promotion of sustainable industrial development.

The Annual Report 2010 illustrates some of the countless instances where UNIDO is making a real difference through the introduction of innovative solutions to the developmental challenges facing our Member States. It is often the multiplier effect of our services that leads to their success. In this Report, readers will find a cross-section of UNIDO achievements throughout 2010. Chapters 2 to 6 of this year's Report each contain a special feature, showcasing a current trend in



UNIDO—energy access and agribusiness received particular emphasis in 2010—or providing additional details of an activity referred to in the body of the respective chapter. We are particularly proud of the 2010 Trade Capacity Building Resource Guide, featured in chapter 4, as well as our efforts in supporting the domestic production of essential pharmaceuticals in developing countries as our contribution towards the fulfilment of the Millennium Development Goals. The special feature in chapter 6 underlines the crucial nature of research and analytical work undertaken by UNIDO that enables us to offer sound advice to governments and formulate programmes and projects built around a solid conceptual framework.

At the same time, the Report responds to guidance received from the policymaking organs of UNIDO by incorporating the Organization's financial performance report and programme performance report. Similarly, the Report meets the requirement placed upon us to report our activities related to the triennial comprehensive policy review of operational activities for development of the United Nations system (GC.11/Res.3) and the implementation of the medium-term programme framework 2010-2013 (GC.13/Res.3) through our Annual Reports. The comprehensive appendices cover, among others, operational statistics, a list of all technical cooperation projects, including those targeting the least developed countries, as well as project approvals under voluntary contributions.

Chapter 2 places special emphasis on the contribution of UNIDO to system-wide coherence within the United Nations, as well as our broader range of partnerships with other actors in the field of international development. The new mission statement of UNIDO (see chapter 1), adopted in 2010, starts out by reiterating that UNIDO is a partner for prosperity, the theme of the present Report. The partnerships we engage in and promote are manifold. This Report touches, inter alia, on partnerships with other United Nations agencies, partnerships between UNIDO and the private sector, partnerships between developing countries (South-South cooperation), and partnerships between industrialized and developing countries. This is why we have devoted a special chapter to the theme, although readers will encounter partnership as a leitmotif throughout the Report.

In conclusion, I would like to invite our readers to visit the UNIDO website ([www.unido.org](http://www.unido.org)) to learn more about our Organization or keep abreast of the latest developments. The Annual Report can do no more than provide an overview of our work in 2010 but it will, I trust, allow you to judge for yourselves just how much we have been able to contribute to international development. If it whets your appetite for more information about UNIDO and the valuable services we offer, then this mission will have been accomplished.

Kandeh K. Yumkella  
Director-General

## MISSION STATEMENT

UNIDO aspires to reduce poverty through sustainable industrial development. We want every country to have the opportunity to grow a flourishing productive sector, to increase their participation in international trade and to safeguard their environment.

## Our Services: Growth with Quality

Growth with Quality means that we continuously improve and grow all our services, which are multidisciplinary and positively transform policies and institutions worldwide.

» WE OFFER SOLUTIONS: Bring global expertise and experience to address complex development challenges through integrated and high-impact services.

» WE ARE FLEXIBLE: Differentiate and adapt our approaches and methodologies according to the needs of countries at different stages of development.

» WE EXPAND OUR SERVICES: Widen our geographic scope and increase our delivery volume to serve more countries and people.

» WE ENSURE EFFECTIVENESS: Measure the impact that our services have on development in order to ensure the best possible results.

## Our Operations: Delivering as One UNIDO

Delivering as One UNIDO means that we are united in purpose and actions.

» WE EMPOWER OUR PEOPLE: Recognize and develop competencies and knowledge, encourage communication and innovative thinking, strengthen integrity and accountability and reward team achievement.

» WE SERVE OUR STAKEHOLDERS: Advance a culture of cooperation, responsiveness and ownership in addressing the needs of all our stakeholders.

» WE LEAD BY EXAMPLE: Demonstrate ethical and gender-sensitive leadership, motivate people, promote innovation and work in flexible and cross-organizational teams.

» WE MANAGE EFFICIENTLY: Improve the timeliness and cost-efficiency of all our services and create and use business processes that minimize bureaucracy.





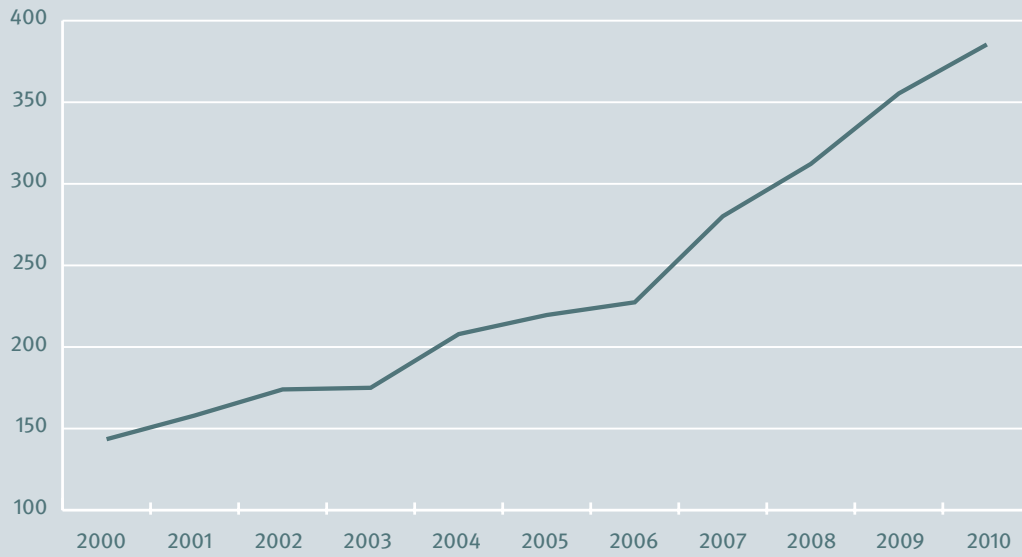
## Growth with quality

The new mission statement captures in a few key words the essence of UNIDO, its aspirations and its strategic vision. Developed in March, with inputs from staff members throughout the Organization, the mission statement sends a clear signal to Member States, donor and recipient countries, the international community and the public at large: UNIDO is a reliable and effective partner to developing countries in their quest to achieve prosperity. Readers are reminded throughout this Report of various messages contained in the mission statement. Chapter 1 describes the policies and management framework that continue to shape UNIDO and ensure the quality of its growth.

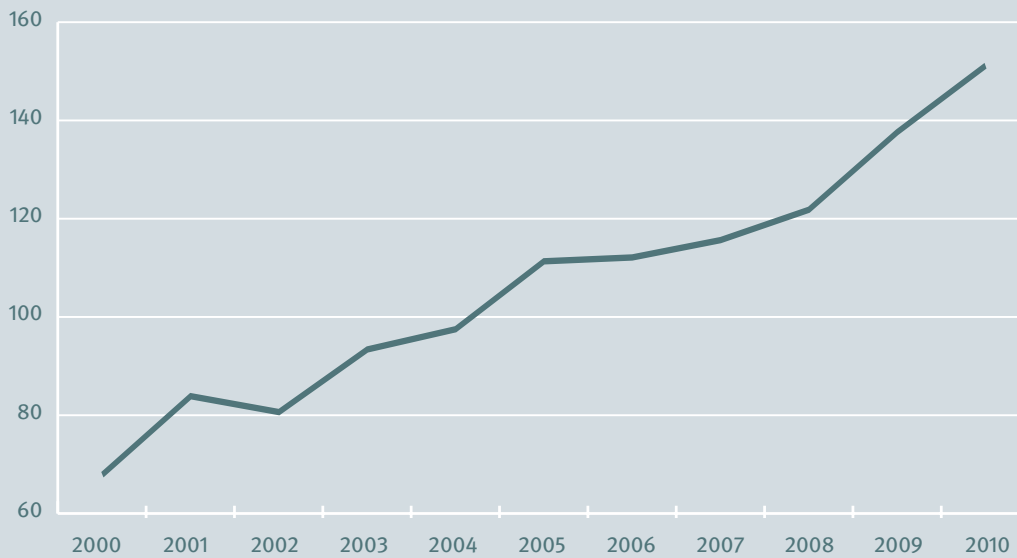
### Technical cooperation management

The positive trend in the volume of funding for UNIDO technical cooperation programmes continued in 2010. As a result of the high level of project funding agreements signed in previous years, including payment by instalments, the net increase of funds in current project budgets amounted to just over \$182 million, an almost 15 per cent increase over last year and by far the highest in the history of UNIDO. Despite this high level of cash disbursement by donors, the level of future payments under signed agreements, with the addition of the programmable donor funds available, showed a small increase over the high level of 2009, resulting in the total funds mobilized of \$183.6 million. Given also the actual volume of project services delivered during the year of \$153.5 million, the portfolio of projects and programmes in-hand increased by a substantial \$30 million to \$385.4 million. This record level will certainly enable a further increase in the volume of technical cooperation services actually delivered by UNIDO to its clients in 2011.

**Figure 1. UNIDO FUNDS AVAILABLE FOR FUTURE IMPLEMENTATION** (millions of US dollars)



**Figure 2. UNIDO TECHNICAL COOPERATION DELIVERY** (millions of US dollars)



The review mechanism for technical cooperation activities, introduced in 2006, underwent a major change in June with the introduction of a revised system for the screening, appraisal and approval of programmes and projects. It will serve to strengthen the checks and balances of the review process, leading to higher quality standards. The main features of the revised mechanism include a separation of the screening from the approval function—both previously vested in the Programme Approval Committee (PAC)—into

a new Screening and Technical Review Committee (STC) and a Programme Approval and Monitoring Committee (AMC). The STC analyses project requests and guides their development while the task of the AMC is to approve fully-fledged project documents and the release of UNIDO programmable funds, review compliance with reporting requirements and provide programmatic advice to the Executive Board. The revised system also called for a redefinition of the Quality Advisory Group—renamed Appraisal



Group—to appraise thematic issues and assess the overall quality of projects before their transmission to the AMC. The systematic use of the logical framework and the underlying intervention chain approach is a key tool, not only for the design of concepts and projects, but also for their consistent review at different levels.

A detailed proposal for an upgraded monitoring, reporting and risk-tracking system was endorsed by the Executive Board in April. A first set of measures, aimed at strengthening compliance with basic reporting requirements, came into effect in July, while the successive phases of the system are to be implemented gradually as of 2011, within the framework of the Programme for Change and Organizational Renewal.

Twenty-nine meetings were held by the PAC and the STC during 2010 to review a total of 120 concepts (service summary sheets, programme screening forms, project identification forms, etc.) with a compound approval rate of 70 per cent. Table 1 gives a breakdown of the decisions.

## Financial management

The increase in the volume of funding for UNIDO technical cooperation programmes mentioned above was largely achieved through the support of an ever-broadening base of donors and funds, that recognized the relevance and quality of UNIDO services.

Funding from government sources (including various multi-donor trust funds) for the first time passed the \$100 million mark, with 17 individual donors funding more than \$1 million each. The largest contributor in 2010 was once again the European Commission, with a net increase in project budgets (excluding support costs) of \$20.1 million, followed by Italy with \$16.5 million. Other major

contributors with net contributions above \$1 million included Japan with \$5.2 million (as well as \$1.1 million through the United Nations Trust Fund for Human Security), Switzerland with \$4.8 million, Norway with \$4.4 million, the Russian Federation with \$3.8 million, Germany with \$2.9 million, France with \$2.7 million, Spain with \$2.6 million (as well as \$5.6 million through the Millennium Development Goals Achievement Fund, or MDG-F), India with \$2.4 million, Canada with \$2.2 million, Austria with \$2 million and Nigeria, South Africa, Sweden and Zambia each contributing between \$1 million and \$2 million. Appendix B (see attached CD) shows the distribution of Industrial Development Fund and Trust Fund approvals by region and thematic priority.

Indirect government funding of UNIDO technical cooperation through various United Nations multi-donor trust funds amounted to \$19.6 million. The largest component in 2010 related to the Delivering as One multi-donor trust funds that contributed \$7.3 million; post-crisis multi-donor trust funds financed projects to a value of \$5.6 million; the MDG-F, financed by Spain through the United Nations Development Programme (UNDP), also contributed \$5.6 million to project budgets and the United Nations Trust Fund for Human Security, essentially financed by Japan, contributed \$1.1 million.

In the environment and energy area, funding from the Global Environment Facility (GEF) and the Multilateral Fund for the Implementation of the Montreal Protocol increased from the previous range of \$45-\$60 million (2004-2009) to a record \$72.8 million. After the record level of \$43.3 million in 2009, new funds from the GEF were down to \$25.8 million while funding from the Multilateral Fund, after a low in 2009, reached an all-time record level of \$46.9 million. Since a considerable number of large-scale projects are under development or consideration, particularly in the climate change and energy areas, a higher level of approvals

**Table 1. CONCEPTS REVIEWED BY THE PAC AND STC IN 2010**

Decision	Number of submissions	Percentage	
Cleared	as submitted	19	16 %
	subject to revision	65	54 %
Resubmission requested	17	14 %	
Decision postponed	13	11 %	
Not approved	6	5 %	
<b>Total</b>	120	100 %	

from the GEF is expected for 2011, with over \$4.3 billion available for the fifth GEF replenishment period (July 2010-June 2014). The GEF requirement of co-funding, both for preparatory assistance projects and for the main projects, represents a challenge, particularly in the case of large-scale projects for the least developed countries. It will be necessary to approach Member States to secure their participation in these projects.

In September, UNIDO sent a revised monitorable action plan to the GEF Secretariat, highlighting the progress made in 2010 in complying with Fiduciary Standards established for the ten GEF agencies. Three documents were issued in May. First, the policy document on financial disclosure was approved and promulgated (see section on human resources below). The second document on the internal control framework contains a set of core guiding principles and policies built into the Organization's structure and activities, which are fully integrated in the management processes of planning, execution and monitoring. As a comprehensive mechanism, the framework encompasses all the policies, procedures, monitoring activities and commitments, standards of behaviour and other aspects that govern UNIDO operations. It is aimed at ensuring the effective and efficient management of UNIDO, together with the effective, efficient and economic use of all resources administered by the Organization.

Finally, the revised system for the screening, appraisal and approval of technical cooperation programmes and projects ensures the separation of the screening from the approval and monitoring functions and is based on two decision-making bodies with cross-organizational membership. A GEF peer review body in UNIDO oversees the quality of GEF funded projects based on GEF review criteria.

With the publication of the above three documents, UNIDO considers that it has fully met the following eight out of eleven GEF fiduciary standards: external audit; financial disclosure; code of ethics; internal audit; procurement; evaluation function; investigations function; whistleblower hotline. Outstanding issues pertaining to risks and their management are linked with the fiduciary standards on (a) financial management and control frameworks, (b) project appraisal and (c) monitoring and project-at-risk systems. These will be further fine-tuned during the implementation of the ongoing change management initiative.

Of the three thematic priorities of UNIDO, environment and energy drew the largest share of funding with \$90.1 million, 80 per cent funded by the GEF and the Multilateral

Fund. Poverty reduction through productive activities received \$58.5 million while trade capacity-building attracted \$28.9 million.

Limited funds were received for the three focused trust funds operated by UNIDO. Only Finland contributed to both the trade capacity-building trust fund and the agribusiness trust fund. No further contributions were received for the renewable energy trust fund after its establishment by the General Conference from funds allocated from unutilized balances (decision GC.13/Dec.15 refers). Further contributions to these trust funds would greatly facilitate the development of suitable high-priority projects or, where applicable, to cover the proportion of UNIDO cost-sharing in joint projects.

Despite the high level of approvals in 2010, UNIDO ended the year with a very healthy pipeline of projects to be submitted for approval in 2011, especially in the areas of energy and climate change, environment and trade capacity-building. The thematic priority of poverty reduction through productive activities is expected to benefit again from various multi-donor trust funds and an increase in donor interest in the direct funding of selected projects. This may result in higher funding levels in the coming years, not least in the context of the agribusiness initiative where a large portfolio is under development, supported by a dedicated trust fund. There is also growing interest in funding projects designed to support the development of the private sector.

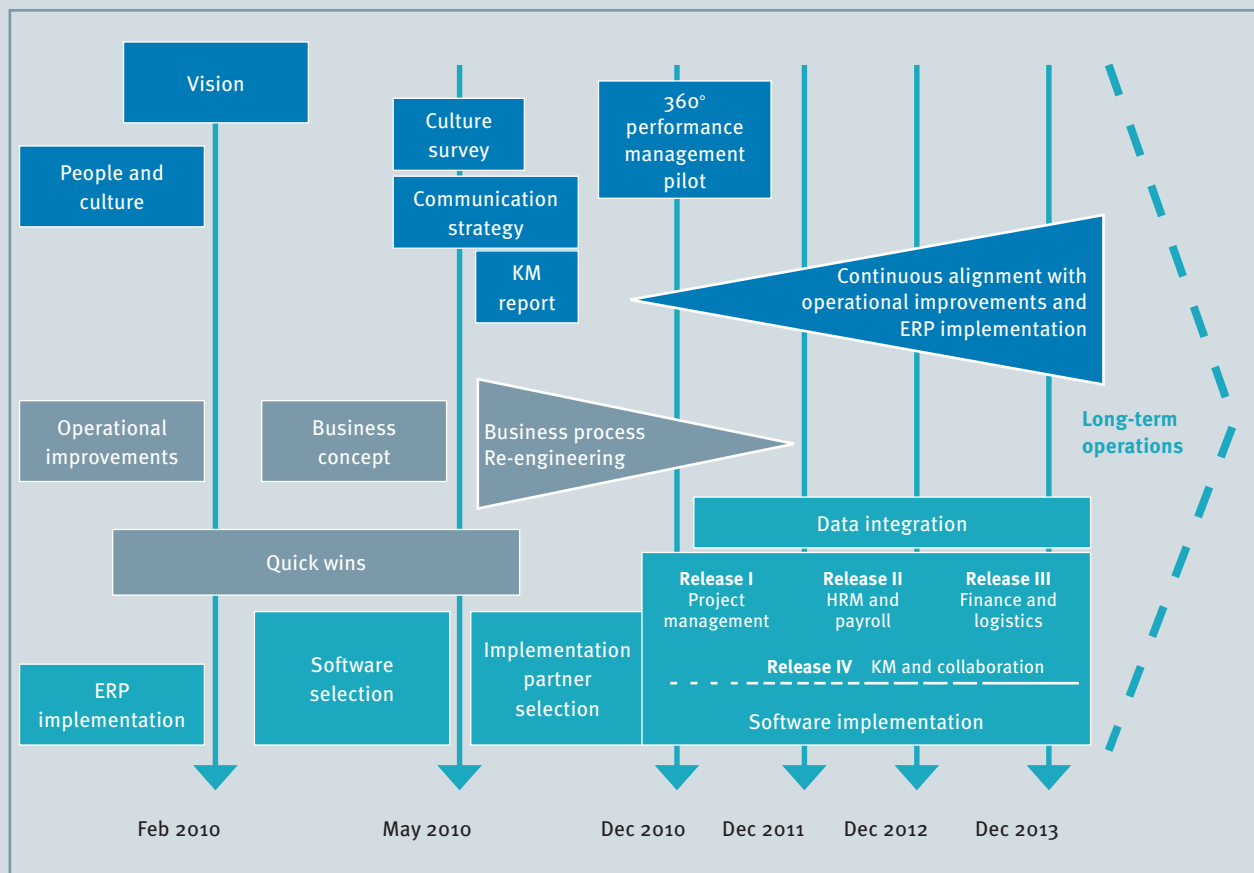
## Change management

### » Growth with Quality

The Programme for Change and Organizational Renewal (PCOR) is an organization-wide initiative to reinforce the UNIDO role as a partner for prosperity. The three-year programme is making fundamental adjustments to the way the Organization operates to further increase its efficiency and effectiveness. The programme is based on the "Leading Change and Organizational Renewal (LCOR)" congruence model, introduced at a senior management retreat in January that advocates a change in the organizational culture as one of the first steps in any major change undertaking, together with other change management activities.

The expected benefits of PCOR are captured in the new UNIDO mission statement: Growth with Quality and Delivering as One UNIDO. They will be achieved through a re-engineering of UNIDO business processes and

Figure 3. PCOR HIGH-LEVEL IMPLEMENTATION PLAN



The final stage of preparatory work involved the development of a high-level implementation plan. Based on this, detailed work plans for three distinct streams of activities—“People and culture”, “Operational improvements”, and “ERP implementation”—were prepared and approved by the CCOR and the associated concrete initiatives were launched shortly thereafter.

the implementation of an enterprise resource planning (ERP) system along with the required adjustments in human resource development and organizational culture. To make sure that all aspects of the LCOR model—business processes and formal organization as well as people and culture—are addressed in a systematic and holistic manner, in February the Director-General set up a new governance structure for PCOR. Composed of staff members from different units of the Organization, the new structure was designed to encourage increased teamwork. The main

decision-making body established for PCOR was the Committee for Change and Organizational Renewal (CCOR) to provide both overall and specific direction and oversee the programme. The Office for Change and Organizational Renewal (OCOR) was set up within the office of the Director-General to guide, coordinate and manage the implementation of the PCOR. It was supported by two task forces whose role was to enhance operational efficiency and effectiveness, and improve the management and working culture.

Much work was done in 2010 to build up the change momentum and ensure the commitment of the entire staff. In order to make optimum use of its new business model, the Organization looked into issues such as values and norms and their impact on behaviour, and ways to improve teamwork, appraisal and incentive systems, knowledge sharing and effective communication. A comprehensive cultural diagnosis survey was conducted between April and June to gain a clearer understanding of the working culture and establish a baseline to assess the progress of cultural change. The survey attracted extensive feedback from staff and identified some key areas that could be improved. The designation of individual change agents within the organizational units concerned will facilitate the smooth introduction of new business processes and prepare the way for operational and cultural changes. UNIDO is currently piloting a 360° performance staff appraisal system that will become an integral part of the ERP system.

The entire staff of UNIDO, both at headquarters and in the field, is kept abreast of developments through a regular newsletter and dedicated intranet page or, in the case of headquarters staff, town hall meetings held by the Director-General, management meetings or informal discussions. Member States and stakeholders are kept informed through the provision of documents, briefings and a dedicated extranet page, where they can access relevant documents and newsletters.

A feasibility study and other internal assessments identified 40 “quick wins” (i.e. immediate operational improvements on processes and procedures that can be achieved at little or no additional investment). Most of these were successfully implemented between April and December while those remaining are nearing completion. The quick wins have not only contributed to increasing the efficiency of the Organization, but more importantly, have kept the change momentum alive and helped to instill a culture of change.

In parallel, UNIDO embarked on a business process re-engineering (BPR) exercise, to review and analyse its entire range of business processes, including technical cooperation project management, procurement, financial services and human resource management. The exercise was carried out through a series of workshops and consultations led by experts from the Cranfield Business School in the United Kingdom during the period July to September for around 100 headquarters and field staff members. The BPR exercise developed “to-be” processes and recommendations, including information requirements, activity variations, risks, feedback

from the field offices, roles and a gap analysis. The final outcome was an agreement on the main benefits expected from PCOR, a business model for the technical cooperation project cycle, and a number of actions that can be taken prior to, or in parallel with, the ERP implementation. The completion of the BPR exercise before the development of new software will save UNIDO both time and money.

The implementation of an ERP system is at the core of the change and organizational renewal programme. The system is expected to result in a fully transparent end-to-end process, from the identification of needs to the achievement of project results, providing access to a single integrated platform to collect and disseminate information and knowledge between headquarters and the field and across business functions and units.

Selecting the most appropriate ERP software package and a suitable partner to assist UNIDO with its implementation was a challenging task. Information on benchmarks, lessons learned from the BPR exercise and best practices collected from other organizations were included in the procurement process for the ERP system. The BPR results also formed the basis for the implementation of the new system. In the second half of the year, a group of staff from various functional areas evaluated offers received using detailed criteria and put together a shortlist of suitable suppliers. The selection was made in early December. The ERP system will be implemented successively in four releases over the period 2010 to 2013: core business (project and portfolio management) from December 2010 to December 2011, in phases; human resource management and payroll from December 2010 to December 2011; finance, procurement and logistics from October 2011 to January 2013; and knowledge management and collaboration from December 2010 to January 2013.

After the implementation of the first release in 2011, a global management platform will be in place to share technical cooperation activities, project results and outcomes with UNIDO stakeholders. The new system will enhance accountability, transparency and internal controls, and accelerate decision-making and planning capabilities by providing up-to-date and accurate reports covering both quantitative and qualitative aspects.

The human resource and organizational culture elements of the PCOR will continue to be addressed during the implementation of the ERP system, as staff are trained in the system and the orientation of their jobs shift from a functional to a new integrated business approach, with knowledge

sharing and teamwork at its heart. A senior management retreat to reflect upon PCOR and the action plan was scheduled for February 2011.

## Gender policies

One area of common focus among all partners involved in development is the issue of gender equality. The UNIDO gender policy, issued in 2009, is based on the premise that gender equality and the empowerment of women contribute significantly to economic growth and sustainable industrial development, themselves drivers of poverty reduction and social integration. It covers both the empowerment of women within their countries' development efforts and the gender balance of staff—in particular senior staff—within the Organization. Since the adoption of the gender policy and the creation of the Gender Mainstreaming Steering Committee (GMSC), the Organization has redoubled its efforts to ensure that gender equality is mainstreamed in all projects, programmes and policies. The GMSC has recently finalized an implementation strategy and action plan, with clear areas of responsibility and the required human and financial resources necessary to ensure full implementation of the policy. The strategy and action plan are currently under review by the Executive Board. The GMSC will also be working towards the goal of gender balance within the Secretariat.

Under an organization-wide capacity-building exercise from May to November, a total of 11 gender mainstreaming

workshops were held for the technical branches, as well as other key branches involved in the process of project development and implementation. A session was also organized for the Human Resource Management Branch to consider innovative ways to make significant progress towards the target of gender balance in the Secretariat, particularly at higher decision-making levels. In total, 241 staff members received training, which was delivered by the International Training Centre of the International Labour Organization. This exercise is the start of an ongoing process to ensure continuous staff development and capacity to mainstream gender issues in daily activities. The GMSC is currently putting together a special toolkit to assess the extent of gender mainstreaming in UNIDO projects and programmes, particularly at the field level, and to identify areas for improvement. The toolkit will draw, among others, on experiences gained in pilot projects implemented in 2010 in Morocco and Viet Nam.

The major strides made by the GMSC in just a year and a half could not have been achieved without the dedication, commitment and professionalism of its chair, Ole Lundby, Special Adviser to the Director-General on the MDGs. The Director-General and colleagues were saddened to learn of the untimely death of Ole Lundby on 10 February 2011.

In its convening role, UNIDO took the lead in system-wide discussions on women's economic development when it hosted a gender workshop in February in Vienna on women's economic empowerment, accountability and national ownership. The workshop, organized jointly by the



**“Many developing countries** lack wealth creating opportunities for women and, in cases where they exist, cultural norms often hinder women from benefiting fully from them”

Kandeh K. Yumkella, Director-General of UNIDO,

Female trainee electronic technician in Iraq.  
© UNIDO



United Nations Inter-Agency Network on Women and Gender Equality and the Development Assistance Committee's Network on Gender Equality (DAC-GENDERNET) of the Organisation for Economic Co-operation and Development (OECD), brought together government representatives, development partners and donors to pool knowledge and experience gained during a number of field case studies. These featured, among others, the UNIDO entrepreneurship curriculum programme for schools in Mozambique. The head teacher of the Teacher Training Department of the National Institute for Educational Development of Mozambique demonstrated an example of national ownership, where structured coordination mechanisms were in place to link the Institute with the Ministry of Education, and stakeholders at the provincial level.

## »» Gender equality and the empowerment of women contribute significantly to economic growth and sustainable industrial development

The final session of the workshop concluded that education, both formal and non-formal, is the key to women's economic empowerment, allowing them to compete on the labour market. Policymakers also need to address the right to decent work that complies with labour standards, and develop policies and programmes that recognize and value all of women's work, paid and unpaid. It was also agreed that development partners including bilateral and multilateral agencies need to demonstrate greater accountability for gender equality and gender mainstreaming.

In March, UNIDO participated in the Commission on the Status of Women that included a fifteen-year review of the Beijing Platform for Action. Although Member States have made significant progress in addressing the twelve critical areas identified at the Fourth World Conference on Women, held in Beijing in 1995, there is still a long way to go and more resources are needed to galvanize efforts, particularly in the least developed countries.

2010 also marks five years to the deadline of achieving the MDGs. Although there is a specific goal dedicated to monitoring progress towards gender equality (MDG 3), it is increasingly recognized that gender equality is a cross-cutting issue by nature and can help accelerate progress towards the other goals. In the lead up to the MDG Summit in September 2010, UNIDO participated in the High-level MDG 3 Conference on "Women's Empowerment and Employment", hosted by the Government of Denmark, where the Director-General participated in a panel discussion on challenges in overcoming cultural and social barriers towards women's empowerment.

This year has also witnessed a significant milestone in the work of the United Nations system on gender equality. In July, the General Assembly agreed on a resolution to create a new body entitled United Nations Entity for Gender Equality and the Empowerment of Women, also known as UN Women. This reflects the strong commitment by Member States to allocate greater human and financial resources to help achieve gender equality and the empowerment of women in developing countries. It also gives the United Nations system an opportunity to rethink the way in which gender equality is addressed. For UNIDO, UN Women presents a real chance to improve coordination and assistance towards women, particularly in the area of economic empowerment. With greater capacities and field presence, UNIDO is confident that UN Women will provide the much needed impetus and guidance to assist other United Nations agencies in fulfilling their mandates, thus ensuring a better future for women and girls the world over.

### Human resources

»» We empower our people: We recognize and develop competencies and knowledge, encourage communication and innovative thinking, strengthen integrity and accountability and reward team achievement.

Efficiency calls for the right skills to perform a particular job. Under the stringent competitive selection process used by UNIDO, 96 candidates were selected for established headquarters and field posts in 2010, either through outside recruitment or internal reassignment. For a field-focused organization such as UNIDO, an effective presence of staff within its client countries adds much to the efficiency of the Organization. 2010 saw an increase in the number of



The Director-General and the Managing Director of the Programme Support and General Management Division meet newcomers in UNIDO. © UNIDO

professional field staff from 60 in 2009 (37 international and 20 national officers) to 74 (50 international and 24 national officers) in 2010.

While UNIDO ensures that new staff members possess the academic skills and technical expertise commensurate with the high standards enshrined in its recruitment policy, it is clear that learning is an ongoing process. The Organization introduced a new policy on learning in 2010, based on the premise that learning is both strategic and a shared responsibility between staff members, managers and the Human Resource Management Branch. Learning, the new policy affirms, is both a process and an outcome and should be linked to the overall goals of UNIDO (see appendix L on attached CD). This and other issues are covered in detail in a revised Human Resource Management Framework, published in May. Founded on two premises, namely succession planning that occupies a strategic position in human resource planning, and career development, the new framework offers a response to today's organizational and staff needs.

An efficient staff is a well informed staff. In 2010, UNIDO launched its online Administrative Handbook, which provides information to staff on a variety of administrative matters, services and procedures, including those related to staff benefits and entitlements as well as to privileges and immunities under the Host Country Agreement with the Republic of Austria. Of particular value to new recruits is a section on

the Vienna International Centre and life in Vienna. A new social security agreement was signed with Austria in April—the first amended agreement in 40 years—that sets out the terms and conditions of UNIDO staff participation in some branches of the Austrian social security scheme.

Greater efficiency—and a contribution to the UNIDO “greening” effort—was achieved through the introduction of a paperless electronic time-recording and leave administration system.

UNIDO is justifiably proud of the professional competence of its staff. Outstanding performance is recognized under the merit award system, whereby staff members are nominated both by their supervisors and peers. In 2010, another 27 staff members and two teams were granted merit

»» **The paramount consideration** in the employment of the staff shall be the necessity of securing the highest standards of efficiency, competence and integrity ...

[UNIDO Staff Regulation 3.2]



Leading by example: greening initiatives in the VIC.  
© UNIDO

right: Vienna International Centre.  
© UNOV

awards. Competence is evaluated regularly through performance appraisals. At the same time, a new pilot initiative was launched in November whereby senior managers, including the Director-General, receive feedback from different people involved in their day-to-day work. These include not only supervisors and peers, but internal and external counterparts, providing a truly 360° assessment of the staff member. The results of the pilot study will be used to develop a new performance management and staff appraisal system early in 2011.

Staff pledge their loyalty to UNIDO when they first join the Organization and maintain high standards of integrity throughout their career. In order to safeguard this integrity and in response to calls for greater transparency within the United Nations system, UNIDO, in common with other organizations, promulgated a Code of Ethical Conduct in March. At the same time, and following intense consultations between staff representatives and management, the Organization finalized its policy on the protection against retaliation for reporting misconduct. The Code reaffirms the Organization's ethical principles and provides guidance to staff members on various issues that may arise in the course of their activities, including working relationships and personal conduct. The policy on protection against retaliation establishes the framework and procedures for the protection of those individuals working for the Organization who report misconduct, provide information in good faith on alleged wrongdoing, or cooperate with an audit or investigation. The policy for financial disclosure and declaration of

interests was issued in May. Its purpose is to guard against any actual, perceived or potential conflict of interest between a staff member's official duties and his or her personal life.

## Carbon-neutral policies

» We lead by example

While helping developing countries and those with economies in transition to pursue sustainable, environment-friendly industrial development, UNIDO has made considerable efforts over the past few years to set an example as a "green" organization, dedicated to reducing its own carbon footprint. A report issued at the end of 2009 by the United Nations Environment Programme (UNEP), entitled *Moving Towards a Climate Neutral UN*, pays credit to the energy saving and environmental protection measures introduced by UNIDO as the agency responsible for buildings management operations in the Vienna International Centre (VIC), that have "not only contributed tremendously to save energy and protect the environment, but have also enhanced the safety, security and reliability of the VIC and brought about a modern and state-of-the art office working environment". The report mentions in particular savings in heating, cooling, water and lighting both through the replacement of old fixtures with new, energy-efficient ones and the engagement of staff in energy economy efforts.

Building C, housing most of the VIC conference facilities, was singled out for attention in 2010. While work was under





way to remove asbestos, the UNIDO Buildings Management Service took advantage of the closure of the building to install energy-efficient, state-of-the-art fixtures and systems, including new air-conditioning units equipped with energy recovery systems.

The estimated size of the UNIDO climate footprint in 2009 (figures for 2010 are not yet available) is about 11,300t CO<sub>2</sub> equivalent. This covers all activities for which the Organization is operationally or financially responsible, including projects managed by UNIDO. Air travel accounts for 62 per cent of the UNIDO footprint, with the remainder coming from the use of buildings (heating, cooling and electricity), the fuel consumption of official vehicles and other miscellaneous sources. Almost all emissions are in the form of CO<sub>2</sub>.

Official travel is unavoidable, but staff members have been encouraged to reduce, and where possible consolidate travel. UNIDO is currently preparing a comprehensive emissions reduction strategy, which will make recommendations on how emissions from travel can be further reduced.

There was an enthusiastic response on the part of staff to the “UNIDO goes paperless” campaign. From the introduction of the scheme in March to the end of the year, UNIDO saved a remarkable 1.7 million pages, or 8.5 tons, of high-quality paper. Even further savings are expected in 2011 through the introduction of electronic workflows and electronic signatures for administrative processes as well as a secure electronic filing system.



## Partner for prosperity

“I ... firmly believe that, together, we can make a difference, as long as we remember that it is always about people, and never about abstract concepts.”

Kandeh K. Yumkella, Director-General of UNIDO

Almost one million visitors to the UNIDO website are aware that the Organization's long-term vision is “to aspire to a world of opportunity where progress is equitable, accessible and sustainable and where the alleviation of poverty is considered both a common aim and global responsibility”. Only decades ago, humanitarian and aid organizations were largely seen as benefactors, while client countries assumed the role of passive recipient. This is no longer the case and developing countries, even the poorest among them, have a clear concept of where they are going and how to get there. They turn to organizations such as UNIDO for support, guidance and advice rather than instructions. UNIDO does not impose solutions but rather sees itself as a partner for prosperity. Wealth creation does not simply mean helping poor people to increase their daily income from \$1 to \$2, but to achieve a level of prosperity that will make a substantial difference to their lives, their families and their local communities. UNIDO is aware that it can have the greatest impact on the economic growth of the world's poorer countries by teaming up not only with developing countries themselves, but with a range of partners, each of whom contributes specific strengths and competences to the partnership. Whether UNIDO works hand-in-hand with another United Nations organization, a non-governmental organization, a private corporation, a university, or all of the above, it makes sure that each partner is doing what it does best in a coordinated and complementary fashion to the benefit of the recipient country.



## UNIDO: A United Nations team player

By default, the closest partnerships that UNIDO has are those with its Member States and other members of the United Nations system, whether in drawing up strategies to reduce poverty, in the execution of programmes and projects, or in ensuring that available resources are used judiciously. Coordination at the highest level helps to avoid duplication of effort and allows each team member to contribute its particular expertise and experience towards the achievement of a common goal. System-wide coherence is a relatively new priority of the United Nations system, but it is one that is here to stay.

At its sixty-fifth session in 2010, the General Assembly invited UNIDO to continue to “build and strengthen its partnership with other United Nations organizations having complementary mandates and activities, as well as with other entities, including in the private sector, with a view to achieving greater effectiveness and development impact and promoting increased coherence within the United Nations system”.

The Organization’s dedication to the process of system-wide coherence reached a milestone in 2010. In April, heads of 27 United Nations system organizations came to Vienna to attend a meeting of the United Nations System Chief Executives Board for Coordination (CEB), under the chairmanship of the United Nations Secretary-General. Hosted by UNIDO for the very first time, the CEB discussed a large number of issues, ranging from climate change to global

governance and the achievement of the Millennium Development Goals (MDGs). The CEB session was preceded by a meeting of the United Nations Development Group (UNDG) Advisory Group (see below). UNDG was created by the Secretary-General in 1997, to improve the effectiveness of the development process at the country level. Another first for UNIDO was the nomination of one of its Managing Directors as vice-chair of UNDG for the year 2011.

The triennial comprehensive policy review (TCPR) operates as a framework for coherence in the operational activities for development of the United Nations system as a whole, and was adopted in December 2007 by the United Nations General Assembly. UNIDO achievements in the TCPR focus areas are reflected in its various technical cooperation activities, as described in the present Report. Indeed, the entire Report provides an overview of the Organization’s achievements in the context of the TCPR. In 2010, UNIDO made substantive inputs to the Secretary-General’s progress report on the implementation of the TCPR, as well as to related reports on the simplification and harmonization of business processes, the functioning of the Resident Coordinator network, and the financing of system-wide operational activities. These inputs were well reflected in the reports, which will form the building blocks for the elaboration of a new quadrennial comprehensive policy review in 2012.

At its thirty-eighth session in November, the Industrial Development Board recommended an alignment of the Organization’s four-year medium-term programme framework with the quadrennial comprehensive policy review of

**“The true measure** of success for the United Nations is not how much we promise, but how much we deliver for those who need us most”

United Nations Secretary-General-elect, Ban Ki-moon in his acceptance speech, 3 October 2006

operational activities for development of the United Nations system. This will undoubtedly lead to yet greater coherence.

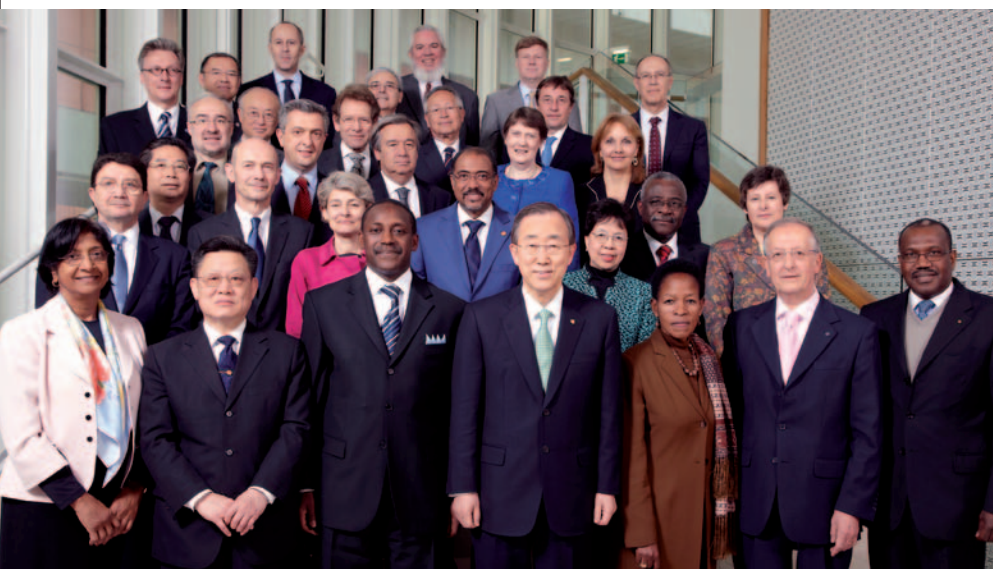
As mandated by the General Assembly, UNIDO presented its biennial report on industrial development cooperation to the sixty-fifth session of the General Assembly. The report highlighted recent trends in industrial development, particularly in the context of the global financial and economic crisis. It also explored the role of industrial development in meeting the MDGs, examining in particular the specific and inter-linked roles of green industry, access to modern forms of energy, and energy efficiency. In response to the report, on 20 December the General Assembly adopted resolution 65/175, which, inter alia, recognizes the key role of UNIDO in promoting industrial development and international industrial cooperation, as well as encouraging the Organization to further its technical cooperation, policy advisory, normative and convening activities.

The Millennium Development Goals were not a starting point for development assistance but they provide a strategic framework for the way forward. The eight goals each have a number of quantifiable targets. Most importantly, they lay the foundations for a global partnership for development to tackle and resolve some of the most pressing problems facing the planet. The United Nations High-level Plenary Meeting on the Millennium Development Goals took place in September in New York to find ways to speed up progress towards implementation of the MDGs by 2015. A review of the state of play took note of successes and achievements, identified a number of obstacles and gaps that had to be

addressed and discussed future challenges and opportunities. The outcome document of the Summit, "Keeping the Promise: united to achieve the Millennium Development Goals", refers to the crucial role played by the productive sectors in promoting sustainable development and alleviating poverty. It recognizes that appropriate policies to promote

## »» The General Assembly recognizes the key role of UNIDO in promoting industrial development and international industrial cooperation

both industrial and agricultural development could accelerate progress in attaining the MDGs. It also emphasizes the importance of addressing energy issues, including access to affordable energy, energy efficiency and sustainability of energy sources and use, for the achievement of the MDGs and the promotion of sustainable development. UNIDO participation both in the Summit and its side events focused in particular on the issues of climate change, energy efficiency and access, green industry and private sector development.



Members of the CEB at UNIDO headquarters in Vienna, April 2010. © UNIDO

The Delivering as One (DaO) initiative was launched on a pilot basis in 2007 in eight countries (Albania, Cape Verde, Mozambique, Pakistan, Rwanda, United Republic of Tanzania, Uruguay and Viet Nam) and comprises four pillars: one leader, one budget, one programme, one office. Its aim is to increase the effectiveness and coherence of all United Nations system organizations carrying out development operations in the field. Delivering as One has brought together partner countries, donors and United Nations country teams with fresh energy, momentum and a greater sense of common purpose. By strongly encouraging the eight pilot country teams to implement reforms and by giving them broad latitude to innovate and experiment with ways of working together as one United Nations team, Delivering as One has tested a number of different ways of working together.

The Delivering as One initiative reached its fourth year of implementation in 2010 (see box). UNIDO continued its support for both DaO pilot countries and for a number of countries that have voluntarily adopted the DaO approach (so-called self-starters). In the wake of significant progress made in the pilot countries and the creation of a multi-donor trust fund—the Expanded Delivering as One Funding Window for Achievement of the MDGs, operational since July 2009—the number of self-starters that have expressed a wish to follow the DaO approach or have been recommended by UNDG regional teams exceeded 25. These countries include Bhutan, Comoros, Kiribati, Kyrgyzstan, Lesotho, Malawi, Montenegro, Papua New Guinea and Sierra Leone, all of which have already received funding from the Expanded Delivering as One Funding Window for Achievement of the MDGs. Other self-starters, composed mainly of 2009 and 2010 United Nations Development Assistance Framework (UNDAF) roll-out countries, are at different stages of developing their One Programme and the other pillars of the DaO approach.

UNIDO was closely involved in joint programme formulation, UNDAF mid-term reviews and UNDAF roll-out processes of 40 countries, assuming the lead, or convener, agency role in an UNDAF thematic area whenever requested by the United Nations country team (UNCT) or the respective government. UNIDO involvement in the common country assessment (CCA) programming processes at the country-level was made possible through the UNIDO financial support facility “Enhancing the coordination and support of UNIDO involvement in CCA/UNDAF and Delivering as One processes”, in place since 2008. A series of DaO review and monitoring missions was

undertaken in two pilot countries, Pakistan and Uruguay, and one self-starter, Comoros, to review all UNIDO operations and potential in the framework of system-wide coherence in general and DaO in particular. The missions allow better monitoring at headquarters and complement the work of the Informal DaO Monitoring Group that held 20 meetings during 2010. The mission to Uruguay offered an opportunity to review the options of national implementation and evaluate agency experience, since the UNIDO components were entirely implemented from the field.

## A partner in multilateral energy initiatives

The report of the United Nations Secretary-General’s Advisory Group on Energy and Climate Change (AGECC) was launched on 28 April in the presence of the Secretary-General and the Director-General of UNIDO, in his role as Chairman of AGECC and UN-Energy. The launch was followed by a joint meeting of UN-Energy and AGECC to discuss the existing institutional framework, as well as how the United Nations system could best prepare for a sustainable energy future.

The AGECC report had been finalized at a meeting in January and the Director-General led discussions on a set of recommendations that would assist the Secretary-General in his leadership on climate change and energy issues and the global transition to a sustainable energy future. The meeting was attended by executives from multinational corporations involved in the energy sector, including Statoil (Norway), Suntech Holdings (China) and Edison International (United States of America).

Sustainable consumption and production patterns were the subject of a seminar hosted by the Secretariat of the Commission on Sustainable Development. The event provided an opportunity to highlight UNIDO’s multiple achievements in the area of green industry and sustainable production as well as to focus on the need for more widespread implementation of sustainable production patterns, including resource efficient and cleaner production methods and practices. During the eighteenth session of the Commission, UNIDO organized a side event in collaboration with the United Nations Environment Programme (UNEP) and the Government of Switzerland, entitled “National Cleaner Production Centres (NCPCs): advancing Resource Efficient and Cleaner Production (RECP) in (continued page 20)

## Box 1. DELIVERING AS ONE

### Albania

In March, UNIDO and the United Nations Environment Programme (UNEP) launched the National Cleaner Production Centre (NCPC) Programme for Albania, in partnership with the Ministry of Economy, Trade and Energy and the Ministry of Environment. This followed a meeting of the DaO Joint Executive Committee on 12 March to review the previous year's achievements, endorse the 2010 work plan and decide on the allocation of One UN coherence funds. UNIDO received the second tranche of \$203,000 for the NCPC programme. The focus on cleaner production responds to the Government's concern to encourage environmentally sustainable ways of production. Working with the United Nations Economic Commission for Europe (UNECE), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the International Trade Centre (ITC) and the Food and Agriculture Organization of the United Nations (FAO), UNIDO has helped develop a programme under the CEB Inter-Agency Cluster on Trade and Productive Capacity, entitled "Towards the EU: Support to Albanian Trade Capacity", currently under consideration by the Government. UNIDO has also been involved in helping to shape the next United Nations Development Assistance Framework (UNDAF) and Programme 2012-2016.

### Cape Verde

The technical cooperation delivered by UNIDO was particularly dynamic in Cape Verde during 2010. As lead agency of the subprogramme "Growth and Economic Opportunities", involving 12 participating agencies and several national partners, UNIDO has focused on vocational training and employment. The Organization was also involved in the preparation of the United Nations Strategic Framework and One Programme for the new cycle 2012-2016. The implementation of nearly all UNIDO components in the One Programme—investment promotion, trade capacity-building, entrepreneurship development, institutional capacity-building for industrial competitiveness, cleaner production and energy efficiency, including the GEF programme—were well advanced in 2010. In May, a delegation from UNIDO visited Cape Verde for meetings

with United Nations officials and national partners. The inauguration of the ECOWAS Regional Centre for Renewable Energy and Energy Efficiency in July was attended by the UNIDO Deputy to the Director-General who also took the opportunity to meet the United Nations Resident Coordinator and national partners including the Minister of the newly created Ministry of Tourism, Industry and Energy, the Secretary of State Adjunct to the Prime Minister, the Minister of State Reform and the Secretary of Foreign Affairs, as well as representatives of the Luxembourg Development Cooperation.

### Mozambique

Two UNIDO Managing Directors led a mission to Mozambique in August to review the Organization's technical cooperation programme. Mozambique hosts the largest portfolio of UNIDO projects in sub-Saharan Africa and is the first country in which UNIDO undertook a micro-assessment of national implementing partners, within the framework of the Harmonized Approach to Cash Transfers (HACT), which shifts the management of cash transfers from a system of rigid controls to a risk management approach. The six national partners selected for the assessment are involved in four of the 11 joint



Field visit of UNIDO Managing Directors to Nampula, Mozambique, August 2010. © UNIDO



**Box 1** (continued)

programmes that make up the One Programme, namely youth and employment, gender equality and women's empowerment, environment and climate change and trade capacity-building. UNIDO was part of an effort to align the content of the next UNDAF and One Programme with national development priorities identified in the recently approved Government Plan for 2010-2014. In October, UNIDO conducted an independent country evaluation of its presence in Mozambique that looked at the country programme as a whole as well as components of regional programmes, individual projects, UNDAF and DaO mechanisms as well as the performance of the country office. Recommendations are being considered in the current common country programming exercise.

**Pakistan**

UNIDO is engaged in three joint programmes: agriculture, rural development and poverty alleviation; environment; and education; and in the cross-cutting issue, gender. A review mission was fielded in May to gauge expectations and assign

responsibilities in consultation with the Resident Coordinator, United Nations agencies and potential donors. The mission led to a clarification of the specific setting of the One United Nations mechanism in Pakistan. A subsequent fine-tuning of the annual workplans determined the responsibilities of each participating agency including the specific role of UNIDO; it was followed immediately by the approval of relevant projects. As a member of the damages and needs assessment sector teams involved in post-flood operations, UNIDO made a substantial input to the industries and private sector component. The UNIDO Country Office took part in the post conflict needs assessment exercise. UNIDO has been leading an assessment of the impact of Pakistan's recent floods on the attainment of Millennium Development Goal 8 (global partnership for development). The MDG assessment, together with damage and needs assessment reports, formed the basis for all post-flood development work in the country.

**Rwanda**

At the end of 2009, the UNCT increased the share of joint initiatives in Rwanda and subsequently changed the One Fund allocation criteria. The impact on UNIDO activities as a result of these changes was discussed in May with the United Nations Resident Coordinator and stakeholders involved in One Fund allocation issues. These discussions led to a diversification of the UNIDO portfolio and the addition of new programmes, developed jointly with UNCTAD, UNEP, UN-HABITAT, ITC and FAO, on capacity-building for industrial policy formulation and implementation and agro-industrial processing. Fortunately, UNIDO was offered the opportunity to incorporate these initiatives in the One Programme, including joint initiatives related to the Enhanced Integrated Framework and those on investment promotion appearing under the Africa Investment Promotion Agency Network (AfriPANet) programme. A new head of UNIDO operations was appointed in November and a redistribution of activities to ensure agency involvement within their core mandates and expertise resulted in the designation of UNIDO as lead agency of issues related to energy and manufacturing sectors.



United Nations Secretary-General Ban Ki-moon visits the "Delivering as One Exhibition" in the United Republic of Tanzania.  
© UN Photo/Mark Garten



### **United Republic of Tanzania**

UNIDO participated in a review of the latest cycle of the country's national strategy for growth and reduction of poverty that drew to a close in December. The updated strategy has been presented to the Government for approval. For the next phase of the country development strategy (2011-2015), the UNCT is preparing to implement the United Nations Development Assistance Plan (UNDAP), capturing the entire range of activities supported by the United Nations system in the United Republic of Tanzania. It will serve to provide a results framework within which the agencies involved should align their individual or joint activities. Within the UNDAP, UNIDO participated in the working group on economic growth, including economic governance and environment. An independent UNIDO evaluation of the country programme in September included an assessment of the effectiveness, contribution and impact of projects implemented. Recommendations stemming from the country evaluation are being considered in the current common country programming exercise. The entire country team agreed on the harmonization of support areas and common services to be set in place by 2015, including strengthening common cost-efficient platforms for finance, procurement and human resources.

### **Uruguay**

In November, UNIDO staff undertook a monitoring mission to Uruguay to review UNIDO operations within the framework of DaO. UNIDO officials introduced stakeholders to the Organization's DaO policy and put in place measures that would allow optimum monitoring from UNIDO headquarters. The mission also served to create awareness among the Resident Coordinator, the UNCT and others, of the specificities of the business models of specialized agencies and their implications for the implementation of DaO programmes. The mission also

coincided with the preparation of the new UNDAF and ongoing preparations of the action plan for the cycle 2011-2015, as well as a review of options for national implementation and agency experience in Uruguay. UNIDO, as lead agency for various projects related to economic development strategies, energy policies, sustainable production and employment, and as co-lead agency in the MDG-F project "Strengthening of cultural industries and improvement of access to cultural goods and services from Uruguay", has been implementing all its components within the current One Programme 2008-2011 through its regional office in Montevideo.

### **Viet Nam**

The preparation of the One Plan 2012-2016, which was completed in May, included a country analysis that was led by a working group of donors and representatives of United Nations organizations, including UNIDO. In September, the UNCT, donors and representatives of the Government collaborated to produce a synthesis report, based on the country analysis, the country-led evaluation and inputs from the programme coordination groups. Together with the International Labour Organization (ILO), UNIDO leads one of the eight programme coordination groups and participates in three others. Three working groups consisting of heads of agencies, including the UNIDO Representative, subsequently formulated the outcome statements of the next One Plan 2012-2016. In line with efforts to harmonize business practices, all United Nations agencies in Viet Nam are expected to roll out HACT as soon as possible and implement other related measures by early 2011. UNIDO set up a working group to discuss the modalities of its implementation and forwarded a position paper to national authorities. Programme managers are being briefed and instructed to implement these rules to the extent possible in their ongoing activities.



Press conference on the launch of the AGECC report.  
© UN Photo/Mark Garten

developing and transition countries” (for more information, see chapter 5). The goal of the event was to increase the understanding of the way in which NCPs have contributed to implementing sustainable production practice in developing countries. The side event also addressed the theme: “10 Year Framework of Programmes on Sustainable Consumption and Production”, which demonstrated how such programmes can spur on firms to reduce waste and energy intensity while generating profit and ultimately achieving sustainable production.

could accelerate the world’s transition to clean energy technologies and a low-carbon economy. Participants looked at ways to improve energy efficiency as well as the need for well-designed policies and partnerships to guide private sector investments and capacity while minimizing public expenditures.

The need for a global campaign to promote energy access and end energy poverty topped the agenda of a high-level meeting held in September in New York during the MDG Summit (see above). Organized jointly by UNIDO, UNDP, UNEP and the United Nations Foundation, the event brought together world leaders, including the Presidents of Austria and Senegal and the Prime Minister of Ethiopia. The meeting acknowledged that the obstacles to global energy access were not technical but reflected a general reluctance by society as a whole to move energy access up the political and development agendas.

## »» The Director-General of UNIDO heads UN-Energy and the Secretary-General’s Advisory Group on Energy and Climate Change

The Director-General participated in his capacity as head of UNIDO, Chairman of UN-Energy and Chairman of AGECC in the Clean Energy Ministerial meeting in Washington, D.C., which was hosted by the Energy Secretary of the United States of America. Over 600 participants discussed collaboration on policies and programmes that

## Partnerships with other international actors

The transition from stand-alone projects to country programmes means that UNIDO works more closely with sister organizations, both within and outside the United Nations system, than at any point in its history. Most of the Organization’s activities described in the present Report involved working in partnership with other providers of technical cooperation services. This section of the Report provides a few examples that illustrate the valuable partnerships the Organization has built over the years.

In 2010, UNIDO strengthened its partnership with FAO and the International Fund for Agricultural Development (IFAD) to promote agribusiness as a means of addressing food security concerns and sustainable poverty reduction in low-income countries (see the special feature on agribusiness on page 46). The partnership builds upon the successful completion of a series of international and regional conferences on agro-industries for development. The first joint conference of this kind was held in New Delhi in 2008 and brought together representatives from over 100 developing countries. It was followed by regional consultations targeting the specific needs of countries in Asia and the Pacific and Latin America and the Caribbean. The High-level Conference on the development of agribusiness and agro-industry in Africa (see chapter 3) held in March in Abuja, looked at the needs of African countries. Close to 200 participants from 43 countries gathered under the auspices of the African Union Commission in a side event co-organized by UNIDO, FAO and IFAD with the support of the African Development Bank and the United Nations Economic Commission for Africa.

The long-standing partnership between UNIDO and the International Organization for Standardization (ISO) has focused since 2008 on the development of a set of international standards for industry in the areas of environmental and energy management, food safety, energy use and energy efficiency. The partnership also embraces standardization practice and conformity assessment for developing countries. The UNIDO mandate to promote global norms and standards has an impact on its work towards a reduction in global emissions, greater material efficiency and access to world markets by producers in developing countries. Cooperation with ISO has led to the joint preparation of a variety of guidelines and dedicated tools, most recently on energy management, which are at the core of UNIDO technical cooperation services.

Conformity assessment and its role in international trade was the focus of a handbook published in February by UNIDO and ISO. The new publication *Building trust—The Conformity Assessment Toolbox*, is a comprehensive, user-friendly handbook for business managers, regulators and consumer representatives. Conformity assessment provides the means for testing the compliance of products and services for quality, safety, reliability, operability, efficiency, effectiveness and environmental sustainability, in accordance with relevant standards and regulations. It helps to ensure that products and services meet the expectations of consumers and gain their trust.

During the thirty-seventh session of the Industrial Development Board in May, the Director-General of UNIDO and the Director General of the World Intellectual Property Organization (WIPO) agreed to strengthen cooperation between the two organizations in support of sustainable development and to assist developing countries in rising to the challenges of a global economy. Specifically, the two organizations will collaborate more closely on technology foresight and the strategic use of patent information for development, innovation promotion and technology transfer, private sector development, trade capacity-building and trade-related intellectual property rights issues. The intellectual property system plays a key role in facilitating technology transfer by promoting incentives for investment in innovation, providing a framework for trading intellectual assets, and by establishing market order through marks and brands.

Following a number of successful joint activities in the past, in January, UNIDO and WIPO launched a trade capacity-development programme in Pakistan. The programme is funded by the European Commission with EUR 9.5 million and will continue for four and a half years. UNIDO is developing supply capacity in fisheries and horticulture, and supporting the development of compliance infrastructure and services. WIPO is in turn concentrating on an intellectual property regime and institutional set-up. Joint activities for the fisheries and horticulture sectors will add value to export products through the recognition and promotion of specific local product attributes, or branding.

## A partner in the field

The focus of management on improving the operational efficiency and effectiveness of UNIDO field representation continued during 2010. On the one hand, it ensured an expansion of the network and on the other hand, it opened up new avenues for existing units. The country office in Brazil was established in March and a Senior Industrial Adviser assigned to the Democratic Republic of the Congo as a stepping stone towards a new country office that, subject to successful programme development, will be fully established in the course of 2011. Bangladesh was the focus of a large-scale quality support programme, implemented by UNIDO in cooperation with ITC (see chapter 3). A new UNIDO Desk, opened in July in Bangladesh, will make it

easier for UNIDO to manage its current programme and to increase the country portfolio in the coming years. At the end of 2010, all UNIDO regional and country offices had an assigned UNIDO Representative, although some of them are still awaiting the completion of formalities before relocating to their new duty stations.

## » UNIDO field offices can assume a higher level of responsibility and accountability within the Organization's technical cooperation activities

In 2009, the decentralization policy of the Organization established a mechanism whereby field-based industrial development officers were linked with relevant technical branches at headquarters. In November, the Director-General entrusted the management of the entire field network of UNIDO to the Programme Development and Technical Cooperation Division in order to fully integrate the management of programmes and projects at the headquarters and field levels. Similarly, the new enterprise resource planning system supporting technical cooperation delivery will ensure that, in the coming years, UNIDO field offices are in a position to assume a higher level of responsibility and accountability within the Organization's technical cooperation activities. UNIDO continued to use the workplan of the field offices to capture the planned activities of field units in a format based on the principles of results-based management.

At the end of the year, there were 29 UNIDO regional and country offices around the world, some covering more than one country, in addition to 17 UNIDO desks in countries where there was otherwise no coverage. UNIDO also maintained a programme in Iraq involving the Director-General's special representative to the country. It should also be noted that the former country office in Turkey has been operating since 1999 as the UNIDO Centre for Regional Cooperation.

Following changes introduced in 2009, responsibility for the UNIDO Investment and Technology Promotion Offices

(ITPOs) now lies with the Programme Development and Technical Cooperation Division to allow closer links with the broader investment promotion programme of UNIDO and with the Organization's other technical cooperation programmes. During 2010, there were ITPOs in Bahrain, Belgium (Walloon region), China (Beijing and Shanghai), France, Italy, Japan, Mexico, Republic of Korea, Russian Federation and United Kingdom. Two offices, formerly operating in Paris and Marseille, were merged into one ITPO-France in June to streamline activities and make best use of expertise and resources. The office is located in Paris.

A second meeting of ITPOs in the Asia and Pacific region was held in October in Tokyo. One of the main outcomes was the identification of regional programmes to be implemented jointly by the four ITPOs located in the region. Funding for the Africa Investment Promotion Agencies Network (AfrIPANet) was also discussed. In November, ITPO Tokyo hosted a Morocco investment seminar on the premises of the United Nations University, followed in December by an investment seminar for Peru. Under the ITPO-Tokyo delegates programme, nine officials of government or semi-government institutions in developing countries working in the area of investment and/or technology promotion, were invited to Tokyo in 2010 for a stay of two to three weeks in order to promote foreign direct investment and technology transfer from Japan in their respective countries. Feedback from delegates testified to the continued success of the programme. An independent evaluation of ITPO-Tokyo, completed in 2010, paid tribute to the effectiveness and efficiency of the office as well as its focus on sub-Saharan Africa, least developed countries (LDCs) and environmental and energy issues.

ITPO Bahrain was involved in the inauguration of the International Smart Building Centre in January. Based in two locations and financed by Bahrain's Eskan Bank, the Centre will provide support for smart building information, technology and training on the construction of environmentally-friendly housing. The inauguration was followed by two meetings hosted by ITPO-Bahrain that brought together experts on smart building technology and water management.

Located in the headquarter city of the European Union, the UNIDO Brussels Office maintains close contact with the European Commission and the European Parliament. Throughout 2010, it continued to expand its cooperation with the European Union and to play an increasing role in development policy, in close consultation with the European



institutions. The Office met a number of senior officials, on behalf of UNIDO, and helped strengthen ties between headquarters and the European bodies in Brussels.

The bulk of its work during the year was related to UNIDO activities in Africa. The Office was closely involved in the formulation of the Joint EU-Africa Action Plan (2011-2013) to improve the competitiveness and the diversification of African agriculture and industry as well as the fourth EU-Africa Business Forum. The Forum, held on the eve of the EU-Africa Summit that took place in November in Tripoli, brings together entrepreneurs and public and private investors from both continents to discuss ways of improving the investment and business climate and to raise the profile of business in Africa (see chapter 3). The Forum was supported by UNIDO with its broad experience of cooperation with the private sector. The UNIDO Representative in Brussels made several presentations to the Committee of Ambassadors of the African, Caribbean and Pacific Group of States, as well as to the Ambassadors of the Africa Group, to inform them about UNIDO activities and prepare the ground for future cooperation. He also gave keynote speeches at several meetings, including the Crans Montana Forum on Africa, held in April in Brussels.

The Brussels Office is a member of the United Nations Brussels Team that comprises 26 agencies, funds and programmes, spanning the entire gamut of United Nations activities. The team works to build understanding and support for United Nations system activities within the institutions of the European Union and amongst a wider public in Europe. Activities included finding common positions and

delivering key messages on issues such as the future EU development policy, climate change or green economy as well as to improve programming through the Financial and Administrative Framework Agreement between the European Commission and the United Nations. The Brussels Office was especially involved in developing strategies for a joint approach to the European institutions.

The location of the UNIDO Geneva Office allows it to tap into a wealth of information and benefit from synergies within the multilateral system. The city is host to 22 international organizations with headquarters agreements, 7 quasi-international organizations, 173 permanent diplomatic missions and no less than 700 non-governmental organizations. The United Nations Office at Geneva services 8,500 meetings every year; a large number of meetings are also organized by the other international organizations. It is necessary to monitor these meetings so as to identify issues that are of particular relevance to the work of UNIDO.

The UNIDO Geneva Office keeps abreast of the work of those international organizations that share the same goals as UNIDO, alerts headquarters on opportunities for joint activities and collects information relevant to UNIDO objectives. It also suggests when UNIDO should be represented at technical meetings in Geneva, and in many instances represents the Organization or promotes UNIDO expertise through the distribution of publications. It takes part in numerous activities and events organized by the United Nations or specialized agencies and represents the Organization in groups such as the CEB Inter-Agency Cluster on Trade and Productive Capacity.

UNIDO Director-General  
Kandeh K. Yumkella, and WIPO  
Director General, Francis Gurry.  
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African Industrialization Day 2010, marked this year on 18 November, had as its theme “competitive industries for the development of Africa”. A celebration was organized jointly with the local offices of the Permanent Delegation of the African Union and the United Nations Economic Commission for Africa for all the Permanent Missions and delegations located in Geneva as well as other interested parties.

The UNIDO Office in Geneva liaises with the World Trade Organization (WTO), and has been involved in providing UNIDO inputs to WTO’s Aid for Trade third global review, to be held in July 2011, in particular in the preparation of case studies. The Office participated actively in the deliberation of the Board of the Enhanced Integrated Framework (EIF) and provided inputs for its work with least developed countries. Similarly, it helped to promote UNIDO participation in the EIF workshops in the field.

The Geneva Office worked with the WIPO Small and Medium-Sized Enterprises Division on drawing up the cooperation framework between UNIDO and WIPO, described more fully above. It also explored with the International Telecommunication Union (ITU) the feasibility of organizing regional seminars that would involve ITU, UNIDO, ISO and the International Electrotechnical Commission. The Geneva Office is currently working on the development of a more structured cooperation framework with ITU.

Located in the headquarter city of the United Nations, the UNIDO Office in New York not only represents UNIDO at countless high-level events but also organizes a range of activities on behalf of UNIDO. Much of the support given in 2010 by the New York office was related to the field of the environment and energy, in particular UNIDO participation in multilateral energy initiatives (see above). In April, the New York Office prepared the launch of the report of the AGECC and organized a side event on the NCPC network.

In May, the Office participated in an event celebrating the tenth anniversary of the Global Sustainable Energy Islands Initiative, launched in November 2000 by a consortium of international organizations, to assist small island states in their efforts to transform their energy base from fossil fuels to a system based on renewable and energy-efficient technologies. The event also provided an opportunity to review the progress of the Implementation of the Mauritius Strategy for the sustainable development of Small Island Developing States, after five years of operation. In the same month, the New York office organized a round table with the Government of the Philippines to follow up the Manila Declaration on

Green Industry in Asia (see chapter 5). A media briefing was held on Africa Industrialization Day in November, with statements from the President of the General Assembly, the United Nations Secretary-General and the Director-General of UNIDO, followed by a panel discussion.

The New York Office also monitors progress of major documents and reports to ensure that the role of industry, energy efficiency and energy access are given due weight. One example is the final MDG Summit Outcome Document, in which these issues feature prominently.

During sessions of the United Nations General Assembly, the Office represents UNIDO on various committees, making interventions on behalf of the Organization. This year, it introduced the Industrial Development Cooperation Report in the Second Committee, and participated in the process of informal consultations that led to the adoption of a resolution based on this report. Member States agreed on key aspects of the report such as a greater focus on access to sustainable energy, the growing need to involve the private sector in industrial development and a strengthened mandate for UNIDO. In other interventions with Member States, the New York Office continued its efforts to initiate a “Friends of Energy Group”. It also stressed the importance of access to energy as imperative for the fulfilment of all of the MDGs and obtained the support of the General Assembly to have 2012 designated as the “International Year of Sustainable Energy for All”.

## Working with the private sector

Today’s youth cannot imagine a world without computers. Changes in the way manufactured goods are designed, produced, packaged, certified and dispatched, to name some of the processes, have been more dramatic than at any point in history since the industrial revolution. Virtually no aspect of human activity has been unaffected by computerization and countries whose children are not taught computer skills are at a distinct disadvantage. This is one of the reasons why UNIDO has opted to work together with some of the world’s foremost information technology corporations for the benefit of schoolchildren and students in the world’s developing countries.

For the past two years, UNIDO and Hewlett Packard have been pioneering an extensive training programme for young people between the ages of 16 and 25 to equip them with the skills to run their own enterprises, including instruction

in computer technology. Countries participating in the programme included Algeria, Egypt, Kenya, Morocco, Nigeria, Saudi Arabia, South Africa, Tunisia, Uganda and United Arab Emirates. In 2010, these efforts were extended to graduates, newly-fledged and aspiring entrepreneurs and small business owners. The training curriculum—aptly named LIFE, or Learning Initiative For Entrepreneurs—teaches relevant business skills, with the use of technology, to start, run and sustain a business. Training modules are grouped under the broad headings: Imagine, Plan, Start, Grow and Innovate. The courses are offered both online and in the classroom and are made available through local partners. These partners tend to be non-profit organizations or government agencies that are already active in entrepreneurship development or IT training and are already supporting micro and small enterprises. The involvement of local partners ensures the sustainability of the programme. While UNIDO covers the training in small and medium enterprise development, Hewlett Packard offers state-of-the-art technology, devises the curriculum, provides training materials and prepares local staff to run a training of trainers scheme.

Under a similar project in Angola, UNIDO is helping to introduce entrepreneurship as a subject in secondary schools. In October, Chevron announced that it would contribute \$1 million towards the project that will complement the country's national programme on entrepreneurship development. Chevron is the first private sector donor to support the entrepreneurship curriculum programme for secondary schools in Angola. The subject is currently being taught in

40 schools in nine provinces, with over 2,000 students taking part on a pilot basis. The Government plans to roll out the entrepreneurship curriculum in the whole country to include around 500,000 students by 2013.

» Virtually no aspect of human activity has been unaffected by computerization and countries whose children are not taught computer skills are at a disadvantage

In March, UNIDO signed a memorandum of understanding with Ecobank Transnational Incorporated, a leading pan-African banking group. UNIDO and Ecobank will work together to promote economic growth in Africa through sustainable industrial development. Recognizing the significant contribution the private sector can make to its strategic objectives, UNIDO has been actively promoting cooperation arrangements with private sector stakeholders. Ecobank operates in 30 countries across west, central, east and southern



The GET-IT programme in Tunisia.  
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Africa. UNIDO and Ecobank Transnational Incorporated will concentrate largely on agribusiness and agro-industry, renewable energy and clean technologies. Support for the growth of the private sector will include special measures to benefit women and youth entrepreneurs.

In August, UNIDO signed an agreement with the Chartered Institute of Purchasing and Supply (CIPS)—a non-governmental organization based in the United Kingdom—whereby the two organizations will work together to help accelerate the growth of the private manufacturing sector in developing countries by linking small and medium manufacturing businesses in Africa, Asia and Latin America to global supply chains. Through the UNIDO subcontracting and partnership programme, Institute members will access information about the capacities of suppliers in programme countries, which will help them to become more competitive while supporting the growth of domestic producers.

## In partnership with academia

Partnerships with universities and institutes are particularly valuable to UNIDO in its role as a global thought leader on industrial development. Throughout 2010, the Organization strengthened existing ties with numerous universities and discovered areas of mutual concern with a number of new ones. They included, among others, universities and institutes of higher learning in Austria, Barbados, Brazil, Burundi, Canada, China, Côte d'Ivoire, Denmark, Ghana, Ireland,

Kenya, Mali, Mozambique, Nigeria, Senegal, Uganda, Ukraine, United Arab Emirates, United Kingdom, United Republic of Tanzania, United States of America, Viet Nam and Zambia.

The Director-General received recognition from TERI University in New Delhi when in October he was awarded an honorary doctorate for his efforts to promote sustainable industrial development in developing countries and economies in transition.

UNCHAIN (University Chair on Innovation) is an initiative developed in 2006 by UNIDO in cooperation with three European universities: Graz University of Technology in Austria, the Politecnico di Milano in Italy and Delft University of Technology in the Netherlands. As an associate partner, UNIDO provides technical support to the initiative. One of the first UNCHAIN activities was to establish a global network of university chairs on innovation. Once these were in place, UNCHAIN was able in 2010 to twin universities in developing countries around the Mediterranean with the three European counterparts. At the request of industries in the region, the twinned universities work together to find solutions to industrial problems in their respective countries. The universities currently involved in the initiative are Cairo University in Egypt, Saint Joseph University in Lebanon, Hassan II University in Morocco, Aleppo University in the Syrian Arab Republic and the National Engineering School of Sfax in Tunisia. In the course of 2010, a series of meetings were held in the region to launch the programme that is now up and running. UNIDO



**“This programme** brought a new dimension to entrepreneurship education. As the National Youth Development Agency (NYDA), we have the capabilities and resources to assist young people to start their own business, and most of them have the skill and the knowledge to do so ... but what about the business side of it? What about business skills and knowledge? That was a question that I have always pondered over. And when UNIDO and HP introduced the LIFE Programme to NYDA, I knew, this is it!” Ms. Lin Buys, Senior Administrator, National Youth Development Agency, South Africa.

and UNCHAIN are currently working on an extension of the geographical coverage of the initiative.

The United Nations declared 2010 as the International Year of Biodiversity and international organizations as well as the world at large were invited to take action to safeguard the variety of life on earth. In response, UNIDO launched the International Industrial Biotechnology Network at an international symposium held in March in Vienna, in partnership with the Institute of Plant Biotechnology for Developing Countries and the University of Ghent in Belgium. The network is supported by the Flanders/UNIDO Science Trust Fund for Industrial Biotechnology. The aim of the network is to assist its members in accessing and developing biotechnologies for sustainable industrial development. The network will add economic value to underutilized or unexplored biological resources through the use of novel biotechnology techniques and processes. It seeks to catalyse South-South and North-South partnerships between public research institutions, industry and regulatory agencies committed to sharing expertise and technology to generate economic value from biodiversity and thereby reduce the pressure on biota.

While UNIDO has partnered with many national universities around the world on different projects and assignments, it has also taken into account the wealth of knowledge and experience of the United Nations University (UNU), which was founded in Tokyo in 1973 at the initiative of former Secretary-General, U Thant. In 1984, the United Nations University World Institute for Development

Economics Research (UNU-WIDER) was established in Helsinki, Finland, as the first UNU research and training centre. In 2006, UNU partnered with the Economic Research Institute of Innovation and Technology (MERIT) at Maastricht University in the Netherlands to form a joint research and training centre known as UNU-MERIT. UNU-MERIT provides insights into the social, political and economic factors that drive technological change and innovation. Its research and training programmes address a broad range of policy questions relating to the national and international governance of science, technology and innovation, with a particular focus on the creation, diffusion and access to knowledge.

One of the joint research activities undertaken by UNIDO in collaboration with UNU-MERIT and UNU-WIDER during 2010 was collaboration on a book, provisionally entitled *Pathways to industrialization, new challenges and emerging paradigms* to be published by Oxford University Press. The book examines issues of relevance to the work of UNIDO such as agriculture-led industrial development in Africa, industrial policy and climate change, and entrepreneurship development.

## Conveying the message

UNIDO is proud of its image as a trusted partner for prosperity. Partnership is a two-way process, calling for a regular dialogue and exchange of information. UNIDO keeps itself



Celebration of Africa Industrialization Day at the VIC.  
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well informed about the activities and aspirations of all those with whom it is involved. At the same time, an important part of its role is to ensure that those who have a stake in the Organization's activities—recipient countries, donors, members of the United Nations system, other international organizations, NGOs, academia and the taxpayers who, through their governments, support UNIDO—are kept fully abreast of what is happening in the Organization.

## » Partnership is a two-way process, calling for a regular dialogue and exchange of information

Throughout the year, people the world over had an opportunity to learn about UNIDO's activities through reports on various television channels or from the popular YouTube website. The Organization's green industry efforts were featured in a public service announcement on CNN International before, during and after the United Nations Climate Change Conference that took place in Cancun, Mexico, towards the close of 2010. Given the current relevance of energy issues in the global debate, the UNIDO Director-General, in his capacity as head of UNIDO and chair of both UN-Energy

and AGECC, received extensive news coverage in the international media. He gave interviews to many major broadcast networks, including CNN, the BBC, Al Jazeera and Russia Today. He was also interviewed by correspondents of the print media including *The New York Times*, *National Geographic*, *Die Presse*, *Diário Económico* and *Xinhua* as well as global news agencies such as Agence France-Presse, EFE and Reuters, to name a few. Opinion pieces by the Director-General were published in over 30 countries.

Through regular and timely press releases, UNIDO provides details of landmark events and achievements, more or less as they happen, to the international media, to academia, to non-governmental organizations and others who follow closely its activities. The 80 press releases issued in 2010 were also posted on the UNIDO website, offering the public at large an immediate insight into everything of importance taking place in the Organization. The UNIDO website is now available in French and its coverage of UNIDO activities and events grew in scope throughout the year. Increased use was also made of multimedia and social networks.

Other printed information material included a brochure in English and French issued early in the year on the thirteenth session of the General Conference, held at the end of 2009, which highlighted the Organization's global forum activities. Special media coverage at major conferences draws attention to new initiatives. This was the case, for example, at the Abuja conference in March, where African and international media learned about the new African Agribusiness and Agro-industries Development Initiative (3ADI) adopted



“Making It offers concise articles on relevant issues of industrial development. While the articles are short and easy to read, they convey clear and differentiated messages”

Dr. Tilman Altenburg, German Development Institute, Bonn, Germany

at the Conference. Other landmark events reported to the media during the year included the launch of the report of the AGECC in April at United Nations Headquarters in New York, as well as a high-level meeting on universal energy access organized by UNIDO during the Millennium Development Goals Summit in September (for more information, see chapter 5). Other advocacy activities included the design and distribution of promotional material and flyers for specific events, including Expo 2010 Shanghai, the newly inaugurated World Statistics Day and the Africa Industrialization Day 2010.

A new quarterly newsletter *UNIDO Times* was launched in October as a platform to bring cross-organizational focus and visibility to the goals and achievements of sustainable industrial development and poverty reduction through UNIDO support. Available both in print form and at the UNIDO website, it consolidates existing in-house newsletters, allowing UNIDO to speak with one voice. The

Organization’s highly acclaimed magazine *Making It: Industry for Development* went into its second year. The four issues to date will soon be available in French and Spanish.

One of the best means of publicizing the Organization’s strengths and achievements is through the voice of its staff. To ensure that staff members have a broad overview of everything that is happening in UNIDO, they receive monthly news clippings of stories relating to the work of the Organization on a regional and international level, as well as a weekly digest of stories. This is particularly useful for staff at headquarters and in the field to learn about each other’s activities. The Director-General shares news of important developments with the staff directly at town hall meetings. Visitors to UNIDO headquarters also had a chance to learn more about the Organization through tailor-made presentations. During the year, UNIDO received a total of 750 visitors in groups from a wide range of countries from all regions of the world.

## UNIDO RESPONSE TO THE MILLENNIUM DEVELOPMENT GOALS

**“Millions of people in Africa die each year from HIV/AIDS, tuberculosis and malaria. Many deaths could be prevented with timely access to appropriate and affordable medicines”** Kande K. Yumkella, Director-General of UNIDO

Whereas access to health services and medication is taken for granted in most industrialized countries, developing countries with limited foreign exchange cannot always provide the medication necessary to protect the lives of their growing populations. Despite significant increases in the supply of life-saving medicines in developing countries over the past decade, a wide gap remains between the pharmaceuticals needed and those available. Although this discrepancy is most profound in the case of three of the most prevalent pandemic diseases: HIV/AIDS, malaria and tuberculosis, insufficient access to quality assured essential drugs to treat other diseases remains a major burden for developing countries in general, and LDCs in particular. In Africa, timely access to appropriate and affordable medicines could prevent millions of deaths each year. There has been growing recognition in recent years that the local production of essential medicines can play a crucial role in improving access to life-saving pharmaceuticals. The contribution of UNIDO in this area has been recognized by a number of international bodies including the United Nations General Assembly, which welcomed UNIDO support to the African Union Pharmaceutical Manufacturing Plan.

Since 2006, UNIDO has been providing advisory and capacity-building support under a global project that seeks to strengthen the local production of essential

generic drugs in developing countries. Funding for a third phase of the project, with an envisaged duration of two years, was agreed in October. Financed by Germany, the project ultimately targets the expansion and upgrading of small and medium enterprises in selected developing countries, mainly in Africa and Asia. While the overall pharmaceutical market in sub-Saharan Africa is worth \$3.8 billion annually, the pharmaceutical manufacturing sector in Africa contributes only 25-30 per cent of the continent's needs. The production of life-saving drugs is concentrated in very few African countries. By strengthening pharmaceutical production in the developing world, UNIDO is contributing to the achievements of health-related Millennium Development Goals (especially MDG 6) while strengthening a strategically important industry. Local value-addition in this knowledge-intensive sector can help provide a reliable supply of affordable, quality generic medicines while lowering the negative effect on the balance of trade. It also opens opportunities for South-South cooperation.

This was the main topic of discussion at a side event that took place in November during the thirty-eighth session of the Industrial Development Board (IDB). Bringing IDB participants together with high-level representatives of both public and private sector entities involved with health care and pharmaceuticals, the side





Advanced Industrial Pharmacy Training Programme, in the United Republic of Tanzania, August 2010.  
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event also focused on bridging public health and industrial development and improving the quality of generic drugs in developing countries. Private sector representatives from both developed and developing countries shared their experience with others. Participants noted that since health-related matters are key to achieving the MDGs, further development of local manufacturing would have a positive impact both on health and economic growth. The Director-General received a clear mandate from Member States to develop activities on capacity-building for the local manufacture of pharmaceutical products, in cooperation with other United Nations agencies and programmes and international scientific institutions (decision IDB.38/Dec.7).

The insights gained since 2006 have identified a clear niche for UNIDO at the crossroads between public health and economic development. Meeting public health objectives calls for the incorporation of an industrial development component in an overall approach. In order to attract investment in quality production, it is

essential to facilitate technology transfer and put in place industrial policy initiatives. The holistic approach pursued by UNIDO—and deemed as decisive by the recently completed independent evaluation of the UNIDO global project—represents an appropriate response.

Improving access to medicines by building up the pharmaceutical sector in developing countries is an enormous challenge that requires targeted and well-synchronized advisory and capacity-building support over time periods that frequently exceed the established duration of individual projects. An enhanced UNIDO programme will allow the Organization to respond to many different needs and expand to additional regions and product groups as requested. This will require increased resources so that UNIDO can build on its experience to date, find the solutions required to make progress in what is a complex industry and eventually expand the outreach of its activities to additional countries and regions.







## Poverty reduction through productive activities

The year 2010 saw a renewal by the international community of its commitment to the Millennium Development Goals. The High-level Plenary Meeting of the General Assembly on the Millennium Development Goals took place in September in New York. In the outcome document, adopted by the General Assembly in resolution 65/1 of 19 October, Member States paid tribute to the “deeply inspiring examples of progress made by countries in all regions of the world through cooperation, partnerships, actions and solidarity”, while recognizing that “the number of people living in extreme poverty and hunger surpasses one billion and that inequalities between and within countries remain a significant challenge”.

The UNIDO commitment to the Millennium Development Goals (MDGs) is reflected in an ambitious yet focused work programme that groups the Organization’s services under three thematic priorities: poverty reduction through productive activities, trade capacity-building and environment and energy. In the thematic priority area of poverty reduction through productive activities—through which UNIDO addresses Millennium Development Goals 1 and 3—the Organization seeks to promote enduring poverty reduction through the creation of appropriate productive capacities that will enable countries to diversify their economic structures, gain in competitiveness, generate increased levels of added value and create decent employment. This chapter of the *Annual Report* describes services provided by UNIDO in 2010 under this thematic priority, as identified in the Organization’s medium-term programme framework 2010-2013.



In order to address the issue of poverty where it is most acute, UNIDO continues to give special attention to LDCs—most of which are in sub-Saharan Africa—as well as those regions and sectors of the newly industrialized countries where poverty reduction still remains a sad fact of life.

## »» In order to address the issue of poverty where it is most acute, UNIDO continues to give special attention to least developed countries

Countries facing the greatest development challenges have been singled out for attention by the United Nations since 1968 when Member States attending the United Nations Conference on Trade and Development (UNCTAD) in New Delhi agreed to establish a category of least developed countries. The following year, the General Assembly requested the Secretary-General to carry out a comprehensive examination of the special problems facing LDCs. A list was drawn up of 25 countries that by virtue of their per capita gross domestic product, as well as their adult literacy rates, were deemed to be the least

developed. The list which was originally approved by the General Assembly in 1971, is reviewed and updated once every three years, and currently includes 48 countries.

A memorandum of understanding, signed by UNIDO and the Government of Turkey in 2008, set in motion the development of joint programmes to support LDCs. Specifically, cooperation targets the development of agro-industries and small and medium enterprise (SME) development, in order to promote employment generation and sustainable economic growth that leads in turn to poverty reduction and food security. Turkey will also play a key role in the advancement of LDCs when it hosts the Fourth United Nations Conference on the Least Developed Countries (LDC-IV), to take place in May 2011 in Istanbul. UNIDO and the Scientific and Technological Research Council of Turkey are organizing a preparatory event to take place in February 2011 on the theme “Science, Technology and Innovation: Setting Priorities, Shaping and Implementing Policies for LDCs”. The report of this preparatory event will be incorporated as part of the LDC-IV proceedings and road map of science, technology and innovation in development.

In common with other agencies of the United Nations system, UNIDO has begun its own preparations for LDC-IV. Its first step was to convene a ministerial conference at the end of 2009, immediately before the thirteenth session of the General Conference (see the *Annual Report 2009*). In October 2010, the Director-General was invited as a keynote speaker to a ministerial meeting in Lisbon that was co-organized by the Government of Portugal and the United Nations Office



**“The MDGs were never meant to be a one-way street—something that rich countries do for poor ones ... our long-standing work for development in general has always been based on global solidarity, on a shared interest, on a powerful sense of community and linked fates in an interconnected world”** United Nations Secretary-General Ban Ki-moon, September 2010

*left: The Director-General visits Moyamba, Sierra Leone. © UNIDO*

*right: Entrepreneurship training for youth in Mozambique. © UNIDO*

of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. The purpose of the meeting was to discuss ways to enhance the mobilization of financial resources for the development of the LDCs. Options examined included overseas development assistance, foreign direct investment, debt relief, debt moratorium, global stimulus and crisis mitigation packages, domestic resources, innovative sources of finance including the allocation of special drawing rights, and remittances from migrants.

UNIDO also made substantial inputs to various documents to be considered by LDC-IV. These included a note prepared in cooperation with UNCTAD, with inputs from other members of the CEB Inter-Agency Cluster on Trade and Productive Capacity. The concept note will be examined at a special event on the role of trade and productive capacity in inclusive and sustainable development, to take place during LDC-IV. UNIDO also prepared a policy note on green industry in LDCs, and a separate note outlining UNIDO technical assistance to LDCs, as well as a background paper on energy services. The latter will be discussed at a pre-conference event to look at ways to reduce the vulnerability of LDCs to climate change, land degradation and biodiversity loss, scheduled for February 2011 in New York. UNIDO will also take part in a preparatory event in March 2011 in New York on universal access to essential services, especially in relation to energy access.

The Conference, as mandated by the United Nations General Assembly, will lead to the adoption of a concerted

and renewed partnership between the LDCs and their development partners for the next decade. The organizers are seeking the active participation of all stakeholders, including governments, civil society, private sector, business associations, academia and media, in order to mobilize global solidarity in favour of the LDCs.

Numerous requests for strategic advice and policy support have been received recently by UNIDO from Member States seeking to introduce a process of structural change and industrial diversification in their own economies. UNIDO has lost no time, and in Botswana, Cameroon, Cape Verde, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Ghana, Lesotho, Rwanda, Sierra Leone, Sudan, Togo and Zimbabwe, steps have already been taken to respond to their requests.

Under the thematic area of poverty reduction through productive activities, UNIDO continues to implement programmes on youth employment, agro-processing, SME development and investment promotion.

Without access to jobs and the means to fulfil their ambitions, youth can pose a threat to social stability. With almost three-quarters of the population under the age of 30 and a youth unemployment rate averaging 70 per cent, Côte d'Ivoire, Guinea, Liberia and Sierra Leone have the youngest and poorest populations in the world. In response to an urgent appeal for help from different stakeholders, UNIDO, the United Nations Development Programme (UNDP), the International Labour Organization (ILO) and its Youth Employment Network Secretariat, put together a programme to provide productive and decent work for youth in the

Mano River Union. Since the launch of the Mano River programme in 2008, over 5,000 young men and women have been trained in vocational and entrepreneurship skills. During the first half of the year, 653 young people received training in Liberia and Sierra Leone in various subjects including plumbing, computer literacy and tie-dyeing of fabrics. In Guinea 1,124 women and 845 men followed similar courses during the same period, the most popular subjects being functional literacy and enterprise culture. Entrepreneurship and business skills were taught to 2,804 youths in Côte d'Ivoire and four communication hubs were established in the capitals of the Mano River countries to encourage an exchange of information and experiences. Fourteen youth groups received grants to improve or develop business ventures. UNIDO has also seen impressive results in its youth entrepreneurship programmes in other African countries including Angola, Cape Verde, Mozambique, Namibia, Rwanda, Senegal and Sudan where young women were also well represented in the programmes.

The programme for investment promotion in Africa was launched in 2008, with three components: investor surveys; the subcontracting and partnership exchange programme (SPX); and the establishment of an investment monitoring platform. The fourth African Investor Survey, launched in 2009 with coverage of over twenty countries, is nearing completion. Data from the survey will be consolidated on the investment monitoring platform to allow investment promotion agencies to identify the right investors and help companies to take advantage of business opportunities. Governments will be able to capitalize on the findings of the survey to strengthen their capacity to formulate policies and strategies for industrial investment promotion. Agreements have been reached with countries such as Ghana, Kenya, Nigeria, South Africa, Uganda, United Republic of Tanzania and Zambia to host dedicated centres that will promote subcontracting arrangements between foreign and domestic investors.

The UNIDO-supported EU-Africa Business Forum plays a key role in bringing together entrepreneurs and public and private investors from Africa and Europe to raise the profile of doing business in Africa. The fourth Forum, held in November in Tripoli, highlighted the potential of the programme for investment promotion in Africa to encourage the flow of investment into Africa's productive sectors as well as the importance of using empirical evidence to generate a higher level of investments. A prototype of an investment monitoring platform was presented at the Forum where the

power of the data was demonstrated through special kiosks, designed in collaboration with Microsoft Corporation and HDS Consulting inc., to show examples of the types of analytical visualizations that can be generated by the platform. The presentation also included the SPX Programme. SPX centres have been established in Ghana, Nigeria, Uganda and the United Republic of Tanzania while others are currently being established in Cameroon, Ethiopia, Kenya, Mozambique and Zambia. Existing SPX centres in Côte d'Ivoire and Senegal will be brought up to the required standards.

In recognition of the crucial role of investment promotion in the development process, the fifth Africa Investment Promotion Agencies Network (AfrIPANet) meeting was scheduled to coincide with the 4th EU-Africa Business Forum. AfrIPANet was established in 2001 as a platform for the development and implementation of UNIDO investment-related activities in the sub-Saharan region. The fifth AfrIPANet meeting was held under the chairmanship of the European Commission with the participation of UNIDO investment and technology promotion offices and private sector organizations. The meeting concluded with a resolution on the potential of the investment monitoring platform to support the mandate of investment promotion agencies and other intermediary organizations.

In March, the High-level Conference on the Development of Agribusiness and Agro-Industries in Africa was held in Abuja to consider approaches to promote the growth and diversification of Africa's economies as a basis for sustainable poverty reduction. It was hosted by the Government of Nigeria in partnership with UNIDO, the African Union, the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD). It brought together African Heads of State, Heads of Government, ministers and policymakers, as well as senior representatives of United Nations specialized agencies and financial institutions. A major outcome of the Conference was the endorsement of the African Agribusiness and Agro-industries Development Initiative (3ADI) to help agriculture by linking small and medium-sized agricultural producers to international markets (see box). The initiative is consistent with the emerging consensus in Africa that, if agriculture is to be the main sector to stimulate economic growth, investments should go beyond improvements in on-farm productivity to cover agribusiness and agro-industrial development. The initiative also capitalizes on the positive economic, social and political forces that are prompting a renewed impetus for growth and development in Africa.



» The 3ADI initiative capitalizes on the positive economic, social and political forces that are prompting a renewed impetus for growth and development in Africa

### African Agribusiness and Agro-industries Development Initiative

The goal of 3ADI is to have an agriculture sector in Africa by 2020 that is made up of productive and profitable agriculture value chains, which:

- Link small and medium-sized agricultural producers to markets;
- Supply higher-valued food, fibre, feed and fuel products;
- Contribute to increasing farmers' incomes;
- Utilize natural resources in a sustainable manner; and
- Generate increased and high-quality employment.

In order to attain this goal, its immediate objective is to increase private sector investment flows into the agriculture sector in Africa by mobilizing resources for agribusiness and agro-industrial

development from domestic and international financial markets. The initiative will support a well-coordinated effort by African governments, regional bodies, relevant United Nations entities and other international agencies, as well as the private sector to share knowledge and harmonize programmes in ways that capture synergies, avoid fragmented efforts and enhance developmental impacts. It will also support an investment programme that will significantly increase the proportion of Africa's agricultural produce that is transformed into differentiated high-value products, so that by 2020, more than 50 per cent of the continent's food products sold in local and national markets will be in processed form.

The new logo was designed at the end of 2010 © UNIDO



Creating value chains in Rwanda.  
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These forces encompass the potential offered by domestic and regional agri-food markets, the increased opportunities for domestic production of higher-valued foodstuffs and the rapid rates of urbanization in the continent. In line with the 3ADI, UNIDO is finalizing a programme to support agri-business and agro-industries development in ten countries, to be implemented jointly with FAO and IFAD.

## »» Any strategy aimed at achieving a sustainable reduction of poverty must be directed at raising rural incomes and agricultural productivity

The 3ADI is complemented by another initiative to help Africa move forward: the Action Plan for the Accelerated Industrial Development of Africa (AIDA), drawn up by the African Union (AU), in collaboration with UNIDO and the United Nations Economic Commission for Africa (UNECA), and endorsed by the Conference of African Ministers of Industry (CAMI) in 2008 in South Africa. The

Action Plan, together with its implementation strategy, encompasses 21 programmes and 49 projects covering various facets of industrial development. UNIDO continued to provide support in the development and finalization of the AIDA implementation strategy.

At the request of the AU, UNIDO developed a resource mobilization strategy, a monitoring and evaluation framework and a steering committee architecture for AIDA. These elements were discussed in October at an expert group meeting organized jointly by the African Union Commission (AUC), UNECA and UNIDO in Addis Ababa. The views of the meeting were reflected in the documents under consideration. The meeting also suggested focusing on fewer priority areas as a way to kick-start the implementation of the AIDA strategy.

Under the terms of its agreement with the AU, UNIDO provides both financial and technical assistance in the organization of the biennial Conference of African Ministers of Industry, established in 1975 as a pan-African response to promote accelerated and sustainable industrial development. CAMI serves as a forum for African leaders and other stakeholders to discuss and review progress made towards Africa's industrialization and is an expression of the collective reaffirmation by African countries of the pivotal role that industry can and should play in the socio-economic development of the continent. CAMI 19 is scheduled to be held in March 2011 in Algiers, with the theme "Enhancing Competitiveness of the African Industries through Increased and Improved Value Addition." Discussions will almost certainly take into



Safe exports for Bangladesh.  
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account the outcomes and recommendations of the Abuja Conference to ensure the integration of agro-industries and agribusiness in the implementation of AIDA. Preparations by UNIDO cover a planned private sector side event on the challenges, opportunities and options to mobilize investment for Africa's agribusiness and agro-industries.

The harmonization of food safety regulatory frameworks and cooperation on sanitary and phytosanitary measures is the subject of a programme under implementation by UNIDO in the region of East Africa. With UNIDO support, Kenya, Uganda and the United Republic of Tanzania were able to establish national infrastructure for trade development and consumer protection. A regional protocol was developed, validated and subsequently submitted for approval by the respective Governments. UNIDO completed gap analyses—the discrepancy between current and anticipated performance—for selected SMEs in the horticulture and fish sectors and organized several awareness events on food safety in the subregion. These activities are expected to contribute to enhancing the capacities of the selected sectors and target groups to access local and international markets.

Representatives of the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (UEMOA) visited UNIDO in February to discuss initiatives for restructuring and upgrading industries in the region. Implementation by UNIDO of the restructuring and upgrading programme of the UEMOA countries is showing positive results. Good progress was made in 2010 on the establishment and enhancement of the

legal framework and the programme's management bodies as well as in building capacities in the national consultancy sector, formulating national restructuring and upgrading programmes and supporting the restructuring and upgrading of 100 pilot companies. UNIDO has also pledged its support to African countries in the negotiation process related to economic partnership agreements (EPAs) with the European Union. More information is provided in chapter 4.

Most people living below the poverty line are to be found in rural areas and depend on smallholder farming for their meagre livelihoods. It follows that any strategy aimed at achieving a sustainable reduction of poverty must be directed at raising rural incomes and agricultural productivity. This implies, as a first step, increasing agricultural outputs and reducing post-harvest losses. Raising agricultural productivity creates jobs and generates income. While it undoubtedly triggers growth in other sectors, expands domestic markets, improves food security and reduces urban migration, it also means convincing the labour force to engage in off-farm enterprises where productivity is typically higher than in agriculture. Indeed, empirical evidence shows that, as an economy grows, there is a corresponding reduction in the share of its gross domestic product originating in agriculture, from around 50 per cent in the poorest countries to just a few per cent in advanced economies. Yet the same data reveals that the value added by processing agricultural goods takes on a growing importance in gross domestic product as a country develops; the pattern is particularly evident in the food-processing sector.

The transfer of resources from agricultural production to downstream processing activities is not always simple. Factors that need to be addressed include: technology, at the level of agricultural inputs, production, and processing; skills development along the entire value chain from farming to processing to marketing; industrial organization and efficient markets; infrastructure in energy and transport; business development services; access to finance; and a conducive policy environment.

Shrimps are one of the most important exports of Bangladesh. In common with other shellfish, they are particularly prone to contamination, which may occur in the waters where the shrimps were raised or at processing plants. UNIDO recently completed a project to help Bangladesh build up its national quality infrastructure to ensure that shrimps meet the safety and quality requirements of export markets. The project was part of the large-scale Bangladesh Quality Support Programme (BQSP) implemented by UNIDO in cooperation with the United Nations International Trade Centre. UNIDO helped to strengthen the capacity of the Department of Fisheries through workshops and training courses for laboratory staff and trainers, developed training manuals and equipped two new laboratories belonging to the Department of Fisheries with modern analytical instruments. Support to the private sector included training for nearly 20,000 industry personnel as well as farmers and extension workers. During the year under review, UNIDO equipped two new fisheries inspection and quality control laboratories and updated the associated libraries.

A traceability system was introduced; about 175,000 farmers received instruction on its use and were subsequently registered. BQSP continued to improve working conditions for female workers engaged in processing plants, shrimp farms and fry collecting by instructing them on workers' rights, offering training on aquaculture and providing literacy classes. A survey of environmental practices in processing plants was followed by a series of seminars on environment standards, by-product utilization and water quality; a total of 772 farmers were trained in water quality management, and water quality monitoring was introduced throughout the value chain.

UNIDO assistance to Ethiopia involves an agro-industry strategy and action plan that focuses on three value chains: oil seeds, cereals and coffee. It aims at unleashing the potential of smallholder farmers by connecting them to the market, establishing sustainable agro-industrial clusters in new areas and developing venture capital support mechanisms. In 2010, the strategy documents prepared by UNIDO were endorsed by the Government of Ethiopia and used to prepare the five-year agro-industry development plan that is part of the country's overall growth and transformation plan. At the same time, the Government started mobilizing resources for the implementation of the strategies and action plans.

Children in Iraq are particularly affected by the humanitarian crisis in the country that has led to widespread food rationing and left much of the population undernourished. As is usually the case, it is the more vulnerable groups of society—children and the elderly—who suffer the most



Upgrading the milk supply chain in Iraq.  
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from malnutrition. A UNIDO project began five years ago to improve living conditions in Iraq by increasing and improving the production of milk. The development objectives of the project included post-war recovery of agriculture and agro-industry; safer food production; better access of poor consumers to milk; poverty reduction at the farm level and job creation in the dairy sector. A state-owned dairy plant in Diwanayah was selected and provided with new technology and equipment. The rehabilitated plant will be officially opened in March 2011 in the presence of the Minister of Industry. The project was evaluated by UNIDO in the first half of the year and the security situation and subsequent delays in obtaining the services of international experts were noted. Although some of the anticipated goals still have to be met, the plant has improved the manufacturing and hygienic practices of the existing production lines of the dairy, resulting in better quality and improved customer satisfaction. It was also successful in upgrading the local milk supply chain of the dairy by training 225 dairy farmers, most of whom deliver milk to the dairy. Before the training, the dairy used only powder milk for its production. After the training and the improved quality of raw milk, the factory started to buy from local farmers. Another outcome was better food safety and food quality in other, mostly private, dairies throughout the country.

Not all projects designed to relieve poverty are in the agricultural sector. It may surprise some to learn that culture is a marketable commodity that can create income and raise standards of living. This is the case in Bhutan, one of the 14 LDCs in the Asia and the Pacific region. A landlocked kingdom in the eastern Himalayas, its geographical isolation has enabled it to preserve the rich cultural heritage of which it is justifiably proud. In 2009 the Government drafted a policy acknowledging the role of culture in sustainable development; similarly, the country's long-term development plans place particular emphasis on ways to encourage private sector development while, at the same time, promoting creative industries. A project designed by UNIDO meets these requirements. The Pilot Programme for the Promotion of Culture-Based Creative Industries for Poverty Reduction, Community Vitalization, and Youth and Women's (Self-) Employment is helping to unleash Bhutan's entrepreneurial potential and create jobs in the private sector, particularly in rural areas. In addition to generating a great deal of interest among people working in the handicrafts sector, the project has already achieved significant improvements in terms of product development, innovation and output. The project is

helping to strengthen the institutional support system for the development of micro and small industries and encourage value added production and market linkages to promote trade.

Many small and medium enterprises (SMEs) in developing countries cannot rely on their own strength to enter international markets; they simply lack the requisite resources, knowledge, production volumes and overall sophistication to become effective global players. A cluster and network development approach for SMEs, where competitiveness is enhanced by the achievement of economies of scope and scale and better access to resources and markets, has long been recognized as an economic policy and technical cooperation tool aimed at fostering both innovation and the growth of a competitive private sector.

## »» A cluster and network development approach for SMEs is an economic policy and technical cooperation tool aimed at fostering both innovation and the growth of a competitive private sector

The role of SME cluster development in providing jobs for local communities has received considerable attention recently. Since employment brings income and income leads to a reduction in poverty, clusters are becoming drivers of broad-based local economic development. Income and employment opportunities can either be generated by involving poorer communities in economic activities as producers, employees and business owners, or, alternatively, by promoting entrepreneurial activities and markets that serve the poor as consumers.

In the capital of El Salvador, over 30 per cent of households live below the poverty line, most of them in substandard accommodation and slums. Urban migration, as elsewhere in the developing world, has resulted in rapid population growth in San Salvador that has outpaced the Government's efforts to provide housing. In cooperation with the United Nations Development Programme (UNDP) and the United Nations Human Settlements Programme (UN-HABITAT), UNIDO is working to increase the efficiency of enterprises





A member of a stone carving cluster.

© UNIDO

## » Despite a long history of traditional crafts, Orissa is one of the poorest states in India

Among the clusters formed by artisans in Orissa are those involving stone carving, handloom weaving, non-timber forest products and light engineering goods. In common with clusters of small and medium industries throughout the world, some of the greatest challenges facing the Orissa clusters are access to credit and markets, inadequate machinery and poor working conditions. In 2005, UNIDO developed a programme to support four clusters in the above sectors, including the supply of modern machinery. With financial support from the United Kingdom's Department for International Development, UNIDO helped the Government of Orissa to introduce cluster development initiatives on a wide scale across the state. Direct support to the four selected clusters covered trust-building and organization,

market linkages, access to credit and technology upgrading. Following the successful completion of the project last year, closer links between artisans and buyers resulted in higher quality products, a significant increase in productivity, and a marked growth in sales and income that in turn raised the living conditions of countless households. Women artisans, in particular, benefited from renewed confidence in their ability to produce and sell. A two-week mission in November to conduct an independent evaluation of the Organization's country programme in India found that UNIDO's services in Orissa were fully in line both with the priorities of India and the Organization's own competence and experience, drawing on lessons learned from the development of clusters in other parts of India.



that produce or market low-cost housing. The project is being financed by the Spanish Fund for the Achievement of the Millennium Development Goals. A second initiative supported by the Spanish Fund, aims to reduce poverty in the rural areas of four provinces of Panama. In cooperation with UNCTAD, UNDP, FAO and the World Trade Organization (WTO), UNIDO is helping to develop micro-enterprises in the food-processing and traditional garments sectors that are managed by, and employ, people from the poorest segments of society.

It is not only enterprises that can benefit from clusters. The One Village Industrial Clusters project, as the name suggests, helps specific villages or communities to overcome poverty by generating sustainable livelihoods. This is done in a way that builds on, and reinforces, the distinctiveness of the region in which the clusters are located and, in so doing, strengthens the cultural heritage and values of the targeted communities. The project springs from a partnership between the cluster programme of UNIDO, the Government of Japan and the UNIDO Centre for South-South Industrial Cooperation in India. Blending Japan's "One Village One Product" initiative with UNIDO's cluster development methodology, the project began in 2010 on a pilot basis in four locations in two countries: Bahir Dahr and Awassa in Ethiopia and Kisoro and Luwero in Uganda.

An expert group meeting on pro-poor cluster development was held in October at UNIDO headquarters for development experts from Africa, Asia, Europe and Latin America. Over 30 professionals joined the event to share knowledge and learn about the tools and practices that can maximize the impact of private sector development strategies on the poor. Guidelines were presented on the selection, monitoring and evaluation of cluster initiatives and participants had an opportunity to learn from the experiences of others.

## Poverty knows no borders

It can be found on all continents of the world even in highly industrialized countries where vulnerable individuals can slip through the social net.

Armenia, a country that moved to a market economy just two decades ago, was badly hit by the global financial and economic crisis of 2009. It began to recuperate in 2010, with economic growth reaching almost 2.6 per cent, a figure that is expected to double in 2011. Parts of the country, however, are still reeling from the effects of a devastating earthquake

## » Economic growth

required for the eradication of poverty and the achievement of the Millennium Development Goals can only be realized through investment and gains in productivity

that left over 500,000 people homeless in 1988; many buildings are still in a state of disrepair. UNIDO has been involved in a project to assist vulnerable families, in particular refugees, to find a way out of poverty by giving them business skills and providing access to diversified energy services. Undertaken in cooperation with the Office of the United Nations High Commissioner for Refugees, the United Nations Development Programme, the United Nations Population Fund and the United Nations Children's Programme, the project includes the renovation of old buildings to provide housing units for vulnerable households, encouragement to beneficiaries to become involved in community-based organizations such as women's groups, and assistance in the establishment of small and medium enterprises, including start-up loans to some 100 businesses. UNIDO support was provided through training courses on entrepreneurship and business management, operation and maintenance of renewable energy systems, and for health-care providers. It also organized study tours to successful businesses within the country involved in the manufacturing, tourism and service industries. Since the launch of the project in 2009, UNIDO has provided training to some 850 hopeful entrepreneurs; 103 of the SMEs created are running successfully and provide employment opportunities to others within their communities. The project will end in 2011 with a further round of training in neighbouring communities. In total, 100 plans will be developed for start-up businesses, with access to affordable financing.

Another project in the region that promises to pay dividends in terms of sustainable development and income generation is the establishment of a UNIDO Investment and Technology Promotion Office network in Member States of the Eurasian Economic Community that currently comprises



Workshop on scenarios for Viet Nam's science and technology strategy 2011-2020. © UNIDO

Belarus, Kazakhstan, Kyrgyzstan, Russian Federation and Tajikistan. Some of those countries still have a large poor population despite pro-poor policies and initiatives in recent years. In Kyrgyzstan, for example, some 35 per cent of the population lives below the poverty line, mostly in rural areas. In Tajikistan, this figure is estimated at 60 per cent, making it the poorest country in the region. Economic growth required for the eradication of poverty and the achievement of the Millennium Development Goals can only be realized through investment and gains in productivity. Industrial investment and technical change contribute to productivity

of new technologies. Together with capacity-building, this will contribute to the reduction of poverty, improvement of the environment and higher standards of living in the region.

Technology foresight can be described as the process of assessing the future needs and opportunities for the economy of a region or country, in the light of technological and market trends. Technology foresight is regarded as the most upstream element of the technology development process. It provides inputs for the formulation of the technology policies and strategies that guide the development of technological infrastructure. In addition, technology foresight lends support to innovation in the domain of technology management and technology transfer, leading to enhanced competitiveness and growth. Over recent decades, foresight has been used increasingly as a strategic policy intelligence tool. The role of foresight has been shifted from a product-oriented to a process-oriented policy instrument. Recently, UNIDO has concentrated its efforts on developing the application of foresight to sector policy and strategy formulation.

The following projects illustrate UNIDO's application of technology foresight in two very different regions and sectors.

The foresight project in Viet Nam is an upstream component of the Viet Nam One Plan for the country. Its aim is to develop the science, technology and innovation (STI) strategy for the country up to 2020 by offering anticipatory intelligence and policy advice on the opportunities, future challenges, risks and visions for change. The results of the project will provide concrete policy recommendations for

## »» Technology foresight provides inputs for the formulation of the technology policies and strategies that guide the development of technological infrastructure

growth by infusing new capital, technologies and managerial know-how, environment-related technology transfer and by improving skills and the efficiency of industry. The project is designed to encourage investments as well as the application

Indigenous handicrafts in the Andean region.  
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prioritization, future visions, and a road map on how to achieve the desired future for the STI strategy in the country.

The second technology foresight project benefits communities living in remote villages high up in the Andes mountain range in South America, who scrape a living by raising alpaca, llama and other camelids. Poverty is widespread throughout the region, which includes parts of Argentina, Bolivia (Plurinational State of) and Peru, affecting some 80 per cent of the population. Although their animals represent a valuable potential for the production

of fibres and textiles, most villagers lack the know-how and means to exploit their potential. A team of experts sent by UNIDO suggested that in order to raise productivity and competitiveness, the related industrial sectors should be reorganized as sustainable productive chains across the region. These should, in turn, incorporate the available institutional framework for modern industry: financial services, wholesale markets, commodities exchanges and futures markets, price information, quality standards, traceability, controls and certification, export marketing agencies and transportation facilities and infrastructure.

## »» Agribusiness

The 2008 food crisis saw rapid increases in the price of staple commodities amid fears of global scarcity. It forced developing countries to rethink their previous pattern of exporting agricultural produce in a largely raw state in order to earn the foreign exchange necessary to import processed goods, including foodstuffs or even grain produced elsewhere

The global crisis also triggered a much-needed convergence of world action. Initiatives such as the United Nations Secretary-General's High-Level Task Force on the Global Food Security Crisis, the l'Aquila Food Security Initiative, the Global Agriculture and Food Security Program or, more recently, the reform of the Committee on World Food Security, are welcome instruments of an effective global response.

UNIDO in turn chose to make agribusiness a special theme in 2010 on the premise that developing agriculture is not simply a matter of increasing output but involves a holistic process of rural transformation, placing growers and cattle herders in a value chain from resource to processing industry to markets. The persistent instability of world food markets shifts the onus of food security onto domestic supply: models of cross-border exchanges are ill-equipped to handle rationing and price rigidities, where the logic of comparative advantages breaks down. Three quarters of Africa's undernourished draw their livelihoods from smallholder farms; from victims today, they must be given the means to meet their own needs and become tomorrow a central part of every national response towards food security.

The Trust Fund on Food Security and a special contribution from Finland enabled UNIDO to respond in 2010 to three important demands for support in agribusiness development. These emanate from the 2008 African Union Action Plan for the Accelerated Industrial Development of Africa (AIDA), the December 2009 Plan of Action for Least Developed Countries and the High-level Conference on the Development of Agribusiness and Agro-industries in Africa held in March. A project "Support to agribusiness and agro-industry development initiatives: implementing the three frameworks" began in August. In close cooperation with FAO and IFAD, UNIDO is initially targeting 12 countries, 10 of which are LDCs and 10 are in sub-Saharan Africa. Given the strong concentration on the Africa region, the programme is known and promoted as 3ADI, or Africa Agribusiness and Agro-Industries Development Initiative. The following paragraphs describe early developments in 2010.

A national consultant was recruited in Afghanistan to help identify the priority commodities for value chain development. An assessment carried out in 2010 in Comoros secured funds for a project to facilitate the processing of horticultural products by producer



organizations mainly composed of women. The UNIDO country programme for the Democratic Republic of the Congo was formulated in September-November and subsequently approved by the Government. A \$1.3 million contribution from the Government of Japan in late 2010 will support the 3ADI programme by helping to establish a pilot food processing facility. During a mission to Ghana in August, the cotton sector emerged as a clear priority and the key to the socio-economic progress in the rural north. Progress in Haiti was temporarily curtailed by a cholera outbreak and preparations for upcoming elections although a briefing was given in October to prospective counterparts. In Liberia, two projects are currently being formulated on adding value and reducing post-harvest losses to the fruit and vegetable value chain, and on commercial rice production, processing and marketing. A project in Madagascar aims at supporting biodiversity conservation and sustainable management while developing a niche market with a high potential both for job creation and income generation. A UNIDO assessment project in Nigeria identified priority value chains in three regions involving cassava, cereals and rice. UNIDO activities in Rwanda

focused on business development services for rural SMEs as part of an IFAD project to support off-farm micro and small enterprises in rural areas as a vehicle of poverty reduction. A related initiative will bring together FAO, IFAD, UNIDO and private partners along the milk and dairy products value chain. In December, a scoping mission for Sierra Leone met Ministers of Trade and Industry, and Agriculture, Forestry and Food Security who showed strong commitment to the initiative. It was agreed to build on plans for the restructuring of the development finance system, in order to have a finance window for agribusiness. Within the new UNIDO country programme for Sudan, the hides and skins, leather and leather products development value chain was selected while in Southern Sudan, assessments conducted by UNIDO and FAO have resulted in a project document "Sustainable Food Security Through Community-Based Livelihood Development and Water Harvesting". The first mission to the United Republic of Tanzania took place in November and focused on a review of the existing policies and agro-industry development initiatives as well as on contacting stakeholders and potential partners.



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## Trade capacity-building

The challenges facing developing countries in their endeavours to compete in the global marketplace are well known. Uncompetitive supply capacities and a lack of compliance with market requirements call for strong measures to exploit the export potential of developing countries by diversifying and optimizing their production and export bases. That needs to be accompanied by tailored, trade-related technical assistance and capacity-building. Only when all those elements fall into place will developing countries be in a position to take part in the global trade that will lead, by steps, to a sustainable increase in their export performance, economic growth and wealth creation.

UNIDO, with over four decades of experience in industrial development and a wide network of field offices throughout the developing world, can work alongside developing countries to strengthen their industrial sectors, diversify their exports and build on their comparative advantages. Many developing countries simply lack a sufficient quantity of tradable goods; they require assistance in developing supply capacity. At the same time, UNIDO is the key agency that provides the support necessary for its beneficiary countries to meet quality, safety and environmental standards by building up national institutional capacities for testing, certification and calibration.

Through its trade capacity-building programme, UNIDO offers its clients a cohesive approach to market success based on three elements: compete, conform and connect. In short, developing countries need to strengthen their productive capacities to improve competitiveness and exploit economies of scale. They need to comply with recognized standards in order to gain the consumer confidence in their products, leading to their acceptance on world markets. They need to strengthen their connectivity with the global trading system on mutually beneficial terms and ensure reliable and rapid transactions.

The global financial and economic crisis that reached its peak in 2009 took its toll on the capacity of developing countries to compete in domestic, regional and international markets. During 2010, those countries that depended on commodity exports were still suffering the effects of the crisis. UNIDO responded by putting in place special programmes designed to upgrade enterprises in terms of cost-effectiveness, marketability, quality, reliability and safety of industrial output, in order to narrow the gap with their competitors. The support provided by UNIDO includes measures to improve the national business environment by extending policy advice, enhancing industrial and business support infrastructure by strengthening institutions that provide technical assistance and financial services to enterprises, and improving the competitiveness and productivity of those enterprises, clusters and value chains that have a high potential for exports and job creation.



Mozambique is a country that has made remarkable strides over the past few years. At the time of its independence in 1975, it was low down on the list of the world's poorest countries. An impressive record of economic growth, averaging an annual 8 per cent, means that although Mozambique is still in the category of the least developed countries, it is among the fastest growing economies in the world. Nonetheless, the country still struggles to produce goods in sufficient quantity for export that comply with international standards. In its *Doing Business Report 2010*, the World Bank ranked Mozambique 126 out of 183 countries on the "Ease of Doing Business" index. One of the major stumbling blocks to the country's future growth is its weakness in the area of standardization and metrology. By and large, the country still lacks adequate capacity to design and enforce product standards and its metrology, standardization and certification institutes are

in need of an overhaul. The project "Business Environment Support and Trade Facilitation" (BESTF), jointly funded by the European Union and UNIDO, will contribute to building Mozambique's capacity to benefit from regional and global trading opportunities. The overall objective of the project is to promote export-led growth and improve the existing investment climate by alleviating trade-related constraints affecting the business environment in Mozambique. More specifically, the project aims to strengthen existing institutions involved in the delivery of services in the area of metrology, standardization and certification, as well as enhancing the availability, access and quality of information and advisory services for trade. Companies will then be better placed to take advantage of market access opportunities by meeting international product standards and improving the competitiveness of local products.

This approach has proven particularly valuable in the context of interregional trade liberalization processes such as the Economic Partnership Agreements (EPAs) between the European Union and the African, Caribbean and Pacific (ACP) group of countries. In February, representatives of the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (UEMOA) visited UNIDO to discuss initiatives for restructuring and upgrading industries in the region, including a programme launched in 2007 to improve the competitiveness of the UEMOA industrial sector. The pilot phase of the programme ended in December. Working in partnership, UNIDO and the UEMOA Commission were able to create an industrial upgrading culture within the Union, establish a regional and national legal, financial and institutional framework, adapt and standardize tools and methodologies for the region, and provide, on a pilot-basis, technical and financial support to over 100 small and medium enterprises (SMEs). As a result, enterprises achieved a marked improvement in productivity and quality as well as a reduced burden on the environment through savings in energy and water consumption. This in turn increased their competitiveness and enabled them to broaden their market opportunities.

Following this experience, the Organization has helped several ACP Regional Economic Communities to formulate subregional programmes on industrial upgrading and modernization, within the context of the development component of

their respective economic partnership agreements. These include ECOWAS, the Economic and Monetary Community of Central Africa (CEMAC), the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the Caribbean Forum of ACP States.

Standards facilitate trade by providing a harmonized set of requirements that can be easily followed by producers and buyers alike. It is fair to say that international standards are a key component of globalization and an important part of the international trade regime. The problem is that while most standards are set by, and designed for, developed countries, developing countries are expected to conform to them. Products from developing countries are subject to increasingly stringent requirements in terms of quality, productivity, safety, health and the environment that can only be met at a high economic and social cost. One of the challenges is to promote the development and implementation of quality and conformity infrastructure, covering standards, metrology, conformity assessment and accreditation. Experience has shown that building or strengthening quality infrastructure is often sufficient for developing countries to compete on the global market and benefit from free trade.

During 2010, UNIDO continued to assist Ghana in a project funded by the State Secretariat for Economic Affairs of Switzerland that targets the country's export performance. It involves assistance to institutions in Ghana to meet



» UNIDO offers its clients a cohesive approach to market success based on three elements: compete, conform and connect

Seed testing laboratory in Ghana.  
© UNIDO



the stringent quality standards required in today's export climate. Various approaches to improving Ghana's export performance examined in the project include an improvement in the responsiveness and efficiency of the horticulture commodity supply chain in order to provide the quality that meets the demands of international markets. UNIDO focused this year on the quality and health of seeds used for domestic growth and export produce. A seed testing laboratory is currently being set up under the auspices of the Ministry of Agriculture. Once it has been accredited early next year, it will be the first seed laboratory in West Africa to be recognized by the International Seed Testing Association, which, through its headquarters in Switzerland, produces internationally agreed rules for seed sampling and testing, accredits laboratories, provides seed analysis certificates, promotes research, disseminates knowledge in seed science and technology and provides training. Under the same project, UNIDO offered support to the Ghana Standards Board—the national statutory body responsible for the management of the nation's quality infrastructure—in strengthening the certification capacity on the quality (ISO 9000) and food safety standards (ISO 22000) issued by the International Organization for Standardization (ISO)

UNIDO also provided technical cooperation services to countries of the Latin America and Caribbean region in the area of capacity-building. Some notable projects were developed during the second half of the year. A new project in

Nicaragua concentrates on strengthening and improving the country's ability to provide standardization, metrology, testing and quality services. Another project in the region concerned the construction of a metrology laboratory building in Guatemala. The project was concluded recently and the fully functional laboratory handed over officially to the Government at the end of August. The Organization also provided support to the Government of Guatemala in drafting a new legal framework for the national quality system, which led to the creation of a local accreditation body, the National Metrology Institute as well as the National Commission for Technical Regulations.

UNIDO is also running a project in the Plurinational State of Bolivia dealing with the improvement of food safety for flour, dried fruits and processed bovine blood. Launched in 2009, technical cooperation activities include strengthening local capacities for trade by providing training on technological and managerial upgrading, as well as on compliance with food safety and nutritional value norms. The project is one component of a larger project, supported by the MDG Achievement Fund established by the Government of Spain.

In the aftermath of the earthquake that devastated much of Haiti in January, UNIDO made a number of adjustments to an ongoing standardization project so that it will now concentrate on testing recycled building materials and identifying new ways in which standards can contribute to a better and safer reconstruction of the country.

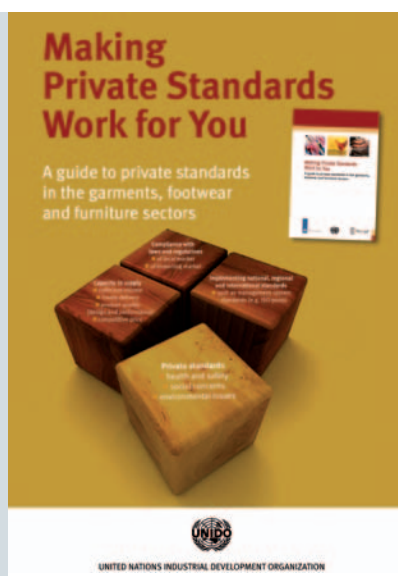
## » UNIDO addresses quality and standardization issues through its research and publications

UNIDO also addresses quality and standardization issues through its research and publications. In 2010, it issued a publication on trade standards compliance entitled *Meeting Standards, Winning Markets*. The report was prepared in cooperation with the Norwegian Agency for Development Cooperation (Norad) and the Institute of Development Studies, a leading academic institution for international development research, teaching and communications, founded in 1966. This first of what is likely to become a series of reports, focuses on the challenges faced by developing countries in complying with key trade-related standards, technical regulations and private standards in international trade. It estimates the resulting export losses and then relates these compliance challenges and losses to an analysis of developing countries' capacity to establish and prove their compliance, and to the cost of strengthening such capacity. Drawing on the expertise of other contributing organizations, it also acts as an early

warning tool on the changing landscape of trade standards compliance issues.

Today, more and more companies in developing countries and emerging economies are becoming global producers. This, in itself, presents a challenge. On the one hand, the liberalization of consumer markets provides companies with opportunities to export their products to global markets, while on the other hand, they are forced to comply with an avalanche of private standards. Unlike the technical regulations and national, regional or international voluntary standards that are encountered when dealing with any trading partner, private standards focus on social, safety and environmental issues and are demanded by brand producers and retailers whenever they source their products. Private standards come in various shapes and sizes, often with a different focus and differing levels of importance. For example, labour issues seem to be of greater concern in the leather and garments sector, while requirements for compliance with certain environmental standards are more common in the furniture sector. To compound the problem, standards may be applied to the production site and/or to the product itself. Buyer codes of conduct usually refer primarily to production sites, while certificates and product labels most often imply compliance with requirements related both to the production site and the product itself.

With a worldwide decline in tariffs and quotas, standards and technical regulations are now seen as the main obstacle



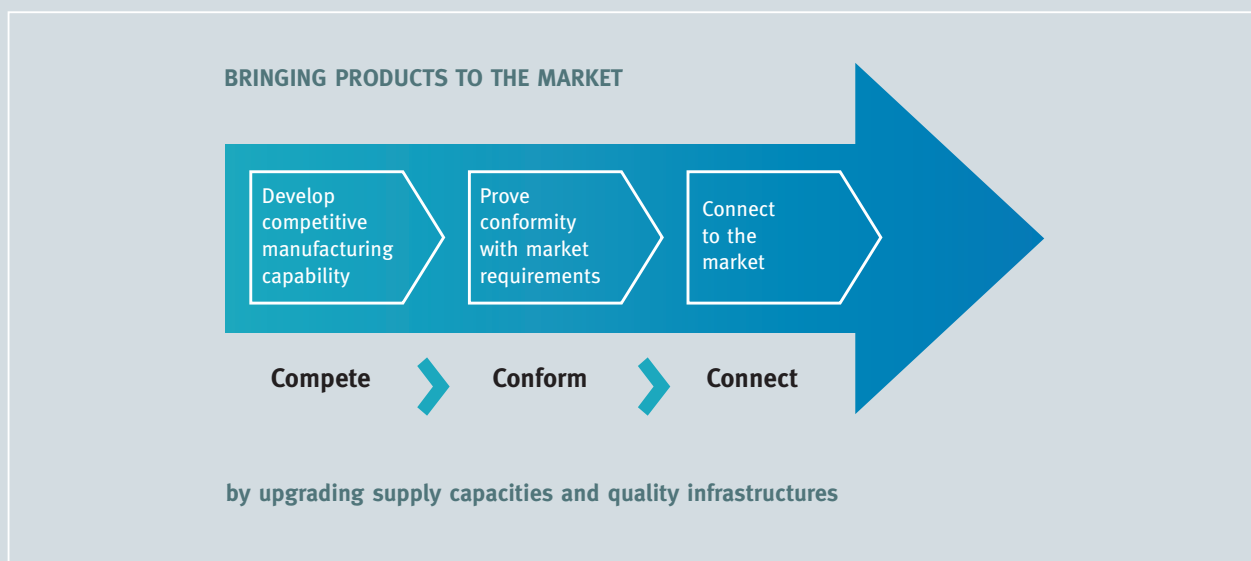
In October, UNIDO published a practical guide entitled *Making Private Standards Work for You: A guide to private standards in the garments, footwear and furniture sectors*. The guide is designed to help exporters in developing countries gain access to global production and supply chains. Funded by Norad, it was developed in collaboration with the Centre for the Promotion of Imports from Developing Countries, an agency established in 1971 within the Ministry of Foreign Affairs of the Netherlands. Producers in the footwear, garments and furniture sectors are given an insight into the myriad of private standards and are offered guidance on how best to use them to their advantage. The information is drawn from the results of questionnaires and interviews conducted with a sample of exporting companies from the footwear sector in India, the textiles and garments sector in Turkey and the furniture sector in Brazil.

to global trade. For some years now, UNIDO has adopted a multifaceted approach to helping its beneficiary countries to meet international and/or private voluntary standards and technical regulations through support to agro-industries, assistance to governments and trade associations and development of the relevant infrastructure.

Access to markets of the European Union (EU) is crucial for most developing countries yet the progressive tightening of EU regulations to protect consumers compels exporting countries to make major adjustments if they are to gain and maintain market access. In June 2007, a new regulation was enforced on chemicals and their safe use. REACH—the Registration, Evaluation, Authorization and Restriction of Chemicals—is the most comprehensive regulation of its kind to date. The introduction of REACH triggered serious concerns about its impact on countries trying to access the EU market. One of those countries was Thailand, where UNIDO is building awareness and disseminating information on REACH to Thai exporters through a REACH information centre. Now that national experts have been trained to run the centre, it is responsible for creating a broad understanding of REACH through a newly designed website ([www.reachtalk.net](http://www.reachtalk.net)) that includes translations in Thai of REACH documents for download, public seminars on REACH for the private sector in Bangkok and other major cities and the publication of REACH newsletters. An English version of the website is currently in preparation.

UNIDO recently launched a project to assist Fujian Province on the south-east coast of China to meet ISO standards relating to food safety management systems and traceability in the feed and food chain. China's surge in food exports has been slowed down by several food-borne diseases, including the much publicized contamination of baby milk products two years ago. The authorities responded by recalling products and stopping their exports, but the incident was symptomatic of a weakness in expertise relating to ISO 22000, the standard that provides safety guidance for all organizations within the food chain. UNIDO has been helping the Department of Foreign Trade and Economic Cooperation of Fujian Province in the implementation of ISO 22000 as well as ISO 22005 on traceability in the feed and food chain. The project was launched on the occasion of the 14th China International Fair for Investment and Trade, held in September in Xiamen. Six workshops were held in 2010 for some 330 participants from different enterprises to make them aware of the imperative of complying with food safety standards. The UNIDO Workshop on Green Industry Development and Trade Capacity-Building, held in conjunction with the Fair, drew 80 participants from government, research institutes, import and export regulatory bodies, food enterprises and testing and quality related institutions.

While economists have long recognized the benefits to developing countries of exporting manufactured goods, many countries lack the appropriate legal framework, institutions,



infrastructure, technology and skilled labour to make this possible. Negotiations on the Doha Development Agenda, that began in November 2001 to address this and other issues, have come up against a number of hurdles and are some way from completion. In response to requests for more immediate assistance, the World Trade Organization launched its Aid for Trade initiative in December 2005. Since then, it has been providing developing countries with support in their efforts to integrate and benefit from the multilateral trading system. UNIDO's particular mandate is to help countries strengthen their manufacturing sector. It is a valuable partner both for those countries that can benefit from Aid for Trade and those that provide the financial resources. Aid for Trade does not take the responsibility for economic development out of the hands of the countries themselves but aims to provide them with a set of tools that will help them to generate wealth. These tools include the development of trade strategies, modern infrastructure and of course a significant increase in productive capacities.

## “The UNIDO trade capacity-building approach and the Aid for Trade initiative are complementary endeavours along the same holistic line of thought”

Kandeh K. Yumkella, Director-General of UNIDO

A recent publication entitled *Aid for Trade: a Global Call for Action*, describes the contribution of UNIDO to the Aid for Trade initiative. Programmes in this area are developed around three main pillars: developing competitive productive supply capacities; strengthening internationally recognized conformity infrastructure and services; and ensuring efficient connectivity to markets. Aid for Trade has become both the main reference and a driving force for the present and planned trade capacity-building programmes of UNIDO, be they regional or national. Such programmes are often undertaken in cooperation with other United Nations

agencies. The Ministerial Conferences of the Least Developed Countries (LDCs), the targeting of small and medium enterprises, the involvement of the private sector and enhanced inter-agency cooperation are some of the ways in which the Organization's strengths can best contribute to the goals of Aid for Trade.

A high-level consultative dialogue to revisit the trade capacity-building approach outlined above was held at the end of 2009. Discussions confirmed that the UNIDO approach was still valid despite changes in the environment of trade development and trade-related technical assistance. Notwithstanding, UNIDO decided to launch a new project to monitor the impact of its projects on poverty reduction. The aim of the Norad-funded project is to develop a systems model to assess the impact of trade-related technical assistance interventions on poverty reduction and identify suitable indicators that will allow UNIDO and other development partners to design more targeted technical cooperation projects. UNIDO will take advantage of the work of partner agencies and organizations in this area and trial applications of the model will be implemented in cooperation with these partners thereby maximizing efforts and providing stakeholders with a coherent mechanism to monitor impact.

In 2010, UNIDO produced a second edition of the flagship publication *Trade Capacity Building Resource Guide* on behalf of a group of partner agencies in the Cluster on Trade and Productive Capacity of the United Nations System Chief Executives Board for Coordination (CEB). The inter-agency Resource Guide has been recognized as a major contribution to the Aid for Trade initiative (see special feature on p. 58).

Small and medium enterprises have much to gain from joining export consortia in terms of their ability to modernize, improve and market their products at a lower cost and risk than they would otherwise incur alone.

During the year under review, UNIDO continued to assist the Ministry of Trade of Morocco to strengthen its national export consortia programme. With funding from the Italian Development Cooperation, the project has shown excellent results. To date, 20 export consortia have been formed involving 15,000 jobs in 150 enterprises covering 9 different sectors in 11 towns; another 10 consortia are under development. The Ministry of Trade and the Moroccan Association of Exporters are giving support to export consortia through a specific funding scheme. Following the example of the Italian Federation of Export Consortia, export consortia in Morocco have formed an association of their own.





Building export consortia in Morocco.  
© UNIDO



Peru's lively export market.  
© UNIDO

In September, a new export consortia initiative to improve the competitiveness of non-traditional export sectors was launched in Côte d'Ivoire with support from the European Union. The project assists the country's small and medium enterprises to meet the challenge of access to international markets by upgrading manufacturing enterprises and linking them with export consortia. UNIDO has also taken steps to incorporate into the national system both international standards and standards imposed by individual importing countries. It will also accredit laboratories that can test goods destined for export.

Peru's dynamic economy and high growth rates are largely a result of the country's lively export market. The limited involvement of small and medium industries in this success, however, means that development is patchy. In 2006, the Government turned to UNIDO to tackle the problem by setting up export consortia specifically designed for SMEs. Under a project financed by the Italian Development Cooperation, the project established an impressive number of operational export consortia. Located in eight different regions, the 30 consortia cover a wide variety of sectors ranging from jewellery to information technology and tourism. The success achieved by this project is largely attributable to an approach that promotes sustainability and fosters the capacity of local stakeholders to keep the initiative running once UNIDO's involvement has ended. The project maintained a strong pro-poor focus. It has now been extended to the establishment of quality consortia, i.e. voluntary

alliances of producers, cooperatives and companies operating in the same value chain and geographical area. Producers join forces to agree on common product specifications, register a collective label and promote the shared product or label through a territorial-based marketing strategy, which sells both the product and its region. This new approach frees small and medium producers in the artisan and food sectors from having to compete on price with generic and standardized products. It also rewards them for using age-old methods to produce traditional products that are firmly rooted in their particular region.

Following the positive results achieved by its pro-poor approach to consortia, UNIDO decided to introduce this approach to other countries. In cooperation with the Ministries of Trade and Agriculture of Morocco, a seminar "Quality Consortia: An Effective Strategy for the Development and Promotion of Traditional Products of Regional Origin" was organized in November in Rabat, with the participation of the World Intellectual Property Organization. As an outcome of this seminar, it is expected that a new programme combining the concepts of export and quality consortia and cluster development will be launched in 2011.

Within the framework of a project funded under the Spanish Millennium Development Goals Achievement Fund, the quality consortia approach was also introduced in the Plurinational State of Bolivia where UNIDO is assisting organic producers to enter national and international value

## » Corporate social responsibility has been adopted globally by large multinationals and small family-run businesses concerned with the social and environmental impact of their activities

chains with products such as quinoa, amaranth, tarwi, maca, onion and giant beans. The programme will have a dual benefit. From the production side, poor communities will benefit from more stable employment and income while consumers will improve their diet through a basket of highly nutritious food items.

UNIDO recently published a guide to creating a quality consortium. Issued in English, French and Spanish, the extensive guide *Adding Value to Traditional Products of Regional Origin* addresses the issues of legal protection and value-adding groups as well as the various steps to be taken in creating quality consortia.

There is a growing interest among consumers in traditional products that are identified with their place of origin. Both in developed and developing countries, shoppers are showing a greater propensity to purchase food or agro-industrial products that are deeply-rooted in indigenous cultures. The growing interest of consumers in fair trade products is indicative of this trend. A preference for what is perceived as authentic and genuine is largely a reaction to the rapid changes brought about by globalization, especially the proliferation of multinational companies with standardized products. Consumers in the industrialized world are willing to pay a premium to consume products that are true to their roots and retain the quality of the past.

In October, 20 representatives from Latin America and the Caribbean attended an annual training course on consortia development at the International Training Centre of the

International Labour Organization in Turin, Italy. After a week of face-to-face training, participants moved to the e-learning phase. Training will continue until February 2011 for the development of export and quality consortia projects in their respective countries.

Throughout the year, UNIDO continued to encourage corporate social responsibility (CSR). This relates to the way in which a company achieves a balance of economic, environmental and social imperatives, while at the same time addressing the expectations of shareholders and stakeholders. It is a global initiative, that has been adopted universally by the world's largest multinational corporations as well as small, family-run businesses concerned with the social and environmental impact of their activities. CSR was given a place on the agenda of the United Nations in 2000, when it launched the United Nations Global Compact, which brings together business with United Nations agencies, labour, civil society and governments to advance ten universal principles in the areas of human rights, labour, environment and anti-corruption.

In June, UNIDO took part in the United Nations Global Compact Leaders Summit 2010 in New York, which had as its theme "Building a New Era of Sustainability". In October, UNIDO co-organized a workshop on the social and environmental responsibility of businesses, with specific reference to the role of SMEs in advancing the global sustainable development agenda. The workshop was organized in collaboration with the Vienna Chapter of the Society for International



United Nations Global Compact  
Leaders Summit 2010.  
© UN Photo/John McLwaine

Development (SID), the Austrian Development Agency and the International Network for Educational Exchange (INEX). It was part of a programme on sustainable development drawn up by the Vienna Chapter of SID and INEX for students from four Vienna-based universities.

UNIDO also entered into discussions with the Organization of American States and the United Nations Economic and Social Commission for Asia and the Pacific to discuss the possibility of joint activities to raise awareness

and facilitate the implementation of CSR principles at the level of small and medium enterprises in the two regions. Partnerships were not limited to international organizations. UNIDO has been working with researchers on CSR at the Copenhagen Business School and a strong interest was expressed in involving UNIDO in a CSR and development course, with a focus on the application of the UNIDO cluster development methodology in the field. Collaboration is also under discussion with other universities.

# » Trade Capacity Building Resource Guide 2010

The first edition of the *Trade Capacity Building Inter-Agency Resource Guide* proved to be one of UNIDO's bestsellers, despite the fact that it targets a specialized readership. More than 2,500 copies have been distributed since it was published in 2008 and countless readers have downloaded the Guide from the UNIDO website. In addition to information about the 21 United Nations agencies provided in the first edition, this year's Guide includes four more United Nations agencies, the International Fund for Agricultural Development, the International Monetary Fund, the International Telecommunication Union and the World Tourism Organization, as well as five regional development banks: the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank, along with seven inter-agency cooperation mechanisms.

United Nations organizations have the requisite expertise and experience to assist countries to build up their trade capacity and identify their priority needs. Because there are so many organizations offering assistance, some with a general mandate to assist development or trade, others with more specialized services, governments of developing countries and donors may have difficulty knowing exactly what services are available and from which agencies. Prepared with the substantive support of Sheila Page, Senior Research Fellow at the Overseas Development Institute (ODI) in London,

the Inter-Agency Resource Guide was designed to address this challenge and to provide support in the design of programmes and project components. The Guide demonstrates that while agencies may work in the same areas, they provide different, yet complementary services. At the same time, it encourages the agencies themselves to use the information contained in it to improve their collaboration and to fill any gaps in provision.

The 2010 Guide, financed by a contribution from the Government of Sweden, has been extended by a second volume that reaches beyond the United Nations system. It includes information on bilateral development agencies from 23 donor countries as well as the European Commission, all of which are members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD DAC). Volume 2 summarizes the Aid for Trade (Aft) strategies of donors and highlights their own bilateral trade-related aid agencies and specialized technical assistance programmes. The introductory chapter of Volume 2 first looks at indicators that reveal the degree to which Aft continues to be a priority for different donors as well as any apparent changes in response to the 2008-2009 financial crisis. It then summarizes some of the explicit ways in which each donor limits or focuses the coverage of its Aft programme, for example by defining the countries eligible for support or the type of assistance covered. It reviews how donors have



The UNIDO team displays the newly-published Trade Capacity Building Resource Guide.  
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responded to two of the overarching themes of the AFT Initiative, namely a response to regional needs and the importance of a stronger private sector and describes some of the mechanisms used to ensure coherence between donors.

Volume 2 also describes the programmes of key donors with examples of the type of assistance they provide, broken down by trade capacity-building intervention area: global advocacy, trade policy development, legal and regulatory framework, supply capacity, compliance support infrastructure and services, trade promotion capacity-building, market and trade

information, trade facilitation, physical trade infrastructure and trade-related financial services.

In addition to providing an essential service to developing countries in the design of technical assistance programmes, the Guide acts as a catalyst for the coordination of trade capacity-building activities within the United Nations system and beyond. In the spirit of the Millennium Development Goals, the Guide represents a significant step forward in the journey towards a strong and meaningful global partnership involving multilateral and bilateral development partners, for the reduction of poverty through trade-driven economic growth and wealth creation.







## Environment and energy

Environment and energy-related issues continue to be at the forefront of the global agenda. Producers and consumers alike have adopted patterns that fail to take into account the planet's available resources, growing population and assimilative capacity for emissions.

Against this background UNIDO has been closely involved in efforts to reverse this trend at the international, regional and national levels. It has organized conferences, workshops and seminars and produced several groundbreaking publications and reports in the areas of industrial energy efficiency and energy for development. A recent publication entitled *A greener footprint for industry: Opportunities and challenges of sustainable industrial development*, also available as an e-book, outlines the UNIDO response to greening industries. Recognizing that industry has to produce more with less if it is to be sustainable, the report looks at ways in which developing countries can reduce their environmental footprint while continuing to deliver goods, services and jobs to their growing populations.

The United Nations Conference on Sustainable Development will meet in 2012 in Rio de Janeiro, Brazil, twenty years after the landmark meeting of the United Nations Conference on Environment and Development that took place in 1992 in the same city. Its objectives are to secure renewed political commitment to sustainable development, to assess progress towards internationally agreed goals and to address new and emerging challenges. Discussions will focus on two specific themes: a green economy in the context of poverty eradication and sustainable development, and an institutional framework for sustainable development. As the world prepares itself for the Rio+20 Conference, UNIDO is continuing to make a substantive contribution through its green industry approach.

Securing funding for projects designed to promote green industries through cleaner production, energy efficiency and the use of renewable energy has proved to be a challenging task, however. Although UNIDO's efforts in 2010 to mobilize co-financing from country counterparts, local and regional financing institutions and the private sector secured over 60 per cent of the targeted co-financing, new partnerships and sources of co-funding will be needed in order to meet the requirements of the Global Environment Facility (GEF), particularly if UNIDO is to expand its share of GEF projects in the least developed countries. With this in mind, the Organization is currently exploring different avenues, including partnerships with financial institutions and the European Union. In a bid to mobilize new sources of funding, it is also working towards greater collaboration with the private sector in the countries of operation.

## »» The pillars of the Organization's energy programme are renewable energy technologies for productive use, industrial energy efficiency and low-carbon technologies

UNIDO has expanded its scope of activities in the area of renewable energy, energy efficiency, cleaner production and green industries, balancing the need for continuity against responsiveness to new requests for technical cooperation. Renewable energy technologies for productive uses, industrial energy efficiency and low-carbon technologies will continue to be the pillars of the Organization's energy programme, with increased attention given to low-carbon and carbon-neutral technologies. Work on technology road-mapping for the application of carbon capture and storage technology in industry was under way in 2010, which included the combined transfer of hydrogen and renewable energy technologies—the first of its kind—to small island developing states.

Energy is central to efforts to achieve sustainable development and reduce poverty. It touches all aspects of development and it is fair to say that none of the Millennium Development Goals can be met without access to modern energy services. In this context, renewable energy technologies will play a crucial role, especially in rural and off-grid areas of the least developed countries. The introduction of renewable energy-based mini-grids is a key component of the UNIDO energy programme, including several projects to promote the development of mini-grids as part of the GEF strategic programme for energy in West Africa. The programme promotes energy efficiency and renewable energies for productive uses, including the design and implementation of renewable energy based mini-grids, mini and micro hydropower, biomass and solar. At the end of 2010, the specific country level renewable energy projects—Cape Verde, Chad, Côte d'Ivoire, the Gambia, Guinea, Liberia, Nigeria and Sierra Leone—as well as a regional project for the overall coordination of the GEF strategic programme for energy in West Africa, were submitted to GEF for endorsement; implementation of these projects will start in 2011.

Micro and small hydropower schemes have little or no environmental impact and can provide a range of valuable energy services, especially in rural areas. In regions with hydropower potential, this form of renewable energy is the most cost-effective opportunity to energize on/off-grid areas. UNIDO is currently implementing small hydropower projects in China, Ghana, India, Indonesia, Kenya, Mali, Nigeria, Rwanda, Sri Lanka, Uganda, the United Republic of Tanzania



### Micro-grids for energy efficiency

A micro-grid is a modern, small-scale version of a centralized electricity system. Micro-grids meet the needs and aspirations of the local community in terms of reliability, lower carbon emission, diversification of energy sources and cost reduction, for example. In common with the bulk power grid, they generate, distribute and regulate the flow of electricity to consumers at the community level. Smart micro-grids are an ideal way of encouraging customer participation in the electricity enterprise.

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and Zambia. The Organization is also developing an umbrella regional programme, with special focus on South-South cooperation, to set up 100 small hydropower projects in Africa and replicate them in other regions. Technical support is provided by the International Centre for Small Hydropower at Hangzhou in China, which facilitates the execution of activities in the field of small hydropower and fosters cooperation worldwide. The UNIDO Regional Small Hydropower Centres in India and Nigeria provide technical assistance at the regional level. UNIDO has established an energy kiosk (2.5 KW) consisting of picohydro and solar photovoltaic energy to supply a remote village in Kenya. The energy produced is used for providing productive communication and community services.

The search for energy efficiency is an integral part of numerous technical cooperation projects implemented by UNIDO. In consultation with national counterparts, UNIDO has introduced benchmarking components in most industrial energy efficiency projects under development in partnership with GEF. It has also set up a carbon capture and storage (CCS) road map to provide stakeholders with a vision of industrial CCS up to 2050 and to inform policymakers and investors about the benefits of CCS technology.

A mechanism to pool knowledge and experience is extremely useful for countries with limited resources to invest in new technologies. UNIDO promotes knowledge sharing and capacity-building platforms to encourage the short- and medium-term transfer of clean energy technologies, industrial best practices and a shift towards more sustainable patterns of energy production and consumption. UNIDO is currently

managing a number of projects in Africa where renewable energy sources—small hydro, biomass gasification, wind, solar, thermal and photovoltaic, for example—can be instrumental in the development of small, largely rural, industries that contribute to growth and poverty reduction.

## » The search for energy efficiency is an integral part of many of the Organization's technical cooperation projects

Solar energy water pumps in Mozambique are saving countless villagers—largely women—from hours of back-breaking labour. Until the introduction of the pumps in Chicualacuala province, it would take on average ten minutes to draw 20 litres of water from a community well, water that was needed to tend crops, prepare food, wash clothes and generally cover the needs of the family. The UNIDO solar-powered pump draws water from 70 metres underground and is fed to a bank of tanks from which several women can instantly fill containers simultaneously. The introduction of solar water pumps was part of the Delivering as One programme for Mozambique. The pictures below illustrate the situation before and after the installation of the new pump.



The situation in Chicualacuala province before ...  
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... and after.  
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An acute energy crisis in South Africa led to the development in 2008 of a project to improve industrial energy efficiency based on an integrated approach that includes strengthening the policy framework, capacity-building, enhanced financing and awareness-raising. The project will introduce a system of energy management standards and system optimization methodologies. Demonstration projects and new incentives schemes for selected industries are drawing attention to the economic benefits of greater energy efficiency. The project will also help to build the institutional capacities to accredit, implement and audit energy management systems, and will lead to a significant reduction in CO<sub>2</sub> emissions. Launched in 2010 for completion in 2013, the €5.5 million project is financed by South Africa (€1.5 million) and the State Secretariat for Economic Affairs of Switzerland as well as the United Kingdom's Department for International Development, each contributing approximately €2 million.

Since the adoption of the Manila Declaration on Green Industry in September 2009, UNIDO has been assisting signatory countries with national initiatives to encourage more sustainable patterns of industry. A seminar on the application of green technologies was held in June in Bangladesh. In September, the UNIDO Office in Bangkok hosted a seminar

entitled "How to Green your Industry", covering concepts, tools and methodologies. During the eighteenth session of the Commission on Sustainable Development, held in New York in May, UNIDO organized a side event highlighting the results and experiences of the joint UNIDO-UNEP National Cleaner Production Centres (NCPCs), located in about 50 countries. It also co-hosted a round table with the Government of the Philippines as a follow-up to the Manila Declaration. The event provided an opportunity to evaluate lessons learned from the Asia experience. Discussions focused on the existing policies and regulatory and institutional frameworks promoting resource efficiency and carbon intensity reduction in developing countries. A similar event was held during the sixth Ministerial Conference on Environment and Development in Asia and the Pacific that took place in October in Astana, where UNIDO hosted a round table on innovation and competitiveness through resource productivity and environmental excellence.

NCPCs can also serve as a platform for climate-related technology transfer. UNIDO has started a number of pilot projects for low carbon production in agro-processing value chains in the former Yugoslav Republic of Macedonia and Uganda, while others are in preparation.



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### Opening of the new Renewable Energy and Energy Efficiency Centre in Praia

July saw the opening of a regional Centre for Renewable Energy and Energy Efficiency in Cape Verde's capital Praia. Destined to give a significant boost to the economic and social development of West

Africa through the identification of environment-friendly renewable energy and energy efficient technologies, the Centre will offer support in policy and capacity development, quality assurance and the design of financing mechanisms. It will also run demonstration projects that could be of interest to other regions. The Centre has the status of a specialized agency of the Economic Community of West African States (ECOWAS) and is supported by UNIDO and the Governments of Austria, Cape Verde and Spain. Through a special partnership between Brazil and ECOWAS, the Centre provides opportunities for South-South cooperation and the transfer of technology and know-how. The countries of West Africa have a huge, largely untapped, potential for clean energy production, although distribution among the region's 262 million inhabitants is uneven. Less than one-sixth of the estimated 23,000 megawatts of large and small hydroelectric potential, concentrated in just five of the 15 ECOWAS Member States, has ever been exploited. Greater use could also be made of bioenergy. Biomass is traditionally the principal source of energy for the poor majority and accounts for 80 per cent of total energy consumed in the home. There is virtually unlimited scope to harness solar, wind, tidal, ocean, thermal and wave energy.



Support for the NCPCs gained strength in 2010. The programme extended its activities in Albania, Cape Verde and the Republic of Moldova, while at the same time, new project activities were started in Sri Lanka, Tunisia and Viet Nam. With the help of UNIDO, the NCPCs were able to contribute to the eighteenth session of the Commission on Sustainable Development, in particular to its review of progress on sustainable consumption and production and the environmentally sound management of waste and chemicals.

A milestone reached in 2010 was the launch of a global network for resource efficient and cleaner production (RECP-Net) on 3 November, with an inaugural membership of 41 countries. The network, supported by UNIDO and UNEP, will also facilitate South-South and North-South collaboration, including the transfer of relevant knowledge, experience and technology. The functions of RECP-Net will cover innovation and knowledge management, capacity-building, advocacy, quality assurance and branding.

The global RECP network was created with the specific aim of capturing and disseminating best practices for resource efficiency and cleaner production, particularly among NCPCs. During 2010, the knowledge management

system for cleaner production in the Latin American region was maintained, while work began on a comparable system for the Arab region. From 2011, both will operate as regional chapters under the global RECP network.

The new UNIDO-UNEP RECP programme places particular emphasis on thematic projects such as waste and pollution prevention, including electronic waste (e-waste).

UNIDO has joined forces with a number of partners within the framework of StEP (Solving the E-waste Problem), an initiative that brings together governments, United Nations organizations, industry, NGOs and the science sector to tackle the problem of e-waste. In November, UNIDO organized a workshop entitled “Developing Green Industries for Responsible End of Life Solutions of Electronic and Electric Equipment in Africa”. Attended by representatives of the private sector, environmental organizations, NCPCs and academia, the aim of the workshop was to agree on a coordinated strategy for e-waste management in Africa. An international workshop on hazardous substances within the life cycle of electrical and electronic products will also take place in Vienna at the end of March 2011 as part the Inter-Organization Programme for the Sound Management of Chemicals.

### E-waste: a mounting problem

Discarded electrical and electronic equipment (e-waste) is among the fastest growing waste streams in the world. People replace electronic equipment on average every two years in industrialized countries and every five years or more in developing countries. Global e-waste generation is accumulating at the rate of some 40 million tons a year. E-waste potentially contains over 1,000 different substances, many of which are toxic to the environment and human health. This means that when used electronic and electrical equipment is processed, environmentally sound solutions both for its treatment and final disposal should already be in place. Most developing countries lack the know-how to handle e-waste effectively, especially as it is often the informal sector that comes into contact with discarded equipment. More often than not, environmental and occupational regulations have failed to keep up with developments in the field of electronics and yet the challenge of dealing with e-waste represents a vital step in the transition to a green economy.



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The United Republic of Tanzania was featured in a recent e-waste assessment study, conducted by the country's NCPC in collaboration with EMPA, a Swiss interdisciplinary research and services institution for material sciences and technology development. The study assessed the country's e-waste landscape and concluded that, while the use of electronic equipment is still low in the country, e-waste generation from computers is expected to increase dramatically in the future. The study was presented to stakeholders from the public and private sector at a workshop organized by UNIDO and Microsoft in December in Dar es Salaam, United Republic of Tanzania.

Chemical leasing represents a win-win opportunity both for the economy and the environment through the more efficient use of chemicals. It is a service-oriented business model that shifts the focus from increasing the sales volume of chemicals towards a value added approach. Instead of paying for the chemical itself, the purchaser buys the benefit or service derived from the chemical (e.g. a client pays not for a given quantity of paint but for the number of units that were actually painted). The responsibility of the producer or service provider may include the management of the entire life cycle of the product.

UNIDO has considerable expertise in the area of chemical leasing. Over five years ago, it launched a series of pilot projects to promote chemical leasing in Egypt (powder coating and cleaning with hydrocarbon solvent), Mexico (electroplating) and the Russian Federation (water purification), in

cooperation with the respective NCPCs. Other pilot projects followed in Colombia, Morocco, Serbia and Sri Lanka.

During 2010, UNIDO worked on a chemical leasing toolkit to help introduce the approach at the company and plant level. Once finalized, the toolkit will be available in electronic form and will provide check lists, presentations, indicators and guidance for training purposes. Global Chemical Leasing Awards—the first of their kind—were presented in March. UNIDO hopes that the awards will focus public attention on the concept of chemical leasing and encourage its wider application.

The Strategic Approach to International Chemical Management (SAICM), a policy framework to foster the sound management of chemicals, was adopted in 2006 at an international conference in Dubai, United Arab Emirates. Under the SAICM Quick-start Programme that supports capacity-building and implementation activities in developing countries, UNIDO is coordinating projects in Africa, the Arab region and Latin America, many of which contribute to the development and strengthening of national chemicals management institutions, plans, programmes and activities and the promotion of inter-agency coordination to implement international agreements and initiatives.

In Colombia, UNIDO is conducting a comprehensive analysis of chemicals management and contributing to the development of a unified action plan and strategy. A core feature of the project is the involvement of the private sector and civil society. The project will strengthen national

### Chemical leasing awards 2010

On 2 March, UNIDO and the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management announced the winners of the first international awards for chemical leasing. The award ceremony was held during the International Conference on Chemical Control Legislation and Trade Aspects in Prague. Selected from a total of 27 contenders from 10 countries, the winners included Ecopetrol—one of Latin America's foremost petroleum companies—for its oil and water treatment processes, and the National Cleaner Production Centre of Colombia for its specialized consulting services. IKEA India received a special award for outstanding efforts in implementing chemical leasing in the supply chain. Offered in four categories—case studies, consulting services, scientific publications and public relations—the awards pay



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tribute to the successful implementation of chemical leasing at the company level.



capacity through a series of training workshops and opportunities for intersectoral partnerships. In El Salvador, UNIDO is helping in the analysis of the life cycle of chemical substances in preparation for sustainable chemicals management activities. A National Committee on Chemicals Management is being set up, and guidance and training documents on chemical waste products and waste management are in preparation.

A project to strengthen Peru's institutional, regulatory and technical framework for chemicals management is being implemented by the country's National Cleaner Production Centre in cooperation with stakeholders. The project will contribute to a national strategy for chemical products, including measures to improve access to information and raise public awareness. A project on the management of mercury products in Uruguay aims to decrease the environmental and health risks associated with products containing mercury, particularly mercury lamps. Key activities include a comprehensive assessment of releases, risks and alternatives, as well as an analysis of distribution channels and waste management practices. In common with the other projects, it is expected to pave the way for an integrated chemicals policy.

In Egypt, a project on assessment and capacity-building in chemicals and chemical waste management will focus on the entire supply chain of chemicals. It will include a comprehensive inventory of chemicals produced in two industrial areas—6th of October City and Sadat City—that could be replicated elsewhere.

Despite the danger that it poses to human health and the environment, mercury is still used by millions of small-scale gold prospectors throughout the world to extract and process gold. Attempts by organizations such as UNIDO to halt the use of mercury have been thwarted by the lure of rising gold prices and the dream of a poverty-free existence. Mercury amalgamation from artisanal gold mining results in the release of an estimated 1,000 tons of mercury per year, constituting about 30 per cent of the world's anthropogenic mercury emissions. The United Nations Environment Programme (UNEP) established a global mercury partnership in 2009 to give fresh impetus to efforts to tackle the problem. The aim is to minimize and ultimately eliminate global anthropogenic mercury releases to air, water and land. UNIDO, in partnership with the Natural Resources Defense Council of the United States of America, co-leads the global mercury partnership relating to artisanal and small-scale gold mining. One of the goals is to halve the use of mercury in artisanal gold mining by 2017.

In June, the first session of the Intergovernmental Negotiating Committee to prepare a Globally Legally Binding Instrument on Mercury was held in Stockholm. At the end of the year, UNIDO and its partners launched a project to draw up a strategic plan for mercury reduction in the artisanal and small-scale gold mining and processing sector in the French-speaking nations of West Africa. The project draws together all those with a stake in the issue: the miners themselves; gold buyers and sellers; government officials; representatives of non-governmental organizations

The Deputy to the Director-General visits a UNIDO renewable energy project in Kenya.  
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### Environmentally sound disposal of PCBs

One particular toxic group of POPs—polychlorinated biphenyls (PCBs)—came into use in the 1930s as coolants and lubricants for a range of electrical equipment and other products. Although around forty years later they were found to be carcinogenic and their production banned in many countries, they are extraordinarily persistent in the environment. Improper disposal of old PCB-laden equipment and industrial items continues to release the chemicals into soil and water, where they persist for decades and

contaminate the marine food chain. On 4 February, UNIDO signed a \$14.5 million project with the Government of India on phasing out PCBs, to be undertaken in collaboration with India's Ministry of Environment and Forests. Funded by GEF, the project—part of the post-national implementation plan activities for the reduction and elimination of POPs in India—aims to reduce or eliminate the use and release of PCBs into the environment through the disposal of PCB-containing equipment and related waste.

(NGOs), local authorities and industry; health-care personnel; and donors.

Sudan is not, as yet, a major producer of chemicals, relying largely on imports to cover its domestic needs. While economic growth has resulted in a recent surge in imports, the country may soon be in a position to produce chemicals locally. Both scenarios call for a degree of control in the management of chemicals, something that until today has been somewhat piecemeal. A project was formulated in 2010 under the auspices of SAICM to develop a sustainable, integrated national programme for the sound management of chemicals that will minimize adverse impacts on human health and the environment. UNIDO will provide technical and strategic support including the selection of national experts, approval of the workplan, coordination with project stakeholders, monitoring indicators and results as well as project reporting.

Persistent Organic Pollutants are chemicals that remain intact in the environment for long periods, accumulate in the fatty tissue of living organisms and are toxic to humans and animals. Used for the past 60 or more years in a range of products, POPs travel long distances in the air as pesticides to regions where they have never been used, posing a threat to the entire planet. This has led the international community, on several occasions, to call for urgent global action to reduce and eliminate the release of these chemicals. The most definitive initiative was the Stockholm Convention on Persistent Organic Pollutants that came into force on 17 May 2004 with a focus on eliminating or reducing releases of 12 POPs and, five years later, the Conference of the Parties that added 9 additional chemicals to the list of POPs.

The Stockholm Convention gave fresh impetus to UNIDO's long involvement with chemicals and chemicals management. The current year saw an expansion of the number of projects funded by GEF and implemented by UNIDO. The Organization played an active part in the establishment of an environmentally sound management system for the disposal of PCBs, a priority set by GEF, in Algeria, Armenia, India, Mongolia, Morocco, Nepal, Romania and the former Yugoslav Republic of Macedonia; in 2010, GEF approved new full-sized PCBs projects in Azerbaijan and Peru.

Following the successful conclusion of a UNIDO project to assist in the disposal of PCB stockpiles, Romania is now in a position to manage pollutants in an efficient and environmentally sound manner. This has been achieved through a nationwide system to involve local stakeholders in implementing PCB-related obligations under the Stockholm Convention. Highlights of the project included setting up a financial mechanism for the phase-out and disposal of PCBs and PCB wastes, increased national capacity, improved regulations and physical facilities for the management of PCBs.

Under the Stockholm Convention, governments are also obliged to use best available techniques (BAT) and best environmental practices (BEP) to reduce or eliminate unintentional POPs emissions as by-products from sources such as waste incinerators, power generation facilities and energy-intensive industrial sectors. Global and regional forums encourage and 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 new regional demonstration

project on fossil fuel-fired utility and industrial boilers was approved in 2010 for Cambodia, Indonesia, Lao People's Democratic Republic, Mongolia, the Philippines and Thailand. In March, construction began on a facility in the Philippines under a global programme set up to demonstrate the importance of removing barriers that impede the adoption and successful implementation of available non-combustion technologies that destroy POPs. Most of the equipment has already been installed and the facility will shortly be commissioned.

The BAT/BEP regional project links the elimination of POPs with energy efficiencies in the relevant industrial sectors. A second forum, launched in 2009 for countries of the Central and Eastern Europe, Caucasus and Central Asia region, met in June in Istanbul, Turkey, to finalize a project proposal on the introduction of BAT/BEP to the industrial priority source categories for unintentionally produced POPs. Late in 2010, the BAT/BEP Forum for the Gulf Cooperation Council region was launched in Kuwait; others are planned in the near future for Africa and the Latin America and the Caribbean region.

The UNIDO Expert Group on POPs has developed a comprehensive toolkit to help developing countries with the identification, classification and prioritization of POPs-contaminated sites. It will also help develop suitable technologies for land remediation using BAT/BEP. The toolkit is available for download at the POPs portal ([www.unido.org/POPs](http://www.unido.org/POPs)) under the e-learning section.

The submission of national implementation plans (NIPs) is a prerequisite for countries requesting GEF funding under the Stockholm Convention framework and yet this is not always an easy task for developing countries. To date, over 50 countries have received UNIDO assistance in drawing up NIPs, including, most recently, Angola, Eritrea and Swaziland. UNIDO keeps pace with the growing number of substances listed under the Stockholm Convention by developing projects on industry-related chemicals management that respond to the need for innovative treatment processes and safe disposal technologies.

Under its priority theme of environment and energy, UNIDO also implements projects in direct response to the Montreal Protocol on Substances that Deplete the Ozone Layer, an international treaty designed to protect the ozone layer. Since the Convention opened for signature in 2001, UNIDO has been one of the principal agencies assisting developing and transition economy countries to meet their obligations under the Convention, topping the list of

implementing agencies for the second consecutive year. A landmark achievement was its submission of the very first hydrochlorofluorocarbon (HCFC) phase-out management plan (HPMP) by an implementing agency, submitted for the former Yugoslav Republic of Macedonia at the end of 2009 and approved in April at the 60th Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol. This paved the way for open discussions on the structure, strategy and financing of the plans. The UNIDO-developed plan for Croatia was approved at the 61st Executive Committee Meeting that took place in July in Montreal, Canada.

## »» A landmark achievement in 2010 was the submission of the very first HCFC phase-out management plan by an implementing agency

The adoption of sustainable and holistic approaches in the development of elimination plans—the integration of green initiatives is one example—while inevitably more challenging and time-consuming, can offer greater benefits to the countries assisted by UNIDO under the Montreal Protocol. UNIDO is working on a further 30 phase-out plans that will feature an increased adoption of this approach. Recent submissions to the 62nd Executive Committee Meeting held in November/December include plans for China, Iran (Islamic Republic of), Madagascar, Nigeria, Pakistan, Serbia and Turkmenistan. The remaining plans will be submitted in 2011.

In anticipation of the HCFC consumption freeze in 2013, taken as the average of 2009 and 2010 consumption levels, it is crucial to carry out individual phase-out activities to mitigate the projected rise in consumption after 2013. Implementation began in 2010 for a number of stand-alone investment projects: an air-conditioning manufacturing company in Jordan, six insulation foam manufacturing companies in Pakistan and several phase-out activities for the air-conditioning manufacturing sector in



Argentina. A demonstration project was recently launched in China to convert HCFC-22 compressors to propane compressors, which in turn will be used at an air-conditioning manufacturing company converting to the use of propane refrigerant. It is important to ensure that the supply chain is green from start to finish.

UNIDO has also been focusing on the green destruction of stockpiles of ozone-depleting substances (ODS) and ODS-containing equipment. Work continued on the design of ODS-destruction demonstration projects in Algeria, China and Turkey and was completed in Mexico. Recently, UNIDO started to prepare for demonstration projects in Lebanon and Nigeria. The majority of the remaining demonstration projects under development are expected to be submitted in 2011.

An international professional development event was organized in October in Vienna, to examine the links between chemicals, climate change, carbon markets and energy management and their implications for national focal points and the Organization's strategy. Over 110 participants—senior representatives of national focal points, international experts and senior staff of UNIDO—discussed global trends towards a renewed vision and strategy for chemicals and energy management and climate change. Two key follow-up actions are planned, namely a pilot programme

to strengthen collaboration between national focal points for ODS, POPs, energy and climate change and a UNIDO web-learning network/platform on chemicals, climate change, financing alternatives and energy management.

Through a dedicated water management unit, UNIDO strives to protect the world's valuable water resources for future generations. It provides services for the transfer of best practices and technologies to improve water productivity in industry and prevent the discharge of industrial effluents.

Despite the massive oil spill in June 2010, UNIDO was able to launch a local marine environment project for the Gulf of Mexico. The distinctive biophysical characteristics of the Gulf of Mexico Large Marine Ecosystem make it one of the most productive marine ecosystems in the world and an important reservoir of biodiversity. However, this high productivity is at risk from anthropogenic threats that include excessive fishing, destruction of critical coastal and marine habitats, and nutrient enrichment resulting in a "dead zone" of over 18,000 km<sup>2</sup> that every year forms one of the largest hypoxic zones of water in the world. The Gulf of Mexico ecosystem bears the burden of extensive oil and gas production, as well as a rapidly increasing tourist industry. This project aims to set the foundations for an ecosystem-based management approach to rehabilitate marine and coastal ecosystems, recover depleted fish stocks and reduce nutrient overloading



Phase-out of ozone-depleting substances in China.  
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in the Gulf of Mexico through the development of a trans-boundary diagnostic assessment, a scientific and technical basis for the evaluation of the conditions in the Gulf and, in turn, a strategic action plan. This will be complemented by capacity-building activities, a focus on cross-sectoral engagement and pilot projects in three critical aspects of the ecosystem approach: productivity, conservation and adaptive management, and robust monitoring and evaluation.

One region that has received considerable attention from UNIDO over recent years is the Gulf of Guinea, off the coast of West Africa. Pollution from sea- and land-based activities was depleting fish stocks, ruining the coastline and destroying habitats. A joint UNEP-UNDP project, funded by GEF and executed by UNIDO, to set up a regional management framework for the sustainable use of living and non-living resources in the Gulf of Guinea Current Large Marine Ecosystem (GCLME) is nearing completion. One of the immediate concerns was to build up regional capacities, strengthen national and regional institutions and ensure regional coordination. In 2010, the 16 countries that form GCLME—Angola, Benin, Cameroon, Congo, Democratic Republic of the Congo, Côte d'Ivoire, Gabon, Ghana, Equatorial Guinea, Guinea, Guinea-Bissau, Liberia, Nigeria, Sao Tome and Principe, Sierra Leone and Togo—came together at a ministerial conference in Accra, Ghana, where

they agreed to establish a Guinea Current Commission to encourage regional cooperation. The project included nine replicable demonstration projects to show which measures are likely to produce the most dramatic results. National action plans to mobilize external financial support were endorsed in 2010. UNIDO will organize a donors' conference in 2011.

Much of the extensive and highly-prized coastline of sub-Saharan Africa is under threat from the impacts of tourism through pollution, contamination and degradation. In 2008, a project was launched to protect the coastal and marine ecosystems and associated biodiversity of the nine African coastal countries involved in the project: Cameroon, the Gambia, Ghana, Kenya, Nigeria, Mozambique, Senegal, Seychelles and the United Republic of Tanzania. The project also includes four out of the five large marine ecosystems in Africa. Appropriately named COAST, or Collaborative Actions for Sustainable Tourism, it is a GEF-funded joint initiative of UNIDO, UNEP and the World Tourism Organization (UNWTO), where UNIDO is the executing agency. COAST has four main objectives: to capture best available practices and technologies for contaminant reduction and sustain collaborative tourism investments; to develop and implement mechanisms for sustainable governance and management that measurably reduce degradation



The downside of tourism.  
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A clean beach after the COAST project in Cameroon.  
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Tourism is seen by many developing countries as their ticket out of poverty. More often than not, however, tourism is a double-edged sword. While tourists swarm to sunny climes to enjoy pristine sands and clear waters, the infrastructure required both to attract and cater

for tourists can place a heavy burden on the fragile environment and limited resources of developing countries. On the positive side, if well handled, tourism can raise awareness of environmental values and generate funds to protect a country's natural heritage.

of coastal ecosystems; to assess and deliver training and capacity support; and to share information. In 2010, project teams were set up in each of the participating countries with a coordinator and local stakeholder committee. The national project teams, including focal points from the Ministries of Tourism and the Environment, received training on the UNWTO Sustainable Tourism for the Eradication of Poverty programme. The training requirements of each participating country were carefully assessed in preparation for further capacity-building activities in 2011.

For the past three years, UNIDO has been involved in a project to reduce the level of industrial pollution that is contaminating the waterways of Honduras. As part of a large inter-agency programme to address the water and sanitation targets enshrined in the Millennium Development Goals, UNIDO is applying its transfer of environmentally sound technology (TEST) methodology to the Rio Blanco basin, near the industrial city of San Pedro Sula. The TEST methodology is an innovative concept that enables companies to undertake in-depth analyses of their processes and management in order to identify areas for improvement. UNIDO's local partner in Honduras is the NCPC. Staff received training in 2009, enabling them to apply the methodology in two textile enterprises and a poultry facility, identified as the major offenders in the pollution of the Rio Blanco. In partnership with the other agencies involved, UNIDO held workshops in different locations to introduce the methodology. Countries in other regions of the world—Egypt, Morocco and Tunisia, for example—will use the TEST methodology to improve water efficiency and reduce industrial effluents.

Developed by UNIDO, TEST introduces win-win strategies into enterprises. Adopting a need-driven approach, it takes into account the unique conditions of each industrial sector, as well as the institutional framework of the country where it is implemented. As a first step, an attempt is made to improve existing processes. The second step is the introduction of new cleaner technology or, failing that, optimized end-of-pipe solutions. Lessons learned from the implementation of each TEST project are reflected in the respective company's business strategy.

Not all cases of water pollution can be attributed to human activity. Arsenic, a carcinogen responsible for a whole range of diseases, is naturally present in the ground in many parts of the world. Human contamination occurs when drinking water is drawn up from deep wells that reach through arsenic-contaminated aquifers. Tragically, many deaths have resulted from drinking contaminated water,

especially among children. A 2007 study found that over 137 million people in more than 70 countries are affected to a greater or lesser degree by arsenic poisoning of drinking water, although the problem is particularly acute in Bangladesh and India. A project aimed at ensuring a safe supply of drinking water to rural communities in Bangladesh and India reached a successful conclusion in 2010, with the introduction of new, appropriate technologies and extensive training. The project concentrated on two of the most contaminated areas of Bangladesh. The introduction of community filters in 20 villages and household filters in 1,500 remote homes ensured an arsenic-free water supply for communities. The project provided medical care for about 13,000 patients, while media coverage brought the plight of those affected to public attention. Funding is currently being sought for follow-up activities.

UNIDO is still actively involved in the eco-cities concept, designed to create a dialogue between related sectors and stakeholders to promote environmentally sound practices in municipalities (see also chapter 3). In December, UNIDO and the Environment Ministry of Jordan organized an Eco-Cities Forum in Marseille, France, as part of the city's Mediterranean Economic Week. The forum was a follow-up to the first meeting held in Jordan in 2008. By bringing together experts, local authorities and private sector leaders to discuss key issues in the area of urban planning and environmental management, the forum encouraged public-private partnerships.

In a related development, the Director-General signed a memorandum of understanding with the Mayor of the City of Kitakyushu on the occasion of his visit to Japan in June to promote the concept of ecotowns through international seminars and other activities. Ecotowns are based on the concept of zero-emissions, and seek to utilize, to the greatest extent possible, waste generated by domestic and industrial activities as raw material for other industries. The memorandum of understanding covered the creation of a framework to guide cooperation in the fields of environmental technology and waste recycling services. Japan will provide a venue for training in ecotown management for participants from developing countries on the topics of environmental technology and waste recycling services based on the ecotown concept.

UNIDO has been involved in the transfer of technology since the early 1980s. Thirty years later, many developing countries are now in need of more sophisticated technologies, or appropriate advanced technologies. The International Centre for Hydrogen Energy Technologies (ICHET) is an

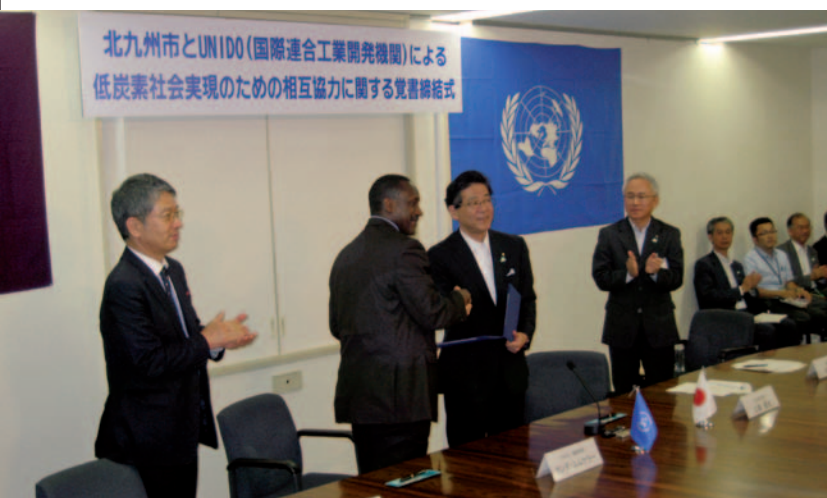
autonomous technological institution under the auspices of UNIDO that was launched in 2004 in Turkey, with the support of the Turkish Ministry of Energy and Natural Resources. The role of the Centre is to support, demonstrate and promote viable hydrogen energy technologies with the aim of reducing the energy and technology gap between industrialized and developing countries and allowing the latter to skip the fossil fuel reliance phase. By 2010, ICHET was able to provide technology transfer, project development and funds mobilization activities. The GEF-funded UNIDO-ICHET project “Realizing hydrogen energy installations on small islands through technology cooperation” will shortly be submitted for GEF endorsement. UNIDO expects to replicate this project in other small island developing countries.

A partnership agreement between UNIDO-ICHET and a consortium that includes the Indian Institute of Technology, New Delhi and two corporations, Mahindra & Mahindra and Air Products, was finalized in March 2009 with the support of the India Trade Promotion Organization. The project is providing the technology and expertise for the conversion to hydrogen of 15 vehicles serving the Pragati Maidan exhibition grounds in New Delhi and the design and construction of an on-site refuelling facility. Another project focuses on hydrogen fuel cell-powered forklifts, fuel cell uninterruptible power supplies, and education and training in hydrogen energy technologies.

With the support of the Government of Spain through the Spanish Agency for International Development

Cooperation, as well as the Government of Italy, the Observatory for Renewable Energy in Latin America and the Caribbean has been able to start operations and establish a renewable energy knowledge platform in Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Paraguay and Uruguay. The fact that the Observatory is in the process of extending its services to other countries in the region bears witness to its success. UNIDO is in close contact with the Latin American Energy Organization, which is developing various substantive outputs in each country within the framework of the Observatory for Renewable Energy. These outputs relate to a renewable energy technology baseline, state-of-the-art reports, renewable energy resource maps and financial benchmarking reports. UNIDO is working jointly with its counterparts to build on the potential of the Observatory by developing a portfolio of specific projects and activities designed to deploy renewable energy in the region and targeting both bilateral and multilateral donors.

A key priority of UNIDO is to encourage and facilitate South-South cooperation within its technical cooperation programmes. The regional centres for small-hydro power in India and Nigeria have provided technical assistance within their respective regions. Cooperation was established between Benin, India and Nigeria for activities related to biomass gasification technology transfer. Similarly, ICHET has partnered with India and the Cook Islands for the transfer of hydrogen technologies.



The Director-General, accompanied by the Deputy to the Director-General, and the Mayor of Kitakyushu, Kenji Kitahashi.

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Hydrogen-fuelled vehicles in New Delhi.

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## »» Access to energy for sustainable development is at the heart of many of today's global development challenges, yet much of humankind lacks access to the modern, affordable energy services that are crucial to meet their daily needs

Approximately 3 billion people worldwide rely on traditional biomass for cooking and heating. About 1.5 billion people have no access at all to electricity while for a further billion, access is unreliable. Productive activities are vital for sustainable economic development in the world's poorest countries. Yet those with limited or no access to energy are in a vicious circle: they do not have the energy needed for productive activities that would in turn provide the income required to pay for energy services. Women and girls in the developing world are disproportionately affected.

In its report *Energy for a sustainable future*, issued in April, the United Nations Secretary-General's Advisory Group on Energy and Climate Change (AGECC) suggested new goals for the international development agenda. One of these was universal access to modern energy services by 2030, an ambitious, yet achievable objective. Extensive analytical work will be required on both definitions and measurement to ensure effectiveness and to underpin delivery and policy formulation. The development of simple yet analytically robust and politically attractive tools for the measurement of energy access and reporting will involve a fine balancing act.

One of the major barriers to universal access to energy services is affordability. Power generation and distribution

is often unsustainable in poor regions, especially rural areas. An effective and sustainable solution is a demand-side approach that provides energy access to end-users for productive use, who are then in a position to pay for those services. In time, the increased demand for energy services generated by economic growth will bring down energy prices.

While increasing access to modern energy undoubtedly enhances the quality of life and benefits health and education, UNIDO's mandate focuses on support for enterprise growth, employment generation and the promotion of sustainable industrial development. The Organization's energy-related interventions are two-pronged. First, where enterprises are already established, UNIDO can help to make them more sustainable through increased efficiency in energy use that improves industrial competitiveness and protects the environment. Rising energy costs represent a significant challenge to many industries. Reducing the amount of energy enterprises use per unit of output (energy intensity) will increase their profitability and competitiveness. The overall sustainability of industrial production can be enhanced by helping industry switch to cleaner energy. UNIDO is running several projects in support of the application of renewable energy in industry, including solar thermal energy technologies in fruit drying in Africa, integrated bamboo



processing for power generation in Sri Lanka and improved energy efficiency for the beer brewing sector in Burkino Faso, to name just a few.

Under the second thrust of its energy activities, UNIDO helps developing countries to improve their access to energy for productive uses. In rural areas in particular, small amounts of energy—in the form of electricity, heat, and motive power (such as water or steam)—can have very positive impacts on income generation. Promoting such activities is imperative for economic and social development through sustainable industrialization. The high cost of power generation, transmission and infrastructure severely constrains rural electrification in many developing countries, making the promotion of local renewable sources of energy and the transfer of low-cost renewable energy technologies a key priority for the Organization.

Producing modern energy from locally available renewable natural resources, such as hydro, solar, wind and biomass, contributes to preserving the environment. It

also reduces deforestation, since wood is no longer the primary source of fuel. Governments benefit from energy access at an affordable cost, and energy security in highly vulnerable oil importing countries is greatly enhanced. The low electrification rates in most sub-Saharan countries are often in sharp contrast with available renewable energy sources. What is most frequently lacking is technical capacity, awareness of affordable technology and an enabling environment, policy framework and effective financial mechanisms.

During 2010, UNIDO and UNDP collaborated with the International Energy Agency (IEA) on the prestigious *World Energy Outlook 2010*, published in November. This was preceded by the presentation of a special early excerpt of *World Energy Outlook 2010* entitled *Energy Poverty: How to Make Modern Energy Access Universal* to a high-level meeting on energy access, taking place in September in New York (see chapter 2). The report concludes that prioritizing energy access as a key driver of social and economic development is a first step towards universal modern energy access.

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## Analytical and policy services

Solid evidence-based analysis provides the foundation for sound advice that in turn translates into appropriate industrial strategies and policies in favour of developing countries and transition economies. Once strategies and policies have been put in place UNIDO can apply accurate data and statistics to monitor progress and assess their strengths and weaknesses. Through its research, statistics and analyses, UNIDO is able to formulate, implement and monitor strategies, policies and programmes to improve the contribution of industry to productivity growth and the achievement of the Millennium Development Goals. This is the cornerstone on which its analytical and policy advisory services are founded.

Partnership with others engaged in industrial development research and statistics is an imperative for UNIDO to enable it to tap into all relevant sources of knowledge and for its database to be accurate and all-encompassing within the field of industry. Partnership with academia and institutions is crucial (see chapter 2). Such partnerships help build up the Organization's already extensive bank of knowledge and generate the necessary synergies for the development of advanced industrialization studies. During 2010, the seeds were sown for the creation of a mechanism to share the vast repository of knowledge and experience acquired by the UNIDO research and project staff and to position the Organization firmly as a major provider of knowledge in the field of industrial analysis and technical cooperation. UNIDO collaborates with the Organisation for Economic Co-operation and Development (OECD) in compiling, storing and disseminating global statistics. UNIDO collects national data directly from all countries and areas that are not members of OECD, while OECD collects data for its member states and provides them to UNIDO in order to complete the global coverage of the UNIDO industrial statistics databases.

“Statistics are crucial to economic and social development ...They are indispensable to academic research and the development of businesses and the civil society. Statistics ultimately serve everyone in society”

The Director of the United Nations Statistics Division,  
Paul Cheung, on the occasion of World Statistics Day.  
© UNSD



A good statistical base is a prerequisite for the provision of sound policy advice. In 2010, UNIDO continued to collect data on major industrial indicators and disseminated its own statistical products worldwide. UNIDO has been responsible since 1994 for the collection, compilation and dissemination of general industrial statistics within the United Nations family. Throughout 2010, the Organization validated country data received from the national statistical offices, made the necessary improvements to ensure international comparability and complemented the data with its own estimates. Statistical tables for recent years were presented in the latest issue of *The International Yearbook of Industrial Statistics*, published in March.

During 2010 there was a growing demand for UNIDO technical cooperation in the area of industrial statistics and policy. The focus has been on capacity-building in the collection of statistics and the design and implementation of industrial policies. Efforts involved technical cooperation projects in several countries and the ground is being laid for further delivery in 2011.

As a complement to *The International Yearbook of Industrial Statistics*, UNIDO released the first issue of a new publication: *World Statistics on Mining and Utilities*. Prepared in consultation with the United Nations Statistics Division, the new publication is the first step towards UNIDO assuming responsibility for the worldwide dissemination of data on the mining and utility sectors. The publication is particularly

relevant given the leading role played by the Organization in global energy issues. It presents economic statistical data for sectors such as crude petroleum, natural gas and electricity distribution. The publication should be viewed in conjunction with a working paper issued earlier in the year entitled *Compilation of Energy Statistics for Economic Analysis*.

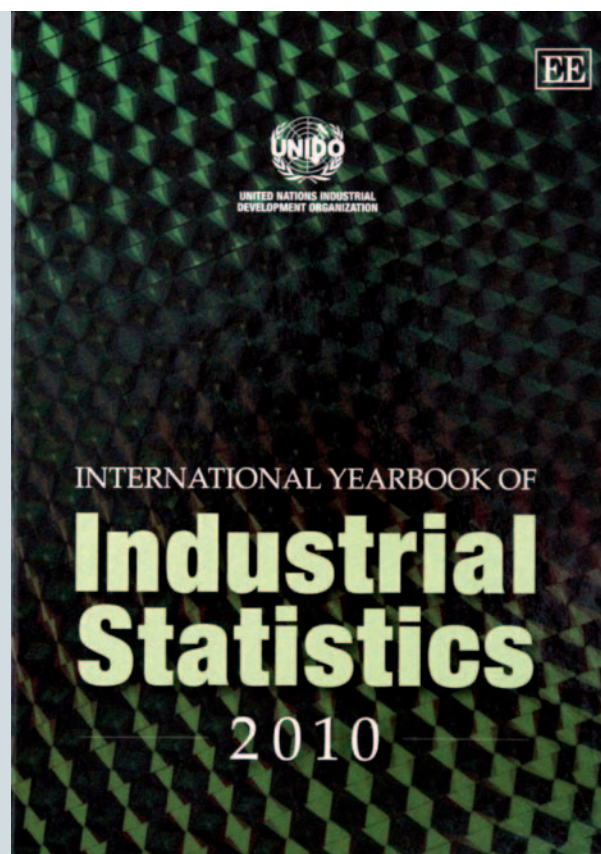
Starting on a pilot basis, UNIDO is compiling quarterly indices of industrial production in order to monitor current trends in the growth of manufacturing output. National indices were obtained for sample countries through secondary data sources. UNIDO is working on a concept for a regular quarterly publication to provide facts and figures on the state of world manufacturing; preliminary versions will be circulated to elicit suggestions and comments that will be reflected in the final product. At the same time, UNIDO has been engaged in consultations with major data producing agencies such as the United Nations Statistics Division, the World Bank, the European Commission's Eurostat, as well as national statistical offices. A presentation on "Strategic Indicators of Industrial Statistics" was given by UNIDO at the Third International Seminar on Early Warning and Business Cycle Indicators, held in November in Moscow. The seminar drafted international recommendations for the monitoring of business cycles and the early identification of turning points in the global economy, which will be submitted to the 42<sup>nd</sup> session of the United Nations Statistical Commission in February 2011.



»It is the only international publication that provides economists, planners, policymakers and the business community with worldwide statistics on current performance and trends in the manufacturing sector

*The International Yearbook of Industrial Statistics* provides internationally comparable data for major indicators of manufacturing activity that can be used to analyse patterns of growth and related long-term trends, structural change and industrial performance in individual industries. It is the only international publication that provides economists, planners, policymakers and the business community with worldwide statistics on current performance and trends in the manufacturing sector. The present volume presents detailed up-to-date information from national industrial surveys conducted in more than 70 countries.

The recent financial crisis severely affected manufacturing production in the industrialized world, but had a lesser impact on developing countries. According to the 2010 Yearbook, China and India maintained high growth rates during the entire period of the financial crisis. As a result, China climbed to the second position in the world, after the United States of America, as the largest



producer of manufacturing output. India and Brazil ranked ninth and tenth respectively among the top 10 world manufacturers.

Over the past 15 years, manufacturing has been the major driver of economic growth in developing countries. Estimates of industrial growth in newly industrialized countries indicate a marginal decline. This group comprises 17 developing economies that are at a relatively advanced stage of industrialization. The manufacturing value added (MVA) in newly industrialized countries fell by a mere 0.1 per cent in 2009, while the share of newly industrialized countries in the world continued to increase. MVA growth of the least developed countries (LDCs) as a whole was estimated at 7 per cent, although for African LDCs, this figure was 5 per cent.

*The International Yearbook of Industrial Statistics 2010* is jointly published by UNIDO and Edward Elgar Publishing Limited (ISBN 978 1 84980 089 1).

Celebration of World Statistics Day  
at the VIC.

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In order to ensure the comparability of industrial data based on recent statistical standards, UNIDO began preparatory work on the implementation of Revision 4 of the United Nations International Standard Industrial Classification of All Economic Activities. UNIDO is working closely with OECD and different national statistical offices on this project. The first country tables will be published in the 2011 edition of the *International Yearbook of Industrial Statistics*.

As a major player in the international statistical community, UNIDO has been closely involved in the development of international statistical methodology and standards. In 2010, UNIDO statisticians joined the United Nations Statistical Commission in the preparation of the International Recommendations for Index Numbers of Industrial Production, a revision to the Index Numbers of Industrial Production. UNIDO also contributed to the formulation of recommendations for the Inter-Agency Taskforce on International Merchandise Trade Statistics as well as the *International Recommendations for Energy Statistics*, developed in accordance with the decisions of the United Nations Statistical Commission at its 36th and 37th sessions. As a member of the newly created Statistical Information Systems Sharing Advisory Board of the Conference of European Statisticians, UNIDO was involved in the working sessions on statistical data and metadata exchange and presented a paper on its experiences in this area.

The sixteenth session of the Committee for the Coordination of Statistical Activities, comprising international organizations involved in statistical data production, met in September in Vienna. It was hosted by UNIDO, together with the other organizations of the Vienna International Centre (VIC). UNIDO was represented on a panel at a round table on the topic of human capital in official international statistics and also participated as a member of the task team on defining the profile of international statisticians and recruitment policies, led by the World Trade Organization. Among other topics of discussion were a global statistical system and coordination of capacity-building activities in developing countries. Further afield, UNIDO was an active participant at an international workshop on industrial statistics, held in June in Dalian, China, and organized jointly by the National Bureau of Statistics of China and the United Nations Statistics Division.

Statisticians the world over must have felt a sense of pride at the recognition they received when the United Nations General Assembly designated 20 October as World Statistics Day. In his message, the Secretary-General of the United Nations described statistics as a vital tool for economic and social development as well as the achievement of the Millennium Development Goals. He paid tribute to the dedication of statistical experts who, with integrity and professionalism, provide a public service that promotes peace and democracy by giving citizens reliable and impartial public

## »» The integration of the policy advisory functions

with the research and statistics functions should improve the quality of the policy services offered by UNIDO and create opportunities for new ones

information about their communities. For development to succeed, he affirmed, the world needs data collection and statistical analysis whether to determine poverty levels, access to education or the incidence of disease. He ended with a plea to the international community to work with the United Nations to ensure that all countries are in a position to meet their statistical needs.

UNIDO joined its sister organizations in Vienna and the Austrian national statistical office, Statistics Austria, to celebrate World Statistics Day on 20 October. Special events included a celebration in the VIC, opened by the Director-General of UNIDO and the Executive Director of the United Nations Office on Drugs and Crime, as well as high-level representatives of the International Atomic Energy Agency and Statistics Austria. An inter-agency seminar was held on contemporary statistical topics and there was a week-long display of statistical products in the VIC, as well as an exhibition of posters and other promotional materials highlighting the statistical activities of UNIDO. The day was further marked by the release of the first edition of *World Statistics on Mining and Utilities*, mentioned above.

Anyone involved in policy advice knows that their efforts are futile if they are not based on solid research and analysis as well as on accurate statistics. UNIDO is no exception and in February the Director-General regrouped its analytical, statistical and policy functions under the same line of management to ensure that the Organization's policy advice and

technical cooperation efforts are firmly grounded on data and analyses emanating from its industrial statistics and research activities. By bringing users closer to statistics and analytical activities and providing advisers and capacity-builders with first-hand access to knowledge-generating processes, UNIDO will be able to develop better diagnostic tools and indicators, generate analytical insights and provide more relevant industrial development frameworks and policy recommendations. The integration of the policy advisory functions with the research and statistics functions should both improve the quality of the policy services currently offered by UNIDO and create opportunities for new ones.

Preparations for the 2011 *Industrial Development Report* drew on the knowledge and expertise of a range of substantive units throughout the Organization, in addition to its research and statistics units. The Organization's focus in 2010 on environment and energy provided the theme of the new Report that has as its working title *Industrial Energy Efficiency for Sustainable Wealth Creation*. It examines issues such as the environmental, developmental and economic impact of industrial energy efficiency; challenges being faced by developing countries in efforts to make their manufacturing industries more energy efficient; and the government policies required to improve energy use by industrial firms in developing countries. Here, as elsewhere in the work of UNIDO, strategic policy advice and capacity-building services rely on solid research.

Preliminary findings suggest that there has been significant progress in terms of industrial energy efficiency across the world, especially in developing countries, although further efforts are needed in order to reach a socially desirable optimum. Industrial energy efficiency promises a threefold dividend: it helps cut greenhouse gas emissions and combat climate change; it produces savings on energy and resources that can then be distributed among the poor; and since investments in industrial energy efficiency can be profitable, there is an undeniable economic advantage. Although industrial energy efficiency can benefit every country, developing countries have a particular stake in it since their energy consumption is increasing. This is an area that calls for concerted action by the international community.

The main stumbling blocks facing developing countries in their efforts to achieve industrial energy efficiency are, at the micro-level, a lack of information, unexpected costs associated with the introduction of new technologies and limited access to capital for investment. At the macro-level, the main challenges are inadequate government policies and a shortage of institutional capacities. One of the conclusions of the *Industrial Development Report* will be that it is only through a comprehensive and integrated set of government industrial energy efficiency policies that developing countries will be able to reduce industrial energy consumption and benefit from sustainable economic development for the reduction of poverty.

## »» UNIDO partners with the World Bank and UNCTAD in studies on Africa's economic development

During 2010, research on structural change in manufacturing industries examined the patterns of manufacturing development and policy implications with an unprecedented level of detail, clarity and accuracy. One particular study looked at the sequence of manufacturing development from one subsector to another and concluded that small countries in terms of population, which are likely to face greater uncertainty in manufacturing development, tend to diversify from

one industry to another much faster than larger countries. The higher the level of natural resource endowments, the longer it takes for industrial activities to shift away from resource-based towards capital-intensive sectors. Another study concentrated on the changes in factor accumulation and productivity along the path of manufacturing development, demonstrating that a high concentration of the workforce in labour-intensive industries—food and beverages and textiles, for example—is usually characteristic of an early stage of industrialization. In countries that are beginning to reach middle-income levels, capital accumulation becomes increasingly important and increased productivity plays a major role in taking industrialization to the next level.

By looking at the transformation of manufacturing in relation to changes in the level of energy intensity, UNIDO was able to analyse the implications of industrialization for the environment. The findings underscore that while an evolving manufacturing structure during industrialization sometimes increases the level of energy intensity, technological improvements can ameliorate the negative effects of structural change at any stage of development.

Based on the papers presented to an international workshop organized jointly by UNIDO, UNU-WIDER and UNU-MERIT in 2009 (see chapter 2), and subsequent revisions, the three partner organizations collaborated on a book entitled *Pathways to Industrialization in the 21st Century: New Challenges and Emerging Paradigms*, to be published in 2011. The new publication differs from other recent books on similar topics in that it will be largely issue-oriented, focusing on industrialization and development, with a major section devoted to policy implications for developing countries.

UNIDO was invited to speak on the role of industrialization in economic development and to present its own technical cooperation experiences at an international seminar on development through industrialization, held in December in the Republic of Korea. The seminar was organized by the Korea Institute for Industrial Economics and Trade and the Korea Association of International Development and Cooperation. The policy implications of the findings were also introduced in various publications, including the UNIDO magazine *Making It*.

UNIDO was involved in a joint study with the World Bank on African competitiveness in light manufacturing, with particular reference to raising competition for jobs and prosperity. So far, UNIDO has helped shape and direct the study, particularly in defining its overall framework. It is expected to result in a report on successes and failures in





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African manufacturing and a paper provisionally entitled *Binding Constraints on African Light Manufacturing*.

Another collaborative research effort, this time with UNCTAD, saw UNIDO involved in the preparation of next year's *Economic Development in Africa Report*. This is a prestigious series of reports, issued annually by UNCTAD, which analyses major aspects of Africa's development challenges and policy issues of interest to African countries. It makes policy recommendations for action by African countries themselves and by the international community on ways to overcome these challenges. The 2011 report is expected to focus on fostering industrial development in Africa in the new global environment. It will examine Africa's industrialization experience and will include a substantive section on strategic and industrial policy recommendations. It will doubtless argue that no development is possible in Africa without industrialization, although each country in the region will wish to follow its own industrialization path. At the same time it will point at the centrality of natural resources and agriculture to Africa's industrial development, the promotion of green industries and the importance of regional integration and markets for sustaining industrial development in Africa.

During 2010, the first steps were taken to establish the UNIDO Capacity-building Institute, a resource centre responsible for the generation, dissemination and sharing of knowledge in collaboration with outside partners that will become operational in mid-2011. The UNIDO Capacity-building Institute will provide a platform for others to share UNIDO expertise, offer industrial development policy and

management training, engage in joint projects and activities, support young scholars and provide links to international networks of academics and practitioners for the exchange of knowledge and innovative ideas.

The UNIDO Capacity-building Institute will adopt a three-pronged approach: networking, joint research and training. Networking will ensure additional specialized expertise through joint conferences, meetings and information exchange, and by providing sounding boards and knowledge resources. Joint research will deepen networking relations by focusing on knowledge generation. Training will provide the opportunity to disseminate UNIDO knowledge and build capacity among policymakers while at the same time learning from their experience. The programmatic focus will include four themes: poverty reduction through productive activities, resource-efficient and environmentally sustainable industrialization, structural change and industrial policy.

UNIDO began work in 2010 on the development of a new training course on green industry within the framework of the UNIDO Capacity-building Institute. The course will focus on global economic trends and structural transformation towards a greener economy, showing how industry's environmental performance can be improved, offering a full understanding of resource-efficient and environmentally sustainable industrialization, identifying the principles and practices of eco-design and product life cycles and developing policies and programmes for resource-efficient and clean industrial processes. The course will be held in 2011 at UNIDO headquarters in Vienna.

A project to assist the Government of Mongolia in designing a strategic industrial policy was approaching completion at the end of the year (see special feature on page 86). The final report will be presented early in 2011 and will constitute the basis for the industrial development strategy to be adopted by the Government of Mongolia over the coming years. The Government has asked UNIDO for follow-up activities involving more detailed policy design as well as the development of industrial programmes and project feasibility studies.

## »» Through its research, statistics and analyses, UNIDO can improve the contribution of industry to productivity growth and the achievement of the Millennium Development Goals

In the Democratic Republic of the Congo, UNIDO continued work on the preparation of a country programme, which aims at rekindling the role of the enterprise sector in the creation of sustainable jobs and incomes, particularly for the benefit of vulnerable population groups: women, youth and rural smallholders. It will do so through a combination of strategic and functional interventions to improve business governance at the policy and institutional levels, coupled with sectoral interventions targeting the wood, cassava and palm oil industries both for domestic consumption and exports.

Technical assistance to developing countries in industrial statistics took a number of different guises. A project to improve Lebanon's capacity to produce industrial statistics is expected to end in June 2011. As a direct result of UNIDO support, the country is now in a position to carry out an industrial census and produce the internationally comparable data it needs to draw up its industrial policy. A report presentation seminar is scheduled upon completion of the project. Under a similar initiative, a census of industrial establishments was completed in 2010 in the United

Republic of Tanzania. The fact that the Governments of both countries have requested a second phase of the respective projects is an indication of the positive results achieved to date. In the meantime, the programming phase of new projects was approved for Cambodia, Lao People's Democratic Republic, Malawi and Thailand. A project proposal has also been accepted for Nigeria while yet another proposal is currently under consideration for a regional project that includes Lebanon, Saudi Arabia and the Syrian Arab Republic.

Not all support provided by UNIDO's Statistics Unit was destined for outside beneficiaries. Help was also provided to other branches of the Organization on the statistical components of technical cooperation projects managed by them. Examples of these are the UNIDO Africa Investor Surveys, a project to promote creative industries in Bhutan and another to help Iraq develop data systems and analytical capacities in the field of agro-industries.

A useful volume on guidelines and methodology for industrial statistics was issued by UNIDO in 2010 to lend support to technical capacity-building activities and training programmes. In over 250 pages, *Industrial Statistics: Guidelines and Methodology* covers the entire range of statistical methods related to data collection, processing and analysis. It introduces business registers for industrial statistics, describes different concepts and definitions of data items for industrial surveys and helps prepare economic surveys in developing countries and provides the basic tools for data collection. It also presents model questionnaires for the large and small-scale industrial surveys. The publication is intended to serve as a handbook for statisticians involved in the regular industrial statistics programmes of national statistics offices or line ministries.

Several countries received assistance during the year in building up their capacities to design and implement industrial policy. In Viet Nam, UNIDO technical assistance was part of the Delivering as One initiative. The UNIDO project aims at strengthening the public sector, particularly the Ministry of Industry and Trade, to design technically grounded, high-impact industrial policies. During 2010, UNIDO assisted the Ministry in setting up an inter-ministerial Industrial Competitiveness Group to act as a think-tank on industrialization and competitiveness. Members of the Group have been trained and recruited by UNIDO. The Group is producing the first industrial competitiveness report on the country, which should result in strategies to boost manufacturing growth and structural

change and place Viet Nam firmly on the international industrial stage. UNIDO has emerged as a key player in the current debate on industrialization and competitiveness in Viet Nam. The Organization has provided inputs to the *Vietnam Competitiveness Report 2010* and is represented on its Advisory Board. The Report is produced by a team led by the Central Institute for Economic Management of Viet Nam's Ministry of Planning and Investment and the Asia Competitiveness Institute of the University of Singapore. The conceptual framework and technical guidance was provided by the Institute for Strategy and Competitiveness of the Harvard Business School in Boston, United States of America.

The Institutional Capacity-Building for Competitiveness project in Cape Verde aims at strengthening the public sector in the design and implementation of an industrial policy on diversification. UNIDO is involved in the Delivering as One Plan, delivering technical cooperation services in the component relating to promoting growth in economic communities. In 2010, UNIDO set up a Competitiveness Intelligence Unit at the newly-established Centre of Strategic Policy. Members of the Unit have received training on the UNIDO methodology for country-level industry and trade competitiveness analysis as well as value chain and sectoral competitiveness. UNIDO

is now finalizing the Cape Verde Industrial Competitiveness Report 2010 and is engaged in several value chain studies.

In Colombia, the first phase of a project on institutional capacity-building for competitiveness, co-funded by the Government of Colombia and UNIDO, has been completed. While funding is being sought to move on to the second phase, there are already a number of tangible results. UNIDO set up an industrial competitiveness unit within the Ministry of Industry and offered training to officials on indicators of industry and trade competitiveness as well as sectoral competitiveness and value chain analysis. The training provided enabled the Ministry to prepare the first draft of its Industrial Competitiveness Report, which will be finalized and published in 2011. UNIDO is currently discussing with the Government and the Department of National Planning the design and implementation of a second phase, focusing on the creation of a trade and industry competitiveness observatory.

Finally, another rewarding project completed in 2010 aimed at strengthening the capacity to design economic policies within the Palestine Trade Centre, the Palestinian Federation of Industries and the Ministry of Economy. Specialists were trained and seconded to the Trade Centre in order to identify those products and export markets that are strategically placed to enhance manufactured export growth.

## »» Research for policy: the case of Mongolia

Mongolia is well known to consumers, particularly in the industrialized world, for the pricey knitwear label “made from pure Mongolian cashmere” or for their local **Mongolian Grill**

Red meat and wool—whether from yak, sheep or camel—indeed account for some of the country’s largest exports, but in common with other resource-rich countries, Mongolia tends to export its raw materials rather than manufactured goods, losing out on a high potential for value-addition. The manufacturing sector accounts for just 4.3 per cent of GDP and employs a mere 48,000 people out of a population of around three million. A further strain on the economy is the disparity between the geographical size of the country and its population that not only makes it a country with one of the sparsest populations in the world, but leads to high transport costs over huge distances.

Some of its greatest riches lie in its mineral reserves. Mongolia possesses major deposits of 80 different minerals and is home to some of the world’s largest untapped copper and gold reserves. It also has abundant supplies of coking coal, iron ore, fluorspar, molybdenum and crude oil. Until now, Mongolia has relied on its mining sector to steer its economic growth, but volatility in the price of minerals has forced the Government to develop a range of new industrial activities. In order to make a significant difference in living

standards, the economy needs to shift to a competitive, diversified and high-value adding manufacturing base.

At the end of 2010, UNIDO completed a study on Strategic Directions on Industrial Policy in Mongolia, following a year of intense collaboration with the country’s private and public sectors. The aim of the study is twofold: to define an industrial development strategy and make recommendations on industrial policy that may help turn the industrial development goals and projects of the Government of Mongolia into reality. The industrial strategy will be based on two main pillars: first, to improve the quality of manufactured products for specific niche markets and second, to promote Mongolian products in international markets, for example by exhibiting at specialized fairs. The study was prepared by a team of experts in industrial strategy and in the key industrial sectors of mining, textiles and meat-processing. UNIDO organized two seminars in Ulaanbaatar; the first, in February, discussed different options with stakeholders while the second, in June, focused on the team’s preliminary findings and the reaction of policymakers, local industrialists and researchers.



The study looks at Mongolia's emerging comparative advantage, based on UNIDO's established methodology that draws on the Organization's statistical, research and analytical strengths, in order to formulate tangible policy advice in the form of an industrial development strategy. It assesses the current state of the manufacturing sector and its performance relative to other countries at the same stage of development and suggests some new areas of comparative advantage. The development of Mongolia's manufacturing output is essential if it is to weather the shocks associated with volatile minerals markets.

The success of the proposed industrial development strategy will depend on the country's ability to manage and use the revenues generated by mineral extraction and the choices made as to which minerals to process. Any move to support mineral value-added processing activities must be based on rigorous technical and

financial analysis and take into account the profitability of each capital investment. There may be great variance across value-addition options and the timing of investment, so that the choice of markets for the export of processed minerals will have a significant bearing on the results. A properly regulated and structured development bank or similar has to be established to provide medium-term finance for industry. Funding for small and medium enterprises has to be conditional on performance.

The pursuit of an international niche industrial strategy, a careful selection of which minerals to process and a performance-related use of the financial proceeds from mineral extraction should lead in the medium and long term to a far more diversified economy for Mongolia. The manufacturing industry should recover its prior role as a key driver of economic activity. As a result, Mongolia's population will enjoy better employment, improved incomes and a higher quality of life.

# General information on UNIDO

## 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 pages 90-91.

UNIDO employs about 700 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 \$772 million as of 31 December 2010. The value of technical cooperation programmes in 2010 amounted to \$153.5 million. The structure of the Organization is shown on page 89.

## 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.

## The policymaking organs

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

## 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.

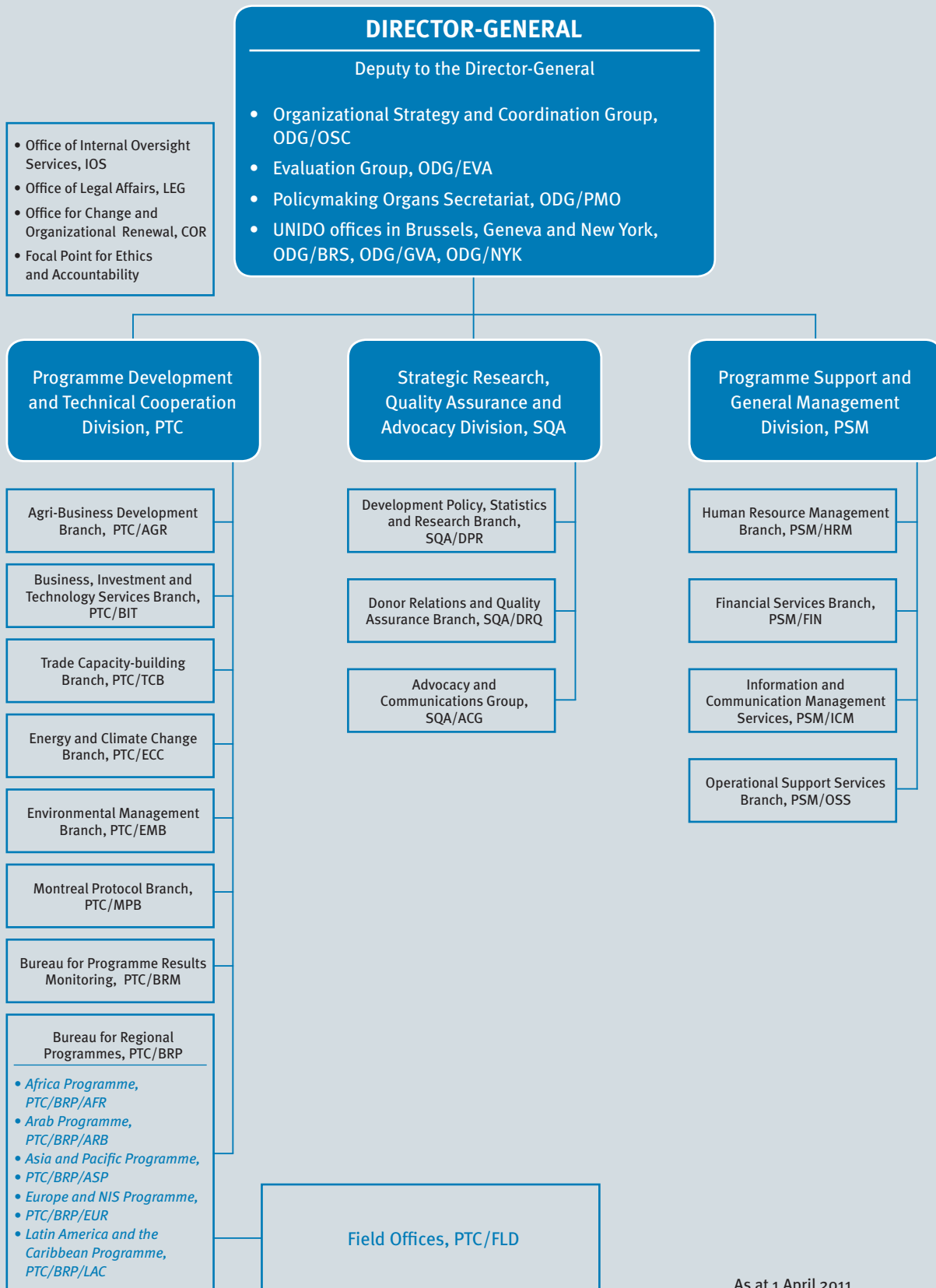
## Industrial Development Board

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-seventh session of the Board took place from 10 to 12 May 2010 and the thirty-eighth session from 24 to 26 November 2010.

## 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-sixth session of the Programme and Budget Committee took place on 7 and 8 September 2010.



As at 1 April 2011.

# UNIDO around the world

In 2010 UNIDO maintained a field network of 29 regional and country offices around the world, some of which cover more than one country. In addition, 17 UNIDO Desks were operational in 2010. UNIDO also maintained an office of the Special Representative to Iraq, an office, led by a Senior Industrial Adviser in the Democratic Republic of the Congo, presenting a first stepping stone to establishing a country office in the future, and a centre for regional cooperation in Turkey.

## MEMBER STATES OF UNIDO

Afghanistan	Bosnia and Herzegovina	Côte d'Ivoire	Fiji	Iran (Islamic Republic of)
Albania	Botswana	Croatia	Finland	Iraq
Algeria	Brazil	Cuba	France	Ireland
Angola	Bulgaria	Cyprus	Gabon	Israel
Argentina	Burkina Faso	Czech Republic	Gambia	Italy
Armenia	Burundi	Democratic People's Republic of Korea	Georgia	Jamaica
Austria	Cambodia	Democratic Republic of the Congo	Germany	Japan
Azerbaijan	Cameroon	Denmark	Ghana	Jordan
Bahamas	Cape Verde	Djibouti	Greece	Kazakhstan
Bahrain	Central African Republic	Dominica	Grenada	Kenya
Bangladesh	Chad	Dominican Republic	Guatemala	Kuwait
Barbados	Chile	Ecuador	Guinea	Kyrgyzstan
Belarus	China	Egypt	Guinea-Bissau	Lao People's Democratic Republic
Belgium	Colombia	El Salvador	Guyana	Lebanon
Belize	Comoros	Equatorial Guinea	Haiti	Lesotho
Benin	Congo	Eritrea	Honduras	Liberia
Bhutan	Costa Rica	Ethiopia	Hungary	
Bolivia (Plurinational State of)			India	
			Indonesia	



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 (European Union), Geneva (United Nations) and New York (United Nations).

Libyan Arab Jamahiriya	Namibia	Republic of Moldova	South Africa	Turkey
Lithuania	Nepal	Romania	Spain	Turkmenistan
Luxembourg	Netherlands	Russian Federation	Sri Lanka	Uganda
Madagascar	New Zealand	Rwanda	Sudan	Ukraine
Malawi	Nicaragua	Saint Kitts and Nevis	Suriname	United Arab Emirates
Malaysia	Niger	Saint Lucia	Swaziland	United Kingdom of Great Britain and Northern Ireland
Maldives	Nigeria	Saint Vincent and the Grenadines	Sweden	United Republic of Tanzania
Mali	Norway	Samoa	Switzerland	Uruguay
Malta	Oman	Sao Tome and Principe	Syrian Arab Republic	Uzbekistan
Mauritania	Pakistan	Saudi Arabia	Tajikistan	Vanuatu
Mauritius	Panama	Senegal	Thailand	Venezuela (Bolivarian Republic of)
Mexico	Papua New Guinea	Serbia	The former Yugoslav Republic of Macedonia	Viet Nam
Monaco	Paraguay	Seychelles	Timor-Leste	Yemen
Mongolia	Peru	Sierra Leone	Togo	Zambia
Montenegro	Philippines	Slovakia	Tonga	Zimbabwe
Morocco	Poland	Slovenia	Trinidad and Tobago	
Mozambique	Portugal	Somalia	Tunisia	
Myanmar	Qatar			
	Republic of Korea			

# Abbreviations

3ADI	African Agribusiness and Agro-industries Development Initiative	NIP	national implementation plan
ACP	African, Caribbean and Pacific	Norad	Norwegian Agency for Development Cooperation
AfriPANet	Africa Investment Promotion Agency Network	NYDA	National Youth Development Agency
AGECC	Advisory Group on Energy and Climate Change	ODS	ozone-depleting substances
AIDA	Action Plan for the Accelerated Industrial Development of Africa	OECD	Organisation for Economic Co-operation and Development
AMC	Programme Approval and Monitoring Committee	OLADE	Latin American Energy Organization
BAT	best available technique	PAC	Programme Approval Committee
BEP	best environmental practice	PCBs	polychlorinated biphenyls
BPR	business process re-engineering	PCOR	Programme for Change and Organizational Renewal
CAMI	Conference of African Ministers of Industry	POPs	persistent organic pollutants
CCA	common country assessment	REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
CCS	carbon capture and storage	RECP	resource efficient and cleaner production
CEB	United Nations System Chief Executives Board for Coordination	SADC	Southern African Development Community
CEMAC	Economic and Monetary Community of Central Africa	SAICM	Strategic Approach to International Chemical Management
COAST	Collaborative Actions for Sustainable Tourism	SID	Society for International Development
CSR	corporate social responsibility	SME	small and medium enterprise
DaO	Delivering as One	SPX	Subcontracting and partnership exchange programme
ECLAC	United Nations Economic Commission for Latin America and the Caribbean	STC	Screening and Technical Review Committee
ECOWAS	Economic Community of West African States	StEP	Solving the E-waste Problem
EIF	Enhanced Integrated Framework	TCPR	triennial comprehensive policy review
EPA	economic partnership agreement	TEST	transfer of environmentally sound technology
ERP	enterprise resource planning	UEMOA	West African Economic and Monetary Union
EU	European Union	UN	United Nations
FAO	Food and Agriculture Organization of the United Nations	UNCHAIN	University Chair on Innovation
GCLME	Guinea Current Large Marine Ecosystem	UNCT	United Nations Country Team
GEF	Global Environment Facility	UNCTAD	United Nations Conference on Trade and Development
GENDERNET	OECD-DAC Network on Gender Equality	UNDAF	United Nations Development Assistance Framework
GMSC	Gender Mainstreaming Steering Committee	UNDAP	United Nations Development Assistance Plan
HACT	Harmonized Approach to Cash Transfer	UNDG	United Nations Development Group
HCFC	hydrochlorofluorocarbon	UNDP	United Nations Development Programme
HP	Hewlett-Packard	UNECA	United Nations Economic Commission for Africa
HPMP	HCFC phase-out management plan	UNECE	United Nations Economic Commission for Europe
HPPMG	Harmonized Project and Programme Management Guidelines	UNEP	United Nations Environment Programme
ICHET	International Centre for Hydrogen Energy Technologies	UN-HABITAT	United Nations Human Settlements Programme
IFAD	International Fund for Agricultural Development	UNIDO	United Nations Industrial Development Organization
ILO	International Labour Organization	UNU	United Nations University
INEX	International Network for Educational Exchange	UNU-MERIT	United Nations University Maastricht Economic and Social Research Institute of Innovation and Technology
ISO	International Organization for Standardization	UNU-WIDER	United Nations University World Institute for Development Economics Research
ITC	International Trade Centre	UNWTO	World Tourism Organization
ITPO	Investment and Technology Promotion Office	VIC	Vienna International Centre
ITU	International Telecommunication Union	WIPO	World Intellectual Property Organization
LCOR	Leading Change and Organizational Renewal	WTO	World Trade Organization
LDC	least developed country		
LIFE	Learning Initiative for Entrepreneurs		
MDG	Millennium Development Goal		
MVA	manufacturing value added		
NCPC	National Cleaner Production Centre		





**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**  
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria  
Telephone: (+43-1) 26026-0, Fax: (+43-1) 26926-69  
E-mail: [unido@unido.org](mailto:unido@unido.org), Internet: [www.unido.org](http://www.unido.org)