



United Nations Industrial Development Organization

Distr.: General
20 April 2011

Original: English

Industrial Development Board

Thirty-ninth session

Vienna, 22-24 June 2011

Item 6 of the provisional agenda

Midterm review of the medium-term programme framework, 2010-2013

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Report by the Director-General

Addendum

In accordance with decision IDB.38/Dec.8 regarding UNIDO activities in the field of industrial policy, this document provides a progress report of the actions taken by the Secretariat in the implementation of the decision.

I. Introduction

1. The following document comprises a brief review of relevant activities that have been completed or are ongoing to date, an account of the measures taken by the Director-General to strengthen the role of UNIDO in the field of industrial policies and a proposed road map covering the biennium 2012-2013.

II. Organizational structure

2. Following an executive decision dated 29 March 2011, the Director-General announced new terms of reference for the Strategic Research, Quality Assurance and Advocacy Division, formerly known as the Regional Strategies and Field Operations Division, in order to provide streamlined and unified management of all

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UNIDO activities pertaining to research/advisory, convening and advocacy. With this decision, a formal secretariat was established for the UNIDO Capacity-building Institute, which is intended as a framework to facilitate partnership and networking with research, training and advocacy institutions but also a venue to facilitate the exchange of expertise among policymakers and development practitioners from developing countries.

3. Furthermore, and within the existing budgetary resources, the UNIDO Capacity-building Institute and Regional Analysis Unit was established, with the mandate to monitor key issues and constraints as well as global and regional trends in the area of industrial development and policy. In order to maintain and further strengthen its intellectual leadership on themes related to sustainable industrial development, UNIDO has initiated several recruitment actions that have already resulted in the selection of a Senior Adviser on Green Industry, who will shortly be joined by new staff members to be engaged in research, policy and regional analysis.

III. Research

4. To follow up on the *UNIDO Industrial Development Report 2009* as well as to adequately profile the Organization in the run-up to the Rio+20 Conference, UNIDO started the production process for a new Industrial Development Report on the theme of industrial energy efficiency, with publication planned for September 2011. Initial findings suggest that upcoming increases in energy consumption by developing countries can be kept below anticipated long-term trends through industrial energy efficiency efforts. Investing in industrial energy efficient technologies, systems, and processes is both environmentally sustainable and economically profitable. The report concludes that industrial energy efficiency could become a major pillar in the drive towards industrial greening.

5. A research programme has been prepared, which is expected to further facilitate cross-divisional cooperation but also to attain higher levels of efficiency and results-orientation. At the core of the programme lies the study of industrialization and of the related structural change, with a particular emphasis on its implications for the environment, energy and poverty reduction. Such analysis will offer the distinctive theoretical underpinnings for an assessment of the challenges and opportunities faced by developing countries attempting to diversify their economies away from commodity production into manufacturing industry as well as the framework for strategic industrial policy advice and for developing policy tools, methodologies and training.

6. During the biennium, UNIDO will produce a new edition of the Industrial Development Report, in which it is intended to dwell on the role of industrial development and industrial policies on sustainable poverty reduction and will thus capitalize upon the research agenda detailed above. In order to further strengthen its capacity in the field of evidence-based policy advice to Member States, the Organization will embark upon the review and, when needed, refinement of its country benchmarking tools. Special attention will be devoted to sharpening the focus and increase the analytical depth of the competitive industrial performance (CIP) index.

7. To provide access to the above information to the largest number of Member States, particular attention will be devoted to the regular production of regional outlooks based on the trends and challenges identified through the deployment of the aforementioned indicators. Moreover, quarterly indicators of manufacturing output will be issued by the Organization to allow a timely fine-tuning of industrial policies by Member States. Finally, UNIDO will revamp its communication strategy to disseminate key research results to a broader audience by regularly issuing policy briefs on key topics in industrial development and structural change.

IV. Statistics

8. Editions of the *International Yearbook of Industrial Statistics 2010 and 2011*, which were disseminated worldwide, attracted wide attention of international data users and media. UNIDO co-hosted the sixteenth session of the Committee for Coordination of Statistical Activities to further consolidate its role as a key party in the international statistical community. UNIDO also released the *World Statistics on Mining and Utilities 2010*, two methodological publications to address the needs of national statistical organizations in data collection and processing and a new electronic data product on manufacturing value added (MVA) and related indicators, known as the MVA Explorer. Ways of permanently including mining and utilities statistics in the UNIDO industrial database are currently being explored. The Organization has also started to gradually broaden the range of analytical products towards statistics of structural change, environment and energy intensity.

9. As a contribution to a more broadly-based orientation towards results-based management, UNIDO will continue its effort to support Member States enhancing their capacity to gather and evaluate industrial statistics. A regional training workshop on industrial statistics for francophone African countries is being planned in Cameroon and the Organization has a number of technical cooperation and capacity-building pipeline projects in Bhutan, Cambodia, Democratic Republic of the Congo, Gabon, Lao People's Democratic Republic, Lebanon, Malawi, Nigeria and United Republic of Tanzania.

V. Policy advice

10. In order to align more closely its research and policy advice to the needs of Member States in different regions, UNIDO and the Ministry of Trade and Industry of the Republic of Ghana co-organized an International Policy Conference in Accra under the title "Competitiveness and Diversification: Strategic Challenges in a Petroleum-rich Economy" on 14 and 15 March 2011. The Conference focused on the role of competitiveness and diversification in the context of resource-rich economies and industrial development in the achievement of broader social and economic development goals. UNIDO, together with the United Nations Conference on Trade and Development (UNCTAD), prepared the Economic Development of Africa Report, which will be launched in July 2011 and will focus on the strategic choices and policy options countries in the region face in their quest to shift away from commodity production towards high value added industrial activities. In this context UNIDO was involved in a high-level workshop on a new industrial strategy and policy for the East African Community. UNIDO also organized an expert group

meeting on green economy, sustainable innovation, and structural change in Jakarta, in collaboration with the Economic Research Institute for ASEAN and East Asia (ERIA) and the Institute of Developing Economies aimed at developing a joint research programme that supports the policymaking process of the Association of Southeast Asian Nations (ASEAN) countries. In February 2011, UNIDO launched the report *Strategic directions on industrial policy in Mongolia* to help the Government of Mongolia realize its industrial development goals and priorities.

11. During 2010-2011, UNIDO further consolidated its role as the lead agency in the United Nations system for activities related to statistics/industrial policy and extended its involvement under such themes to the majority of Delivering as One pilot countries (Cape Verde, Rwanda, United Republic of Tanzania, Uruguay and Viet Nam). Policy advice was also extended to other countries in Africa, Asia, the Arab region and Latin America and the Caribbean. New demands for industrial policy advice and capacity-building are emerging from Cameroon, Colombia, El Salvador, Guatemala, Kazakhstan and Mauritius.

12. With a view to further enhancing its role within the United Nations system in assisting governments in formulating, implementing and monitoring industrial policies, UNIDO will issue a position paper on the subject and, on that basis, detail a full range of advisory, facilitation and capacity-building services for the assistance of Member States. The Organization will begin developing a comprehensive and holistic intervention package to provide strategic industrial policy support to low and middle-income countries based on structural change analysis and a toolbox of policy instruments aimed at poverty reduction and environmental sustainability.

VI. Partnerships

13. Finally, UNIDO will invest in extending its partnerships and research collaborations as well as the frequency and coverage of joint regional conferences/workshops on industrial development. A joint report on the opportunities and constraints that natural resources pose to industrial diversification in Latin America and on the role of industrial policies is envisaged in collaboration with the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). The theme will also be at the centre of conferences/workshops that are to be undertaken in collaboration with ECLAC, as well as for events in Africa and the Asia-Pacific region. A partnership agreement is envisaged with the Global Green Growth Institute on the theme of green industry and sustainable industrial development. Under the framework of the UNIDO Capacity-building Institute, partnership agreements are envisaged with a range of research institutes from both developed and developing countries as well as with the United Nations University (UNU). Research and training collaborations will constitute the main mechanism to extend the outreach of UNIDO research and capacity-building and will be gradually extended to reputed academic and policy institutions in the developed and developing world.

VII. Action required of the Board

14. The Board may wish to take note of the information contained in the present document.
