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## General Conference

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Item 17 of the provisional agenda

### **UNIDO activities related to the Vienna Ministerial Declaration and Plan of Action of the Least Developed Countries and to cooperation with middle-income countries**

## **UNIDO activities in support of least developed countries**

### **Report by the Director General**

In compliance with resolution GC.14/Res.6 on the Vienna Ministerial Declaration for the Least Developed Countries (LDCs), the present document provides information on the implementation of the resolution, the activities that have been undertaken and the events organized in support of the least developed countries. In particular, the Conference will be updated on the fifth LDC Ministerial Conference, scheduled to take place in Lima from 30 November to 1 December 2013.

## **I. Introduction**

1. The UNIDO Least Developed Countries (LDC) Strategy and Operational Plan, 2012-2020 was adopted by the fourth LDC Ministerial Conference convened in Vienna on 25 November 2011, and as part of the Ministerial Plan of Action was taken note of by the fourteenth session of the General Conference on 28 November 2011. Since 2007, UNIDO has already organized a series of four successful LDC Ministerial Conferences and several workshops. These were hosted in Vienna and abroad (Kigali, Rwanda; Ouagadougou, Burkina Faso; Siem Reap, Cambodia; Istanbul, Turkey).

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2. The UNIDO LDC Strategy and Operational Plan, 2012-2020, expresses UNIDO's commitment and concrete contribution to the LDC development agenda, which is stipulated in the Istanbul Programme of Action (IPoA) for the LDCs for the Decade 2011-2020.<sup>1</sup> The IPoA, which was endorsed by the General Assembly through United Nations General Assembly resolution 65/280, on 17 June 2011, called upon all relevant stakeholders to commit to implementing IPoA. It contains development priorities listed under the following areas:<sup>2</sup> productive capacity; agriculture, food security and rural development; trade; commodities; human and social development; multiple crises and other emerging challenges; mobilizing financial resources for development and capacity-building; and good governance at all levels. Emphasis is placed on equity at all levels through empowering the poor and marginalized and ensuring, among others, gender equality, inclusive and equitable economic growth and sustainable development. The targeted actions for LDCs, as spelled out in the IPoA, focus on key development priorities, which constitute the core elements of UNIDO's operations in LDCs.

3. The UNIDO LDC Strategy is articulated around concrete solutions leading to inclusive growth, sustainable industrial development and, ultimately, structural transformation of the LDCs' economies. It is anticipated that UNIDO operations under this Strategy will enable the countries to promote sustainable sources of income and employment through productive capacities. The implementation of the UNIDO LDC Strategy rests on the formulation and development of national and regional programmes and projects, bearing in mind three core pillars: (a) the conversion of commodities into products; (b) the focus on communities; and (c) the regional dimension for value chain development.

4. Within the context of the post-2015 development agenda and at a time of growing concerns about prospects for resource mobilization, it is strongly recommended to exploit the complementary and increasing potentialities of the BRICS (Brazil, Russian Federation, India, China and South Africa) and the other emerging donors in the South-South multilateral cooperation framework. These countries illustrate the general understanding that industrialization is a condition for economic development. Their global share of world gross domestic product (GDP) increased from 15 per cent in 1989 to 25 per cent in 2010.

5. Thus, a full session of the upcoming fifth LDC Ministerial Conference will serve to leverage various potentialities and mechanisms available in the areas of private sector and small and medium enterprises (SMEs) development, productive capacity-building, trade, and employment towards implementing the UNIDO LDC Strategy and Operational Plan, 2012-2020. Specifically, this session will:

(a) Encourage emerging as well as traditional donor countries to develop strategies to support the effective implementation of the UNIDO LDC operational Strategy by 2015 and beyond;

(b) Promote the critical role of South-South cooperation in the LDC development efforts;

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<sup>1</sup> A/CONF/219/3/Rev.1.

<sup>2</sup> See A/CONF/219/3/Rev.1, para. 43.

(c) Engage the countries in the implementation of the UNIDO LDC Strategy and Operational Plan, 2012-2020.

Cross-cutting issues pertaining to women and youth are foreseen in the conference agenda. The Conference is expected to provide a platform to launch the LDC trust fund, which will contribute to the deployment of the UNIDO activities in the LDCs.

6. Further to the endorsement of the UNIDO LDC Strategy, the UNIDO Africa Programme and the LDC Coordinators have been organizing a number of country programming missions, in order to fulfil the high-level management commitments undertaken in November 2011, at the last LDC Ministerial Conference in Vienna. So far 11 LDC African countries have been covered at various stages, namely Benin, Burkina Faso, Chad, Equatorial Guinea, Guinea, Lesotho, Mozambique, Niger, Togo, Uganda and Zambia. Project documents have been drafted in support of the implementation of the LDC Strategy in Economic Community of West African States (ECOWAS) countries, as well as the tripartite area established by the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC). The initiative is expected to be replicated in the Asia and Pacific region.

7. Below are selected examples of UNIDO projects targeting LDCs in the following areas:

- (a) The Accelerated Agribusiness and Agro-industry Development Initiative (3ADI);
- (b) Trade capacity-building and investment programmes;
- (c) Private sector development;
- (d) Projects related to energy for productive use;
- (e) Environmental issues.

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

8. In the current global economic landscape with recurring food crises and high demand for various agricultural commodities, agro-industries and agribusiness appear to be reliable engines of inclusive growth in the LDCs. The UNIDO LDC Strategy aims to convert LDCs' resource based comparative advantages into competitiveness through value-addition to primary commodities. This is essential to promote sustainable sources of income and employment through productive capacities, leading to economic transformation. The 3ADI represents the main component of country programmes being developed for the benefit of the LDCs. The 3ADI has been implementing its activities worldwide, including in African, Middle Eastern and Latin American LDCs (the below table lists countries with selected value chains).

Table  
**LDCs with ongoing 3 ADI Programme**

<i>Country</i>	<i>Selected value chains</i>
Afghanistan	wheat milling
Burkina Faso	sesame, red meat
Burundi	oil palm, fruit and vegetables, fish, honey, dairy (tentative)
Comoros	vanilla, ylang ylang
Guinea	shea butter
Haiti	tubers (yams and sweet potatoes)
Liberia	rice, timber and rubber wood, fruit and vegetables, fish
Madagascar	artisanal sugar
Rwanda	livestock
Niger	red meat, cowpeas
Sierra Leone	ginger, cashew nuts
South Sudan	Cereals
Sudan	leather (hides and skins)
United Republic of Tanzania	red meat, cashew nuts
Uganda	bananas

### III. Trade capacity-building and investment programmes

9. **Capacity-building of Investment Promotion Agencies (IPAs) in African LDCs** (Burkina Faso, Burundi, Cape Verde, Ethiopia, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, Senegal, Uganda, United Republic of Tanzania, and Zambia). The creation in 2001 of the African Investment Promotion Agency Network (AfrIPANet) was meant to provide capacity-building to regional IPAs, through training and network linkages to the Investment and Technology Promotion Offices (ITPOs). The programme aims to introduce tools and methodologies that support African IPAs in mainstreaming foreign direct investment (FDI) promotion into overall private sector development. So far, the programme has resulted in extensive investor surveys, various trainings for IPAs, and the establishment of a data monitoring platform.

10. **Trade and export capacity in the Lao People's Democratic Republic.** UNIDO has implemented a project on "Enhancing sustainable tourism, clean production and export capacity in the Lao People's Democratic Republic", in order to increase the export volume and the quality of products. The objective of the project is to strengthen the organic agriculture and the handicraft sectors by linking them more closely to tourism and export. The overarching aim is to enable the products to compete in regional markets. Among other results, the project has provided training on food safety, certificates and occupational safety and health (OHS), and further laboratories for product testing.

11. **Better Work and Standards Programme (BEST).** The purpose of the BEST programme is to strengthen the national quality infrastructure for selected products by complying with international norms and practices on safety and quality

requirements for export. In this regard, it will improve competitiveness by taking advantage of global market opportunities (e.g. Burundi and Sudan).

12. **Cluster development and export consortia programmes.** UNIDO developed a comprehensive approach on cluster and network development in order to increase industrial competitiveness and reduce poverty through productive activities. Furthermore, UNIDO assists SMEs in expanding their export alliances by granting better access to national, regional and international markets (e.g. Senegal).

#### IV. Private sector development

13. **Initiative on the Pharmaceutical Manufacturing Plan for Africa (PMPA).** In October 2010 Germany agreed to contribute €1.2 million to help expand and upgrade SMEs in several developing and LDC countries, with a focus on Africa and Asia, to locally manufacture essential generic drugs. In cooperation with the African Union Commission (AUC), UNIDO established a comprehensive business plan to accelerate the implementation of the PMPA. It aimed at promoting the development of pharmaceutical industry with a special focus on independent production of public health enhancing medicines within African countries.

14. **Creative entrepreneurship in creative industries to support tourism development, for job creation and poverty alleviation.** The project's objective is to alleviate poverty by stimulating community revitalization and job creation through productive activities. As its primary beneficiaries, it targets young persons and women (e.g. Bhutan and Mozambique).

15. **Youth employment programmes.** The Entrepreneurship Curriculum Programme (ECP) aims at stimulating entrepreneurial talents among young people by enhancing their ability to identify economic opportunities and by developing other commercial skills (e.g. Angola). Upcoming initiatives related to youth entrepreneurship are in the pipeline.

#### V. Projects related to energy for productive use

16. **Renewable energy-based electricity generation for isolated mini-grids.** Enhancing energy for productive use is a key component of the UNIDO LDC strategy, 2011-2020. UNIDO has successfully implemented the establishment of renewable energy mini-grids in African rural regions (hydropower plants and solar panels). In countries such as Chad, Uganda, and Zambia, UNIDO has supported the development of hydropower mini-grids in order to provide renewable energy to communities and small businesses. In the case of Zambia, a 100kW hydropower plant was established in the Shiwang'andu province, as well as a 60kW solar mini-grid supplying the Mpanta community. The solar plant provides energy to 617 households and local institutions. A pilot biomass gasifier project is planned, which will bring 25kW to local communities in Ndola. In Chad, 4 solar mini-grids are under construction, aiming at providing 1250 households and local businesses with electricity. In Uganda, UNIDO delivered technical assistance by undertaking feasibility studies at four potential hydropower plant sites and provided the Government of Uganda with site evaluations and recommendations. The central aim is to establish a continuing legal and policy framework, providing a favourable

environment for the future development of abundant renewable resources in the LDCs.

## **VI. Environmental issues**

17. **Combating living resource depletion and coastal area degradation in the Guinea Current Large Marine Ecosystem (GCLME) through ecosystem-based regional actions.** The project's goals are to recover and sustain depleted fisheries, restore degraded habitats and reduce land and ship-based pollution by establishing a regional management framework for the sustainable use of living and non-living resources in the Gulf of Guinea.

18. **Mainstreaming Resource Efficiency and Cleaner Production (RECP).** In cooperation with National Cleaner Production Centres (NCPC), UNIDO is implementing projects aiming at higher resource efficiency and cleaner production in selected supply chains. Under the supply chain management component of the Accelerated Industrial Development in Africa (AIDA), the project consists of an environmental performance assessment and further builds national expertise on cleaner production (e.g. Ethiopia, Guinea, United Republic of Tanzania).

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

19. The Conference may wish to take note of the information contained in the present document.

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