



TOGETHER
for a sustainable future

OCCASION

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AROUND 470 MILLION JOBS CREATED BY MANUFACTURING SECTORS WORLDWIDE



(IDR 2013 launch's panel members from left to right: Dr. Ha Xuan Quang, Vice Rector, Hanoi University of Industry; Mr. Ludovico Alcorta, Director, Development Policy, Statistics and Strategic Research Branch, Office of the DDG, UNIDO HQs; Ms. Dang Phuong Dung, Vice President cum Secretary General, Viet Nam Textile and Apparel Association; Mr. Patrick Gilabert, UNIDO Representative in Viet Nam; Mr. Le Huu Phuc, Deputy Director General, International Cooperation Department, Ministry of Industry and Trade (MOIT))

UNIDO launched its flagship publication, the Industrial Development Report (IDR 2013), entitled "**Sustaining Employment Growth: The Role of Manufacturing and Structural Change**" in Hanoi on 04 April 2014.

The report highlights how, nearly 40 years after the Lima Declaration of 1975, its underlying principles have stood the test of time: **Industrialization is an indispensable path towards development**. Industry increases productivity and generates income, reducing poverty and providing opportunities for social inclusion.

IDR 2013 examines the role of structural change and employment and explores the underlying drivers of structural change in manufacturing. It contributes a solid foundation to the debate on jobs in today's world as it indicates that manufacturing provided 470 million jobs, employing around 16 percent of the world's workforce of 2.9 billion in 2009.

The launching event was co-hosted by the Ministry of Industry and Trade...

INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT (ISID)

UNIDO aims to achieve Inclusive and Sustainable Industrial Development for its member states. ISID means that:

- Every country achieves a higher level of industrialization in their economies, and benefits from the globalization of markets for industrial goods and services.
- No one is left behind in benefiting from industrial growth, and prosperity is shared among women and men in all countries.
- Broader economic and social growth is supported within an environmentally sustainable framework.
- The unique knowledge and resources of all relevant development actors are combined to maximize the development impact of ISID.

UNIDO Member States agreed in the Lima Declaration of 2013 that ISID must become an important part of the long-term development agenda, beyond 2015.



... Viet Nam sees inclusive and sustainable industries as a great development opportunity as it is stated in the Viet Nam Socio-Economic Development Strategy for 2020.

NEWS FROM PROJECTS

IMPROVING INDUSTRIAL ENERGY EFFICIENCY

Improving energy efficiency in industry is one of the most cost-effective measures to help supply-constrained developing and emerging countries meet their increasing energy demand. Also, it can be a great deal in loosen the link between economic growth and environmental degradation, such as climate change.



In cooperating with the Ministry of Industry and Trade, UNIDO is implementing the project aiming at assisting industries to adopt system approach in improving energy efficiency at the system level.

The project has primarily focused on capacity building of key stakeholders (industrial enterprises, equipment suppliers, experts, organizations and government planners). The targeted industries are food, rubber and pulp, textile, and paper in Hanoi and Ho Chi Minh City areas.

As outcomes of the project implementation are considered, 30 industrial enterprises have been assisted to adopt EnMS in conformance with ISO 50001; 18 enterprises have been supported to conduct the steam system optimization assessment and 12 enterprises have been supported to conduct the compressed air system optimization assessment.

OVERCOMING POLICY, MARKET AND TECHNOLOGICAL BARRIERS: THE PILOT CASE OF ETHANOL PRODUCTION FROM CASSAVA

UNIDO Thailand and UNIDO Viet Nam will work together with MOIT to promote bio-ethanol technology and strength green policies in order to replace conventional fuels with bio-ethanol.

The main activity is the technology transfer to LMV countries of “Very High Gravity Simultaneous Saccharification and Fermentation” (VHG-SSF) technology developed by King Mongkut’s University of Technology Thonburi (KMUTT), Thailand. Under the project, two pilot scale ethanol production plants, will be implemented, being one in Thailand (200 l/d) and the other one in Viet Nam (50 l/d).

The project will also facilitate the establishment of one commercial scale ethanol production plant of 400,000 l/d in Myanmar. In addition, an ethanol information hub at KMUTT, Thailand and a technical centre at FIRI, Viet Nam will be established.

Efforts will be taken to popularise the use and production of bio-ethanol by creating the necessary awareness and trainings, policy and investment forums, project development assistance, etc.



FAO, IOM, UNESCO, UNIDO, UNV JOIN FORCES SUPPORTING VIET NAM'S AGRICULTURE AND RURAL DEVELOPMENT



(Signing Ceremony at the Ministry of Agriculture and Rural Development (MARD), Hanoi, 7 March 2014)

A joint programme aimed at helping to develop Viet Nam's agriculture and agri-business sectors, worth USD 1,4 million, was officially launched in March 2014, in Hanoi.

The "UN support to the National Target Programme on new rural development" will be implemented by five UN Agencies, including the International Organization for Migration (IOM), the Food and Agriculture Organization (FAO), the United Nations Industrial Development Organization (UNIDO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and UN Volunteers, together with the Ministry of Agriculture and Rural Development of Viet Nam.

Activities will focus on enhancing the knowledge of rural residents and producers in order to modernize agro-production, rural livelihood activities and social development besides building the capacity building in policy, strategy and public investment for creating new motivations and incentives for the rural development process. UNIDO will provide technical support to improve the post-harvest technology for agriculture production, specifically for the vegetable and fruit value chain.

The improvement of post-harvest technology for agricultural production is a high priority, since post-harvest losses is one of the reasons preventing Viet Nam's agricultural production from becoming more competitive.

EXPANSION OF THE NATIONAL BUSINESS REGISTRATION SYSTEM

UNIDO has provided technical assistance to the Ministry of Planning and Investment (MPI) since 2008 to improve the National Business Registration System (NBRS) with funding from State Secretariat for Economic Affairs (SECO), Norwegian Agency for Development Cooperation (NORAD), the UN One Plan Fund and UNIDO. NBRS is used for single point, fully computerized services for business, tax, customs, statistics and public security registration, containing over 864,000 enterprise legally valid information of Viet Nam. The average registration time has decreased from 15 days in 2008 to only 3.5 days as of 2013.

A conference was held on 15th April 2014 to kick-off a continued project to expand the NBRS to other types of enterprises including foreign invested enterprises (FEIs), state owned enterprises (SOEs), etc. Mr. Dang Huy Dong, Vice Minister of MPI appreciated the project achievements not only reduce the cost and time for business registration nationwide, but also demonstrated that client friendly and efficient public sector services benefit the development of the private sector.



(Kick off conference, Hanoi, 15 April 2014)

According to IFC estimates, enterprises registering for the first time have been saving approximately USD 4 million per annum. As a matter of fact, reducing costs and simplifying the registration system are not the only objectives of the project. Expansion of NBRS will improve transparency and reduce risks of doing business in Viet Nam, according to Mr. Miroslav Delaporte, Head of SECO. The utility of NBRS is also reflected as a tool for policy makers for it gives an real time overall view over the existent enterprises.

ACHIEVING CONFORMITY - WINNING EXPORT MARKETS



Vietnam's entry into the global market has been valuable for the increase of export opportunities to achieve economic growth. One of the biggest challenges to increase the country's competitiveness and capacity for international economic integration is product quality and standard compliance.

Since 2004, being funded by the Swiss Secretariat for Economic Affairs (SECO) and implemented in close collaboration with ministerial counterparts (MOST, MARD, and MOIT), UNIDO assisted to strengthen national institutions to develop demand-oriented Standards, Metrology, Testing and Quality capacities that will enable Vietnam's export products to conform to the ever-tightening international regulations and to reduce technical barriers to trade.

During 2004 and 2011 the Vietnam Metrology Institute was successful in becoming a signatory to the Mutual Recognition Agreement of the International Committee of Weights and Measures (CIPM MRA) with international recognition for its calibration and measurement capabilities for quantities in the areas of Time and Frequency, Diameter Standards, Mass, Laser Radiations, Line Standards and Gauge Blocks. Further CIPM MRA recognition was extended to cover its Pressure, Volume and Flow Laboratories by April 2012.

Tangible actions and achievements for change:

Strengthening institutions and manufacturing enterprises through upgrading of legal and industrial metrology, formulation of pilot technical

regulations (in key sectors), upgrading of testing laboratories, SME training and general awareness building activities

Building trust and Safeguarding consumers through a well-functioning metrology and testing infrastructure as an essential prerequisite for preventing market fraud and to protect public health, safety and welfare of the population

Protecting environment through chemical and micro-biology laboratory testing to detect environmental hazards and potential threats to the environment.

Increasing companies' competitiveness through satisfying regulatory requirements and product quality improvement; proximity of testing services; meeting standards of importing countries; external testing.

THE PROJECT ON PROMOTION OF AN ECO-CITIES NETWORK IN SOUTH EAST ASIA

The project on Promotion of an Ecological Cities (Eco-Cities) Network in South East Asia is sponsored by the Japanese Ministry of Foreign Affairs through UNIDO to support five South East Asian cities including Maptaphut, Thailand; Iskandar, Malaysia; Cebu, Indonesia; Danang, Viet Nam; and Pingtan, China.

The aim is to evaluate the current status and develop plans to turn the places in question into eco environmental-friendly cities by means of peer review. As a matter of fact peer review is an approach that has been built and tested in many European countries.



(Danang Eco-City)

A group of experts from cities with similar socio-economic status and culture has been gathered and trained according to the evaluation criteria framework developed by UNIDO experts. This peer review helps the city government and relevant management agencies assess the current situation, advantages and disadvantages in implementing development projects, plans and master plan of the cities.

As part of the project, a new meeting has been recently organized in Danang from April 8th to 11th, 2014 following the peer-review in Maptaphut, Thailand and Iskandar, Malaysia. Conference was hosted by the Danang Climate Change Coordination Office focusing its support on the city's project "Developing Danang, the Environmental City".



International participants to the meeting included the representatives of UNIDO, representatives of five cities in the network, experts from the Netherlands and other countries. Local participants were the Department of Natural Resources and Environment, Department of Agriculture and Rural Development, the Authority of Industrial and Export Processing Zones and their department units.

The main content of the peer review involved discussion with the Steering Committee members of the project about environmental management, building eco-industrial parks and forest protection and site visit.

INTERVIEW OF MR. RICCARDO MATTEI, DIRECTOR, DEVELOPMENT COOPERATION, EMBASSY OF ITALY



UNIDO and Development Cooperation Office have been working together in the past few years on a project called "Cluster to Cluster and Partnership in Viet Nam" aimed to upgrade the competitiveness and capacity of Vietnamese enterprises, through extensive technical assistance program on strengthening SME clusters and their industry associations, and to promote business partnerships between Italian and Vietnamese enterprises.

UNIDO Country Office: *What is the main accomplishment of the project? How did it effectively bring positive externalities in the National market?*

Mr. Mattei: First of all, the project involved a large number of enterprises in various sectors such as the Garment Textile, Furniture, and Footwear ones.

When the project started in 2009 the structure of these sectors consisted mainly in industry parks, concentrated in areas surrounding the cities. Therefore the main struggle and yet the main achievement has been the introduction of the concept of Industrial Cluster as a local economic system characterized by a significant aggregation of SMEs in the same area, producing a range of similar related products being interconnected by intense network of business relations.

Hence Vietnamese enterprises are lead to overcome their individual limits, improving cooperation and sharing a common view of productive and sustainable development strongly related to the territorial representative institutions and communities.

UNIDO Country Office: *Indeed the implementation of the Industrial Cluster concept wasn't the only objective of the project.*

Mr. Mattei: The project also encompassed a great effort in twinning with matching clusters between Italian and Vietnamese enterprises in order to join their strengths and cooperate for mutual advantages. The numerous meetings held both in Italy and Viet Nam aimed to spread the Italian know how, managerial and marketing capacities in order to promote the creation of Vietnamese niche and high quality markets. To this extent Vietnamese SMEs can step forward in the Asian markets no longer as middle step in the production chain, rather as exporters and leaders in their sectors.



(EU-VCCI- UNIDO CSR Workshop in Viet Nam)

the Big Players. Using just your common sense – which widely has to be rediscovered – it becomes obvious that this basic rule of sustainable thinking does not apply exclusively to the use of resources. If you want skilled and motivated workers – treat them well and with respect. If you want satisfied and regular clients – meet their needs and take their concerns serious. If you want to grow in your community – engage with it actively. If you want a future for your kids – keep the environment clean. If you want your ideas respected – respect the ones from others. Finally if you want to have sustainable economic success just follow this basic and thousands of years old way of thinking.

CSR is nothing new – it's just another name of knowledge our successful grandfathers already had. In the case of Vietnam there is another important driver to speed up the process of proactive CSR implementation: For long years Vietnam has been a “low cost producer”. But now it is shifting towards a middle income country. In other words low prices will no longer be the killer-argument to sell – other issues will gain more importance such as environmental impact, product safety, social compliance, legal compliance, community engagement, etc.

SPECIAL FOCUS WITH MR. FLORIAN BERANEK, UNIDO SENIOR ADVISER ON CSR:

CSR AND THE HOLISTIC APPROACH TO RESPONSIBILITY



UNIDO Country Office: *Why do Vietnamese enterprises need to seriously consider the topics summarized under CSR (Corporate Social Responsibility)?*

Mr. Beranek: You should never cut down more trees in the woods than growing ones if you don't want to run out of trees one day!”

This simple but true definition of sustainable thinking has to be considered when you think about the future of world economy – from the simple farmer up to

UNIDO Country Office: *Are there standards and regulations related to CSR?*

Mr. Beranek: The increasing number of regulations and standards already reflects the increasing importance of extend compliance. SA8000, ISO14001, OHSAS18001, BSCI, WRAP are probably the best known ones in Vietnam beside the large number of buyers requirements (often called Code of Conduct) and technical regulations such as REACH, RoHs, GS, etc. This, especially for SMEs, unmanageable variety of requirements is today's major obstacle for companies to work actively on their CSR performance. The ISO26001 finally brought an end to that patchwork and is providing a practicable framework even for small enterprises how to develop a strategic CSR approach as integrated element of any organization's DNA.

UNIDO Country Office: *What are the major obstacles or concerns regarding CSR amongst enterprises?*

Mr. Beranek: Let me start with the two most common obstacles we hear when it comes to CSR integration: "We have no money for this!" and "We have no time to do it!". The lack of money is mainly a result of too aggressive pricing policy, inefficient use of resources and problems with the quality (both product and staff). The lack of time is frequently a consequence of the financial pressure – running behind new contracts, too tight timelines, insufficient planning, unreliable suppliers, etc. All this leads to a company that cannot breathe anymore. "Reacting" becomes the common way of day-by-day business, sometimes it appears as an inevitable vicious cycle. In order to break this cycle a company has to invest time and just little money. For a long period low price was the one and only credo in order to be successful – mainly as an exporter. But today international buyers are demanding more than narrow social and environmental compliance from their producers. They start already to ask for active community engagement, for anti-corruption mechanisms, for data-protection, etc. In order to meet these requirements in future a company will have to deal with all these topics. Not to deal with it as a "nice to have" – they have

to deal with as a business case. So the benefit for those enterprises is a significant improvement of their competitiveness.



(EU-UNIDO CSR Project with partners)

UNIDO Country Office: *What did UNIDO do to promote CSR in particular?*

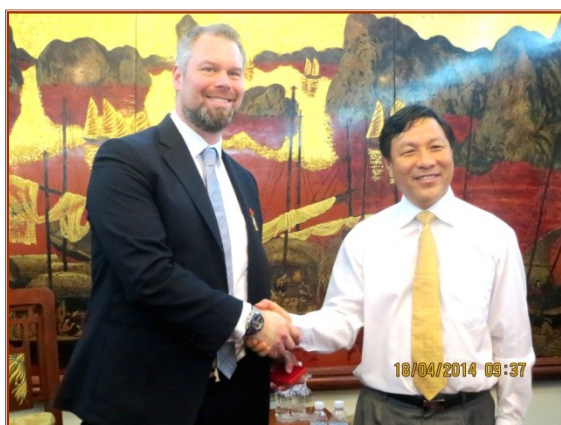
Mr. Beranek: To facilitate a step-by-step CSR integration the recently concluded EU-funded UNIDO-VCCI CSR Project was providing substantial assistance to SMEs, sector associations and professional business consultants. The close cooperation mainly between UNIDO and VCCI's department SDforB (Sustainable Development for Business) led to a great outreach to all relevant stakeholders. During the project implementation an extended methodology based on latest developments and future requirements was introduced, refined and utilized. The UNIDO reap26 program is a crosscutting guide to better understand an organization's responsibilities and an how to integrate these considerations in the strategic and operational planning and practice.

Due to the complexity of the multidimensional nature of CSR UNIDO was delivering a comprehensive education program for national experts of a period of nearly two years leading to the National CSR Experts Group of Vietnam with currently 18 accredited members. These experts will also be engaged in the next phase of UNIDO's CSR activities in Vietnam that is expected to start in spring 2014 under the funding of the One Plan and in cooperation with VCCI.

Beside explicit CSR activities the cross topical and cross organizational promotion and awareness raising efforts in the spirit of One UN already led and will lead in future to cooperation with e.g. UNODC, UNICEF, ILO, UNWOMEN, etc.

The learnings, methodologies, experiences and tools are today also utilized in other programs and projects of UNIDO in the entire SEA region based on an active networking with relevant stakeholders and the support of UCOs in the region. National Experts are already engaged with projects in e.g. Cambodia, Malaysia and in the near future Myanmar and China.

**UNIDO Chief Technical Adviser
Mr. Gunnar Koren
received the Memorial Medal for
Cooperation from MPI**



(Mr. Koren, UNIDO CTA and Mr. Dang Huy Dong, Vice Minister, MPI)

On 18 April, Mr. Gunnar Koren, Chief Technical Advisor of the “Technical Assistance to Business Registration Reform in Viet Nam” project received the Memorial Medal for his contribution to the creation of the National Business Registration System. The Medal was awarded by MPI Vice Minister Mr. Dang Huy Dong who expressed his gratitude to Mr. Koren, as well as to the staff of the Agency for Business Registration (ABR), SECO, NORAD and UNIDO.

**L’ONU DI à la Journée
Internationale de la Francophonie**



(Group of French Speaking Ambassadors and Head of Agencies in Viet Nam)

UNIDO was invited to attend "La Journée Internationale de la Francophonie", celebrated on March 15th 2014. The official ceremony was opened by H.E. M. Abdou Diouf, Secretary General, Organisation Internationale de la Francophonie (OIF).

Lifestyle Vietnam2014

Lifestyle Viet Nam 2014 is one of the most impressive home decor, gift and house ware fair in South East Asia.



It was held during 18-21 April 2014 in Ho Chi Minh City, Viet Nam. The fair promoted the National Brand for Vietnamese handicraft sector *Vietcraft Value* which was developed with the technical support of UNIDO under the Joint Program on Green Production and Trade funded by the Spanish MDG Fund.

The fair is organized annually by Viet Nam Trade Promotion Agency and Viet Nam Gift & House wares Association of the Ministry of Industry and Trade.

For detail of the Lifestyle, please visit:
<http://lifestyle-vietnam.us/mdl/fair/fair-information.html>



The United Nations Industrial Development Organization (UNIDO) is **the specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability.**

The Organization draws on four mutually reinforcing categories of services: technical cooperation, analytical and policy advisory services, standard setting and compliance, and a convening function for knowledge transfer and networking.

UNIDO's vision is a world where economic development is sustainable and economic progress is equitable. The Organization focuses on three main thematic areas:

- **Poverty reduction through productive activities**
- **Trade capacity-building**
- **Energy and environment**

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UNIDO VIET NAM

Add: No. 72 Ly Thuong Kiet, Hoan Kiem, Ha Noi

Tel: +84 4 3822 4490 / 3942 4000

Fax: +84 4 3942 2484

Email: office.vietnam@unido.org

Web: www.unido.org - www.un.org.vn