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OCCASION

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UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Inclusive and Sustainable Industrial Development in Arab Region



LIST OF ACRONYMS

AfDB	African Development Bank	IFC	International Financial Corporation
AGFUND	Arab Gulf Program for UN Development Organizations	ILO	International Labour Organization
AIDA	Accelerated Industrial Development of Africa	IPoA	Istanbul Plan of Action (LDCs)
AIDMO	Arab Industrial Development and Mining	ISID	Inclusive and Sustainable Industrial Development
AU	African Union	ICIEC	Islamic Development Bank Group Insurance of Investments and Export Credits
AUC	African Union Commission (for Trade and Industry)	ITC	International Trade Center
BADEA	Arab Bank for Economic Development in Africa	LDCs	Least Developed Countries
BCEAO	Central Bank of West African States	LAS	League of Arab States
BEAC	Bank of Central African States	LRF	Lebanese Recovery Fund
BOAD	West African Development Bank	MRU	Mano River Union
CAMI	Conference of African Ministers of Industry	MVA	Manufacturing Value Added
COMESA	Common Market for Eastern and Southern Africa	NQI	National Quality Infrastructure (Malawi)
CP	Country Programme	OFID	OPEC Fund for International Development
EDIP	Enterprise Development and Investment Promotion	PCPs	Partnership Country Programmes
ECOWAS	Economic Community of Western African States	PMPA	Pharmaceutical Manufacturing Plan for Africa
ECOWREX	Observatory for Renewable Energy and Energy Efficiency (ECOWAS)	POPs	Persistent Organic Pollutants
ECREEE	Centre for Renewable Energy and Energy Efficiency (ECOWAS)	PPP	Public Private Partnership
EDF	European Development Fund	RECP	Resource Efficient and Cleaner Production
EIB	European Investment Bank	RECs	Regional Economic Communities
EIEs	Emerging industrialized economies	SMEs	Small- and Medium-sized Enterprises
EIF	Enhanced Integrated Framework	SQAM	Standardization, Quality Assurance, Accreditation and Metrology
EU	European Union	SSTIC	South-South and Triangular Industrial Cooperation
FAO	Food and Agriculture Organization	TC	Technical Cooperation
FDI	Foreign Direct Investment	UEMOA	West African Economic and Monetary Union
GAFTA	Greater Arab Free Trade Area	UMA	Arab Maghreb Union
GCC	Gulf Cooperation Council	UNDAF	United Nations Development Assistance Framework
GCIP	Global Cleantech Innovation Programme	UNDG	United Nations Development Group
GDP	Gross Domestic Product	UNDP	United Nations Development Programme
GEF	Global Environment Facility	UNECA	United Nations Economic Commission for Africa
GOIC	Gulf Organization for Industrial Consulting	UNEP	United Nations Environment Programme
HP	Hewlett Packard	WHO	World Health Organization
ICT	Information and Communications Technologies	WTO	World Trade Organization

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INTRODUCING ISID

UNIDO's long-term strategy of inclusive and sustainable industrial development (ISID) was adopted by UNIDO Member States at the General Conference in December 2013. Through this strategy, UNIDO aims to harness the full potential of industry's contribution to the achievement of sustainable development in the post-2015 era, and lasting prosperity for all.

Industry is the most dynamic driver of prosperity and collective wellbeing. No country has ever reached a high level of economic and social development without having developed an advanced industrial sector. However, too often in the past these transformative structural changes have also been accompanied by environmental degradation and increased social inequalities.

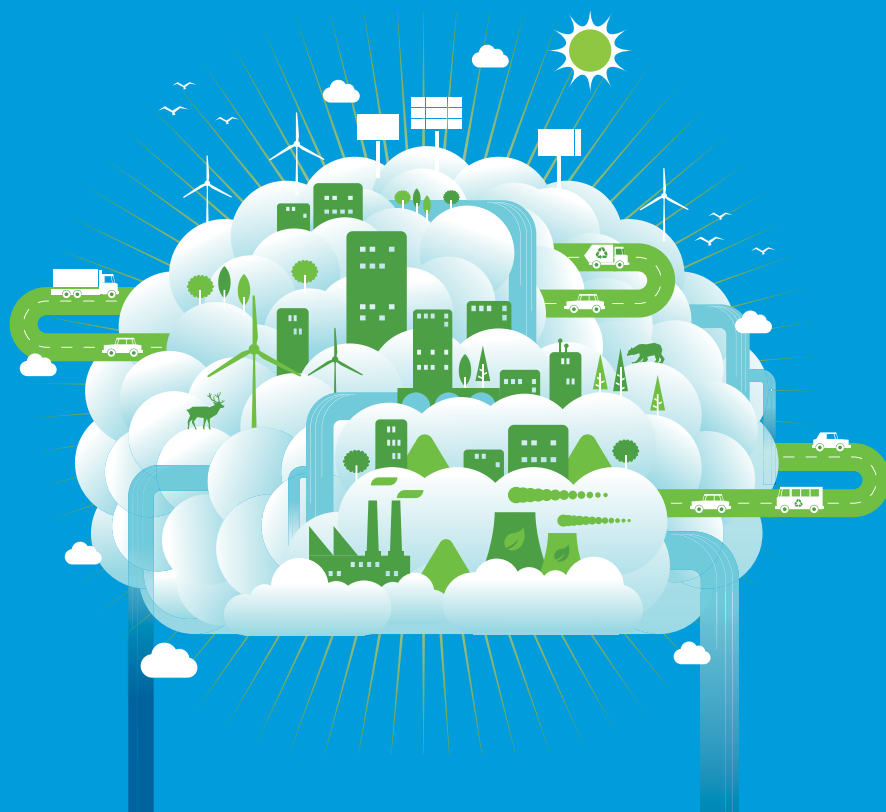
In order to ensure equitable distribution of the economic benefits of industrialization, a robust environmental and social framework must therefore be established. ISID aims to address the multidimensional causes of poverty, through creating shared prosperity, advancing economic competitiveness, and safeguarding the environment.

ISID ensures 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, urban and rural communities and large and small enterprises in all countries;
- » Broader economic and social growth is supported within an environmentally sustainable framework, so that industrial expansion does not jeopardize the well-being of future generations;
- » The unique knowledge and resources of all relevant development actors are combined, including those of the private sector and international financing institutions, to maximize the development impact of ISID.

The importance of industrial development for sustainable development was explicitly recognized by the United Nations General Assembly in their proposition concerning the Sustainable Development Goals (SDGs), which includes inclusive and sustainable industrialization as SDG-9, along with fostering innovation and building resilient infrastructure.

Goal 9 acknowledges that industry and industrialization are the main drivers of sustained economic growth, environmental sustainability and shared prosperity.



THE REGIONAL CONTEXT

UNIDO's Arab Bureau covers 20 Arab countries out of a total 22 League Arab States, namely: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, the Syrian Arab Republic, Tunisia, the United Arab Emirates and Yemen. These countries are geographically distributed between Arab countries on the northern African continent and Arab countries in Western Asia Arab countries. The latter includes the Gulf sub-region. The Arab Region counts four Least Developed Countries namely Somalia, Sudan, Yemen and Djibouti under Arab bureau coverage.

The primary economic activity of 50% of the Arab population is agricultural and largely confined to rural settings and their earnings account for no more than 15% of total Arab Gross Domestic Product (GDP). The share of women working in non-agricultural jobs is extremely low; in fact, at less than 20%.

Keeping in mind that the public sector constitutes a large share of total formal employment, the region managed to reduce the overall unemployment rate from 12% to 9.3% in the 20 years between 1990 and 2010. However, as a region, youth unemployment is the highest globally at 23.2%, compared to a world average of 13.9%, and varies significantly within sub-regions, as per the ILO report, "Rethinking Economic Growth: Towards Productive and Inclusive Arab Societies". Although Egypt, Tunisia, Iraq, Lebanon, Jordan, Yemen and Libya experienced rapid economic growth during the period 2000-2011, they suffered a sharp economic slowdown following the so-called Arab spring.

The group of oil exporting countries was estimated to grow annually by only around 2.8% in 2015. Growth for high-income Gulf Cooperation Council (GCC) oil exporters is estimated to range from 3.2% to 3.8% for 2015 while growth in the Middle East and North African Region as a whole is forecasted to remain fairly flat at about 2% in 2015.

If the security situation improves and oil exports increase, the regional average annual growth could surge to 4-5% in 2016. The main reasons for this sluggish growth are: prolonged conflict and political instability in Syria, Iraq, Libya and Yemen; low oil prices that drag down growth in oil exporting countries; and the slow pace of reforms that is impeding resumption of investment according to World bank sources.

Regional Country Groupings

Table 1: Arab Region countries grouped according to income levels

High-income countries	Bahrain, Kingdom of Saudi Arabia (KSA), Kuwait, Oman, Qatar and the United Arab Emirates (UAE)
Upper middle-income countries	Algeria, Jordan, Lebanon, Libya and Tunisia
Lower middle-income countries	Djibouti, Egypt, Iraq, Morocco, Palestine, the Syrian Arab Republic, Sudan and Yemen
Low-income country	Somalia

Source: UNIDO statistical unit, 2014



UNIDO Field Offices in Arab Region

- ⬢ **1 Regional Office:** Egypt covering Libya
- **5 Country Offices:** Algeria, Lebanon (also covers Jordan and Syrian Arab Republic), Morocco, Sudan (also covers Djibouti and Yemen), Tunisia
- ▲ **1 UNIDO Desk Office:** Jordan

Table 2: Arab Region countries grouped according to their industrialization level

Industrialized economies	Bahrain, Kuwait, Qatar and the United Arab Emirates (UAE)
Emerging industrialized economies (EIEs)	Kingdom of Saudi Arabia (KSA), Oman and Tunisia
Other Developing Economies	Algeria, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Palestine, and the Syrian Arab Republic
Least Developed Countries (LDCs)	Djibouti, Somalia, Sudan and Yemen

The Greater Arab Free Trade Area (GAFTA). GAFTA's membership includes 17 Arab countries: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, the Syrian Arab Republic, Tunisia, the United Arab Emirates and Yemen. The legal framework is based on a 1981 agreement for trade facilitation between Arab countries. The General Secretariat of the League of Arab States (LAS), mainly its Economic and Social Council, is responsible for follow-up of the agreement's implementation. GAFTA's objectives aims at increasing in investment opportunities, regulations guaranteeing fair competition and the enhancement of research and development. (Source: *League of Arab States, 2015*)

The Gulf Cooperation Council (GCC): The GCC has six Member States: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. It is comprised mainly of oil producing countries that focus on economic diversification to better address developmental issues that particularly affect oil- and gas-driven economies. The GDP share of non-hydrocarbons output has increased steadily but remains closely correlated with oil prices and export diversification, a key ingredient for sustainable growth. (Source: <http://www.imf.org/external/>)

The Arab Maghreb Union (AMU). The AMU was established in 1989 with the signing of the Treaty of Marrakesh by the five founding members: Algeria, Libya, Mauritania, Morocco and Tunisia. The aim of AMU is mainly trade facilitation.

UNIDO's Regional Partner Associations

UNIDO seeks to strengthen its partnerships with international, regional and national organizations. In the Arab Region, UNIDO is developing partnerships to promote its ISID vision by reaching out to national and regional institutions, the private sector and civil society through a myriad of entities, such as the:

- Islamic Development Bank Group Insurance of Investments and Export Credits (ICIEC);
- Arab Bank for Economic Development in Africa (BADEA);
- Arab Industrial Development and Mining (AIDMO);
- Gulf Cooperation Council (GCC);
- Gulf Organization for Industrial Consulting (GOIC);
- OPEC Fund for International Development (OFID);
- League of Arab States (LAS);
- United Nations Economic and Social Commission for Western Asia (UN-ESCWA);
- United Nations Economic Commission for Africa (UNECA);
- Common Market for Eastern and Southern Africa (COMESA);
- Islamic Development Bank (ISDB);
- Council of African Ministers for Industry (CAMI); and the
- African Union (AU).

Recognizing the importance of fostering cooperation, the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC) and UNIDO signed a Memorandum of Understanding (MoU) in 2006 that remains in force. While the Arab Bank for Economic Development in Africa (BADEA) agreed to work with UNIDO to stimulate Arab capital investment and technical assistance in selected African countries. The Arab Industrial Development and Mining (AIDMO) concluded various partnership activities with UNIDO in an effort to forward an Arab approach that coordinates industrial development plans and policies and develops joint technological expertise to promote a favorable industrial investment environment for Arab and foreign capital. As for the League Arab States, a 1994 draft relationship agreement between UNIDO and the LAS was considered for amendment in early 2014 for finalization.

Arab Regional Development Priorities

Exacerbated as it always is by unemployment and political instability, poverty remains one of the Arab Region's greatest obstacles. Job creation is one of UNIDO's tried-and-true method to alleviate it. There are also other ways and means to promote industrial development in the Arab Region.

For example, in Iraq, Lebanon, Jordan, the Syrian Arab Republic and Palestine—the Arab States of the **West Asia sub-region excluding GCC countries and Yemen**—UNIDO's development approaches target the following: 1) formulation of sound industrial policy strategies and fostering of a dynamic, entrepreneurial private sector ; 2) promotion of investment and technology; 3) improvement of production quality and expansion of export markets; and 4) promotion of rural development, renewable energy and environmental protection, including water management and industrial waste containment.

The **Gulf Council Countries**—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates—seek to provide high quality technical advice for developing human resources, increasing diversification, protecting the of environment, promoting new competitive technologies, technology parks and innovations, cultivating private sector partnerships, and consolidating integration and regional cooperation.

For the **Northern African sub-region**—Algeria, Egypt, Tunisia, Libya and Morocco—UNIDO helps these countries to set achievable priorities, such as creating sustainable jobs and “growing” local industries in the Euro-Mediterranean Free Trade Area. This includes introducing measures to promote competitive trade expansion, with emphasis on the private sector and SME development as a means of generating income.

The Arab LDCs—Djibouti, Somalia, Sudan and Yemen—stand to benefit from liberalized trade flows, but only if existing supply-side value chain constraints in industrial sectors and agri-businesses can be overcome.

Efforts toward economic diversification

West Asia Arab Sub-region (excluding the GCC and Yemen): For Iraq, Jordan, Lebanon, Palestine and the Syrian Arab Republic, the key development partners are the private sector, manufacturing businesses and small- and medium-sized enterprises (SMEs). All are major sources of income, job creation and economic growth and have fed into successes in the agro- and textile industries, as well as into post-recovery schemes. Notwithstanding this progress, a few countries have suffered a great deal of instability, resulting in the destruction of physical productive capacities and infrastructure, as well as weakening institutional capacities. Political instability has a spill-over effect that—both directly and indirectly—adversely affects sustainable economic development. This, in turn, has necessitated UNIDO's post-crisis intervention responses, which aim to counteract stakeholders' reluctance to invest in otherwise robust projects.

UNIDO responds to the challenges faced in the West Asia Arab sub-region by:

- Formulating a sound industrial policy strategy;
- Aiding in stabilizing the macro-economic climate;
- Assisting in trade facilitation to provide a suitable environment for business development;
- Combating extreme poverty by ensuring food supplies, water and basic healthcare; and
- Rehabilitating industrial enterprises.



Iraq enterprise development centres



Practical training for the Iraqi Accreditation system (IQAS) and Iraqi Ministry of Health on the accreditation of medical laboratories during a study visit to Stockholm, Sweden



Assessment of microbiological laboratory of the Central Organization for Standardization and Quality Control (COSQC) in Baghdad, Iraq

UNIDO Iraq Private Sector Programme produced multiple positive outcomes for project beneficiaries (e.g. the Iraqi private sector),

- ✓ Four Enterprise Development Centres (EDCs) provided capacity building to more than 600 Iraqi entrepreneurs;
- ✓ Five Iraqi delegations attended international fairs and exhibitions involving 105 Iraqi private companies, resulting in 739 “Business-to-Business” (B2B) meetings with international companies;
- ✓ 128 Iraqi companies availed themselves of investment promotion services, resulting in 35 partnership agreements;
- ✓ 189 SMEs were created (i.e. 111) or expanded (i.e. 78) throughout the project’s duration. The estimated cumulative employment impact of these projects is 1,040 new jobs; and
- ✓ US\$ 7 million was the estimated value generated through investment promotion services during the two-year project period, extended until the end of 2014.

• **Iraq:**

- Enterprise creation, access to finance and investment promotion Iraq: enterprise development centres
- Capacity building for Iraqi Accreditation System

• **Lebanon:**

Founded in November 2008, the Libanpack centre, through the joint support of the UNIDO’s project entitled “Market Access and Compliance for Lebanese Export (MACLE)”, funded by the Government of Switzerland through its State Secretariat for Economic Affairs (SECO), ALI (the Association of Lebanese Industrialists) and the syndicate of packaging industries in Lebanon, continues to serve the entire region. It is a non-profit private association that acts as a national packaging nexus.

Following the 2014 Syrian crisis, UNIDO in Lebanon, in cooperation with the Ministry of Industry, launched a project that supports SMEs’ manufacturing capacities and enhances their competitiveness and integration into global markets, as well as promoting income-generating activities and strengthening household economies in rural communities.

• **Palestine:**

A marble-quarrying enterprise has, with UNIDO’s support, advanced to become a centre of excellence” for high-quality marble had significant potential to develop a “niche” role within the Palestinian economy by up-skilling the sector and enabling further marketing of stone and stone-waste products, both regionally and internationally.

• **Syrian Arab Republic:**

UNIDO’s upgrading and modernization programme developed the competitiveness of the textile value chain by enabling each enterprise to benefit from new trade opportunities.

African Arab Sub-region. Algeria, Egypt, Libya, Morocco and Tunisia are the five predominantly Arab countries located on the Africa continent. UNIDO provides these countries with technical assistance to meet sustainable development goals. This is achieved through productivity growth and economic policies at the national and sub-regional levels that concentrate on poverty alleviation and income generation via job creation.

Within these parameters, the UNIDO Arab Programme between 2013-2014 responded to the following ISID challenges by:

- Enhancing the role of industry through productive capacity building and rural development;
- Promoting private sector development and business partnerships by creating manufacturing businesses;
- Encouraging small- and medium-scale industries and encouraging women’s entrepreneurship;
- Modernizing and upgrading the industrial sector, including SMEs;
- Fostering economic policies and institutional reforms to promote investment and attract foreign direct investments;
- Promoting technology: Technology transfer and development, information and communication technologies (ICT) and global networking through strengthened South-South cooperation within the sub-region, as well as with other African countries;
- Fostering youth employment through entrepreneurship;
- Protecting the environment through water management and industrial waste control; and
- Promoting global networking.

• Tunisia:

In 2013, UNIDO launched an initiative to foster youth employment through entrepreneurship and enterprise development and aimed at four vulnerable regions: Kairouan, Kasserine, Le Kef and Sidi Bouzid.

Results:

More than 740 aspiring young entrepreneurs and 500 students received Hewlett Packard LIFE e-Learning training. More than 7,000 Tunisians accessed these online courses to transform creative ideas into sound business plans. Training was conducted, for example, on “Greening your Business”. The project has been branded “Mashrouzi” – “My project” in Arabic – and a website, as well as a project Facebook page, are up and running to provide information and regular updates.

Tawfik comes from a family of entrepreneurs in Kairouan. When he was 8 years old, Tawfik decided to use his pocket money to buy olives and conserves, which he sold in front of his father’s shop. From that moment on Tawfik knew that he also wanted to become an entrepreneur. Kairouan is famous in **Tunisia** for its olive groves. When Tawfik discovered that the table olives sold in the local shops were processed in the surrounding regions - due to a lack of knowledge and facilities - he was determined to make his dream a reality. In 2008, he set up his own olive and conserves business and now employs over 20 people. The numerous shops in Kairouan stock his produce and he also sells wholesale to suppliers across Tunisia from his factory premises. After a 3 year wait, he has just received financing to buy a new machine to process the olives so that he can increase production and move away from the traditional method of processing by hand. HP LIFE e-Learning gave him confidence and equipped him with the business and IT-skills for this important next step in the growth of his business. It also provided him with vital tools for recruiting and managing the new employees that he needs to support his expansion plans. In the future Tawfik wants to be the number one supplier of table olives and conserves in Tunisia. He has big ambitions and is already negotiating with potential customers from Dubai and Turkey.



Tawfik Segni (35 years old)
HP LIFE e-Learning gave him confidence



- **Egypt:**

The Egyptian Traceability Centre for Agro-Industrial exports (ETRACE), a Centre of Excellence for Traceability and Agribusiness Trade Development, launched since 2004 by UNIDO assists Egyptian farmers, food producers and packing houses to meet international food quality, safety and traceability standards, ensuring that products are safe for consumers in both domestic and international markets and do not encounter barriers to trade.

Between 2010-2013 ETRACE achieved the following: 45,000 farms and almost five million people were reached by the project; 1,500 persons were trained, including 52 trainers; and personnel at 90 out of 200 packing houses, which account for approximately 85% per cent of total exports, were trained.

Traceability systems have helped Egyptian exporters to: overcome trade barriers, ensure continuity of exports and minimize risks for businesses and employees; Improve management of the food supply chain; reduce recall expenses; mitigate contagious diseases and protect food chains; increase the demand for, and competitiveness of, Egyptian products; and attract new foreign direct investment in the agro-industrial sector, thus creating more jobs.

Arab Least Developed Countries (LDCs). While Arab LDCs—Djibouti, Somalia, Sudan, and Yemen—continue to be dominated by agricultural and services activities, industrial development through promoting Small and Medium-sized Enterprises (SMEs) is becoming increasingly important. In terms of exports, Arab LDCs must gain access to the appropriate technologies. For example, in June 2013 a new programme prepared with UNIDO’s support served as a roadmap for the industrial modernization of the Republic of Sudan.

In late 2014, Djibouti’s project, entitled “Empowerment of the poor and women in flood-prone communities to build resilience to natural disasters through diversified livelihoods”, was formulated, and received US\$ 330,000 from the Government of Japan and is being implemented by UNIDO in close cooperation with the Ministry of Economy and Finance. It will help raise the resilience level of vulnerable population groups, especially women, in the face of natural disasters by providing them with productive skills, thus helping them to be more adaptable and diversify their livelihoods.

UNIDO and its Donors

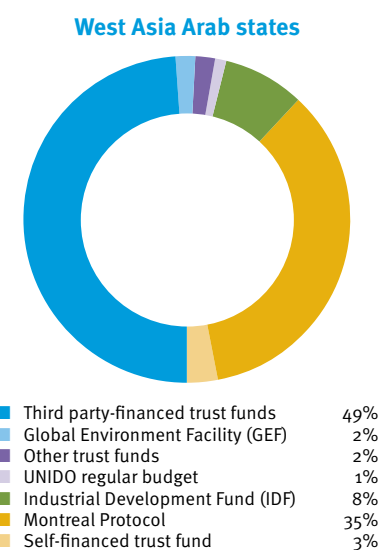
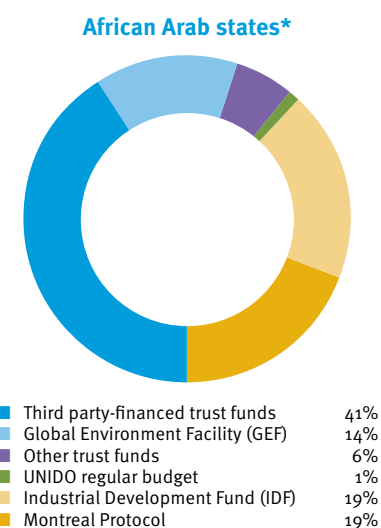
In West Asia Arab countries, UNIDO will work actively to optimize its benefits from Global Environment Facility (GEF) funding schemes (2%). At the same time, the region benefitted from a variety of funding schemes, mainly third party-financed trust funds (e.g. multi-donor trust funds from 2013-2014 related to post-recovery programmes). Most Arab countries are middle-income countries. Projects in the region benefitted particularly from Japanese supplementary funding for post-crisis interventions, as well as from other trust funds, such as human security funds which specifically targeted technical cooperation in Egypt, Lebanon and Jordan.

For African Arab states, the benefits from GEF funding were significant: between 2013-2014 the total percentage of funding sources increased to 14 % compared to only 2% in West Asian Arab countries during same period.

In sum, UNIDO's Arab Member States are mostly middle income countries and therefore not of same primary interest to all the donor community. The region nevertheless benefitted from a variety of funding schemes as follows:

- **Austria:** Funding for various national cleaner production activities was provided, mainly in relation to the Lebanese Cleaner Production Center (LCPC) in **Lebanon** until late 2013.
- **Canada:** In 2013 in partnership with the Canadian International Development Agency (CIDA) and UN WOMEN, UNIDO in **Egypt** designed a project to upgrade date palms value chains. The project uses an integrated demand-based approach, supporting all value chain actors to upgrade their production and increase the level of value addition.
- **EU:** Until the end of 2013, the European Union funded the **Sudan's** Youth Entrepreneurship Development (YED) programme and the Community Livelihood and Rural Industry Support Programme (CLARIS). In early 2014 a programme entitled "Support for the Development of Cultural and Creative Industries and Clusters in the Southern Mediterranean" in the amount of almost EUR 8 million was granted EU funding.
- **Italy:** Between 2012 and 2014, Italy funded of a project to assist the Government of **Iraq** in developing industrial zones to provide a favorable business environment for domestic and foreign companies.
- **Japan:** From 2010-2014, the Japanese Ministry of Foreign Affairs provided more than US\$9.8 million through its Supplementary Fund to support a number of countries (including e.g **Lebanon, Jordan**) in their efforts to foster livelihood activities.
- **Kuwait:** Significant self-funding from Kuwait since 2011 was provided for a project aimed at increasing the export competitiveness of Small- and Medium-sized in **Kuwait** enterprises.
- **Sweden:** The Swedish International Development Cooperation Agency (SIDA) funded UNIDO's project entitled "Strengthening the national quality infrastructure to facilitate trade and enhance consumer protection", which was launched in **Iraq** in 2012-2014.
- **Switzerland:** A Swiss contribution to UNIDO was made to develop agri-business and fishing value chains from which both **Morocco** and **Tunisia** benefitted. Another herbal medicine project in **Egypt** was also funded. UNIDO activities in the area of Standards, Metrology, Testing and Quality (SMTQ) were co-funded by the Swiss State Secretariat for Economic Affairs (SECO);
- **Interagency funding:** Islamic development bank funding (i.e. International Islamic Trade Finance Corporation) was provided through the "Aid for Trade" regional initiative from the following UN System partners: ILO, ITC, ITFC, WTO and UNCTAD. Actions to leverage cooperation with support from relevant donors and development institutions like the EU, BADEA, IFAD, OFID and other Arab regional development funds (e.g. Kuwait Development Fund) have increased but require both active programmatic and strategic follow-up.

UNIDO project funding sources, 2013-2014



*Source: UNIDO Annual Reports compilation 2013-2014. Other trust funds include projects/grants financed from other United Nations agencies and funds, One United Nations Funds, Spain's MDG Achievement Fund, the Common Fund for Commodities (CFC), co-financed investment promotion services (IPS) activities.

TECHNICAL COOPERATION IN THE ARAB REGION 2013 - 2014

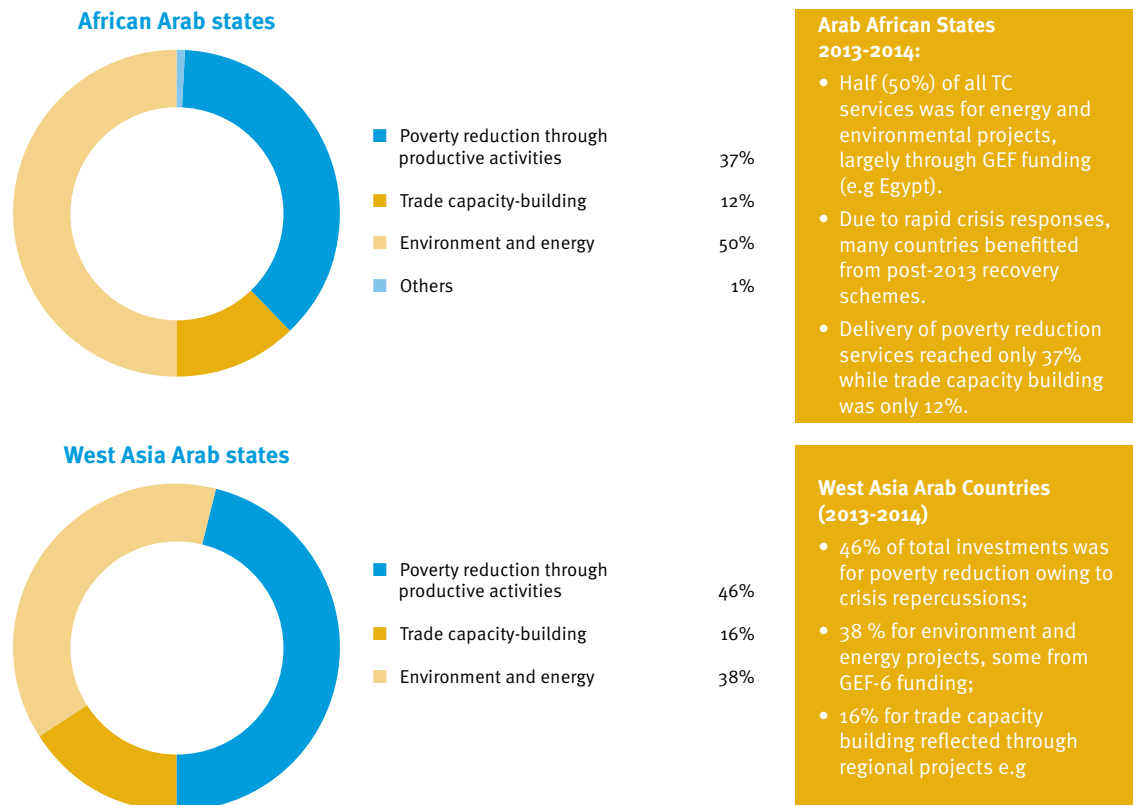
Overview

The steady, if uneven, economic growth of the Arab Region in recent years reflects the fact that countries in the region range from rich oil producers to Least Developed Countries. There has been a concomitant increase both in the consumption of resources and the generation of pollution and waste, necessitating environmental interventions.

UNIDO's Arab Region TC focus in 2013-2014 was on the newly introduced ISID strategy designed to address all four dimensions of UNIDO's sustainable development priorities in the post-2015 agenda: 1) creating shared prosperity; 2) addressing social cohesion and human security; 3) advancing economic competitiveness; and 4) safeguarding the environment.

- 1. Creating shared prosperity:** UNIDO's 2013 General Conference featured a "gender first" of sorts: an interregional debate on women entrepreneurs and their vital role in achieving the Organization's vision of inclusive and sustainable industrial development. With hundreds of delegates in attendance, including distinguished representatives from the Arab Region, the debate on empowering women

Technical cooperation by thematic area in the Arab Region, 2013-2014



Sources: UNIDO Annual Reports 2013-2014

and fostering entrepreneurship marked a milestone in UNIDO's efforts to promoting gender equality, which, in its turn, has been proven to contribute to shared prosperity.

2. **Addressing social cohesion and human security.** In 2013, UNIDO focused on recovery and post-conflict interventions, initiating several projects addressing social cohesion and human security in Egypt, Jordan, Lebanon, Sudan and Tunisia and supported by the Government of Japan's supplementary funding mechanism for selected projects. In April 2013, UNIDO participated in the International Donor Conference for Darfur, hosted by the Government of Qatar in Doha, and also assumed the co-leadership role with the World Bank for the Private Sector Development Thematic Group under the Darfur Strategy. In 2014 in Lebanon, UNIDO supported the Government's efforts to mitigate the adverse domestic effects of the crisis in the neighbouring Syrian Arab Republic.
3. **Advancing economic competitiveness.** During UNIDO's 2013 General Conference in Lima, Peru, the Organization signed a joint declaration with Libya on sustainable industrial development for inclusive growth and employment generation.
4. **Safeguarding the environment.** Funded by the EU, a regional MED-TEST project has been designed to address pollution from Morocco, Egypt and Tunisia land-based activities of industrial pollution hot spots identified in the Strategic Action Plan of the Mediterranean Sea.

UNIDO supported activities within the Arab region for the 2013-2014 biennium included briefly:

ALGERIA

- **Environmental protection:** projects related to the Montreal Protocol on Substances that Deplete the Ozone Layer and the Global Environment Facility's support for projects that reduce human and environmental exposure to Persistent Organic Pollutants (POPs) were in operation in 2013-2014. Algeria's national implementation plan for the Stockholm Convention that focuses on eliminating or restricting POPs production and use was reviewed and updated.
- **Agro-industries:** A programme on the modernization and diversification of the agro-industries sector introduced at the request of the Algerian Ministry of Industry.
- **Technology training:** Together with Hewlett-Packard, UNIDO conducted the "GET-IT" technology initiative and training package (from 2010 to 2013).

EGYPT

- **EMAP:** This project entitled Export of Egyptian Medicinal and Aromatic Plant Products is an agro-industrial development initiative aiming at upgrading medicinal and aromatic plant (MAP) value chains
- **Culture and Creativity projects:** Egypt is taking part in the regional programme on "Support for the Development of Culture and Creative Industries and Clusters in the Southern Mediterranean".
- **EPALM:** This programme targets upgrading of Egypt's date palm value chain.
- **SMEs and industrial efficiency:** These Montreal Protocol-related projects aim to unleash energy efficiency and renewable energy potentials.
- **Environmentally friendly technologies** projects promote low-carbon technologies for heating and cooling applications.



UNIDO Seminar on Facilitating the Export of Egyptian Medicinal and Aromatic Plant Products through Upgrading Processing Techniques

- **Switch-Med:** Regional demonstration and networking project
- **Human security:** Projects that feature inclusive social development interventions in Upper Egypt.
- **SMEs and export consortia:** This interregional project promotes SMEs and export consortia
- **Green trade:** This initiative supporting “green trade” under the Italian debt swept mechanism.

SYRIA

- **Industrial Modernization programme** Phase funded by Syrian Government notably with an Action plan prepared for establishing a textile technical centre
- **Institutional Strengthening (IS)** Phase IV funded by Montreal Protocol
- **Hydrochlorofluorocarbon (HCFC) Phase-Out:** A man-made chemical commonly used as a refrigerant and blowing agent in foam manufacturing, the Montreal Protocol branded HCFC-22 and HCFC-141B as damaging to the environment due to their ozone depletion potential and status as a potent greenhouse gas. This UNIDO project is part the HCFC Phase-out Management Plan (HPMP) and HCFC Phase-Out Investment Activities in the foam sector. (Source: http://ozone.unep.org/Events/ozone_day_2011/HCFC%20Leaflet.pdf?ref=binfind.com/web)

TUNISIA

Supporting young entrepreneurs in Tunisia entails improving their livelihoods and social security as follows:

- **Entrepreneurship:** This project aims to facilitate youth employment through entrepreneurship and enterprise development in vulnerable regions of Tunisia (i.e. Le Kef, Kairouan, Kasserine and Sidi Bouzid).
- **Market access:** Facilitation of market access for selected value chains of typical Tunisian food products is being carried out through the US\$ 3 million project focused on the development of “cluster networks”.
- **Skills strengthening:** A project targeting the integrated development of Tunisian olive woodcraft value chain in Sidi Bouzid is part of UNIDO’s programme on sustainable and cleaner production and reinforces the operational aspects by strengthening national skills.



Norway's 2014 grant of US\$ 4.4mn supports the sustainable management of marine fisheries in Sudan.



Industrial Modernization Programme in Sudan: the soy bean component

SUDAN

- **Red sea Marine Fishery:** The project “Building institutional capacities for the sustainable management of the marine fishery in the Red Sea State”, with a projected budget of Euro 4.8 million is being funded by the Government of Norway as part of the Industrial Modernization Programme (IMP)
- **Industrial Modernization:** Entitled “The Industrial Modernization Programme (IMP) of the Republic of Sudan”, this initiative promotes productive activities, industrial policies, institution building and industrial support. The programme, finalized in late 2013, covers six sectors: leather and leather good manufactories; fisheries; agricultural fertilizers; animal feed; food processing sector (i.e. fresh fruit and vegetables; groundnuts and edible oil products); and cotton lint and spinning/textiles. The expressions of interest by both the Sudanese Government and the private sector around a leather sector industrial park are in line with UNIDO’s ISID mandate.
- **Poverty reduction:** UNIDO co-led a 2013 project with FAO on the development “pillar” dealing with poverty reduction, inclusive growth and sustainable livelihoods.
- **Food security:** The “Sustainable Food Security through Community-Based Livelihood Development” is concentrated in South Kordofan, Sudan.
- **Coastal Livelihoods:** A project on the recovery of coastal livelihoods in Sudan, a Red Sea-bordering country, has been operational since 2010.
- **Soybeans:** A project on the soybean concept was funded by Japan’s Supplementary Fund scheme in 2014.
- **Peace and productivity:** Consultations continue with national counterparts and donors to introduce projects under the Community Livelihood and Rural Industry Programme concerned with processing, marketing and exporting, as well as with CLARIS’ on skills for peace and income”.

- **Monitoring Persistent Organic Pollutants (POPs):** Tunisia’s national inventory plan will update the list of new POPs.
- **Hydrochlorofluorocarbon (HCFC) Phase-Out:** UNIDO is providing policy and regulatory support in addition to the preparation of HCFC phase-out activities.



Practical “hands-on” lessons on Scania equipment



Training women for work in non-traditional sectors

IRAQ

- **Enhancing Investments** in Iraq through Industrial Zone Development programmes.
- **Investment Promotion for Iraq (IPI)**: Encouraging investment and development of a sound private sector in Iraq, proposed to consolidate the achievements of the existing UNIDO project “Enterprise Development and Investment Promotion for the SME sector in Iraq”.
- **Strengthening the National Quality Infrastructure**: This project to facilitate trade and enhance consumer protection is funded by Swedish donors (initially planned at US\$ 4.6 million) to upgrade infrastructure following international best practices with the aim of integration into the regional and international trade systems.
- **Vocational skills training**: The Swedish Academy for Training (SAT), a vocational skills training center established by UNIDO in partnership with Scania, the Swedish International Development Cooperation Agency (SID international education specialists Education First (EF), and the Kurdistan Regional Government’s Ministry of Labour and Social Affairs (MoLSA).
- **Environmental Protection**: Replacement of the refrigerant CFC-12 with Isobutene and Foam Blowing Agent CFC-11.

LEBANON

- **Poverty reduction**: A project on the Community Empowerment and Livelihoods Enhancement, CELEP II and III, followed by a project supporting host communities in Lebanon and aiming to reduce poverty through improved productive capacities.



Sustainable Livelihoods for Affected Communities in Lebanon through Enhancing the Manufacturing Capacities of SMEs (Bekaa valley, 2014)



- **Supporting host communities**: A project to support Lebanese host communities affected by the Syrian crisis is being carried out.
- **Creative industries**: The development of creative industry clusters (CCI) in southern Mediterranean countries is part of a regional programme
- **MED TEST II**: a regional project initially budgeted at US\$ 8 million has been designed to address pollution from land-based activities, especially industrial pollution “hot spots” identified in the Strategic Action Plan as part of the implementation of UNEP’s Mediterranean Action Plan (MAP).
- **ISID Implementation**: A preparatory assistance project for a new country programme framework in line with ISID was planned in late 2014 in keeping with the request from Lebanon’s Ministry of Industry.

PALESTINE

The following UNIDO joint concepts proposals were prepared for an Arab donors meeting organized within the UNCT / UNDAF framework and held in June 2014 still subject to future funding schemes.

- **Historical preservation:** A 2014 project planned entitled “Rehabilitation of the Historic Environment in the Old Town of Hebron through Infrastructure Rehabilitation” for proposed execution by UNESCO and UNIDO.
- **Livelihoods and Linkages in Hebron:** A concepts concepts entitled “Building Stronger Livelihoods and Linkages in the Old City of Hebron” aims to help the residents of Hebron benefit from greater economic empowerment, improved livelihoods, access to decent work and food security. Proposed for start-up in 2016, the UN System executing agencies would be UN-HABITAT, UN Women and UNIDO.
- **Revitalizing Jerusalem:** Another concept planned in 2014 under UNDAF is entitled “Promoting the Livelihoods of Palestinians in the Old City of Jerusalem through Neighborhood Planning and Regeneration of Suq el-Lahamin and the Bazaar Markets”. Again, the proposed UN System executing agencies would be UN-HABITAT and UNIDO.

DJIBOUTI

- **Natural disaster resilience:** Late 2014 was the scheduled start of implementation of the Japanese Supplementary Fund-funded project entitled “Empowerment of the poor and women in flood-prone communities in Djibouti” aimed at building resilience to natural disasters through diversified livelihoods. The planned budget was US\$ 1.1 million and the first tranche of approximately US\$ 300,000 was approved late 2014.

YEMEN

- **Energy and the environment:** Significant number of Montreal Protocol projects over a period running from 2009 to 2014, mainly referring to energy and the environment and greener industry.
- **Trade capacity building:** The Enhanced Integrated Framework (EIF) programme proposal aimed at strengthening productive and trade capacities in Yemen was subject to revision owing various notable transitions.
- **Agro Value Chains:** SME development and entrepreneurship concept were explored with Yemeni officials in 2014 and will target selected agro-industries value chains (e.g. coffee)

Advocacy initiatives

Communication and advocacy activities in the Arab Region include the organization of, and participation in, regional and national industry-related activities. In cooperation with field office network, UNIDO regularly convenes national technical workshops with public and private stakeholders on the sectoral or regional implementation of ISID principles, as well as meetings with potential donors, project partners, governmental counterparts, private sector associations and others.

ISID Forums: The Arab Region participated in both the first and the second of UNIDO’s ISID Forums convened in 2014.

- During the first ISID Forum held in June 2014 in Vienna, Arab Region Member States engaged in strategic dialogue with regional financial institutions on how to formulate and operationalize “inclusive and sustainable industrial development” strategies and policies. That event also addressed the development of state-of-the-art business infrastructure and industrial parks in particular. Various Arab countries (e.g. Tunisia) expressed interest in the country partnership programmes.

- The Second ISID Forum in November 2014 targeted the establishment of innovative partnership-based business models to implement ISID strategies. After this Forum, UNIDO received a significant number of requests for new country programmes with a specific focus on industrial parks and infrastructure. At a donors' side event in November 2014, UNIDO's well-received presentation highlighted the achievements of Tunisia's "Fostering youth employment through entrepreneurship and enterprise development" project.

Morocco: ISID awareness-raising has proceeded apace and has been embedded into the formulation of new UNIDO programmes and projects. Close cooperation has also been established with the national focal point in connection with the post-2015 development agenda. Moreover, contacts with non-traditional donors (e.g. USAID) and the private sector (e.g. the Volvo Group) have been forged to identify and develop innovative future partnerships through which UNIDO, Volvo and other partners can support vocational training in Morocco. Together with the UN, UNIDO, USAID and the OCP Foundation, the focus will be on implementing human development-related community programmes in Morocco and in several Southern Mediterranean countries within a South-South cooperation context. The Volvo Group is starting a vocational training school for mechanics in Morocco and will annually train, in collaboration with local authorities, 150 students from Morocco, the Ivory Coast and Senegal. For details, see: <http://www.volvogroup.com/group/global/engb>.

Tunisia: In collaboration with the African Development Bank, the EU and the UN, UNIDO has supported the country's Youth Entrepreneurship projects, achieving significant outreach.



Phase-out of HCFC-141b of Polyurethane at Al-Arabi

Egypt: In October 2014 an Open House under the motto, "ISID – Investing in Egypt's Future" was carried out by UNIDO's Regional Office in Cairo. Participants included representatives from the Egyptian Government, UN partner agencies, international development partners, the private sector and civil society. ISID advocacy material was distributed to local counterparts and stakeholders. In observance of UN Day 2014 (24 October) in Egypt, UNIDO invited several of its project beneficiaries to display their products and share their success stories. For example, date farmers from Minya and Luxor, handicraft producers from Upper Egypt, representatives of renewable energy companies, waste recyclers and exporters of medicinal and aromatic herbs, together with UNIDO's management teams, agro-processing, industrial energy efficiency and SME development experts, presented UNIDO's TC projects and interacted with the public.

Lebanon: UNIDO gave an ISID presentation in particular focusing on the topic of energy at the Beirut Energy Forum in September 2014. As a result of these and other advocacy activities during 2013-2014, UNIDO's ISID vision and positioning for the post-2015 development agenda has gained credibility, as well as visibility for the Organization's "way forward".

Country evaluations

Morocco: A contribution to the GEF's country evaluation process took place in 2014 under country portfolio evaluations (CPEs) that were conducted by the Global Environment Facility's (GEF) Independent Evaluation Office (GEF-IEO). The final Morocco CPE Report assessed the effectiveness, results and sustainability, as well as the relevance and efficiency of GEF projects at the country level.

Tunisia: An evaluation of entrepreneurial support institutions was published in 2014 and presented to the Steering Committee in Kairouan. Outcomes and recommendations, mostly relevant to North Africa, provided useful for the future development of projects.

Iraq: An independent evaluation was completed in 2014 for the project, "Enhancing investments to Iraq through industrial zone (IZ) development". The report outlined the findings of the independent final

evaluation which spans the life of the project from its commencement in 2011 to its conclusion, which included twenty months of no-cost extension, in October 2014. The evaluation assessed the relevance, efficiency and effectiveness impact and likely sustainability of the project.

Sudan: Another independent evaluation in 2014 on the “Recovery of coastal livelihoods in the Red Sea State of Sudan” was undertaken. It was highly relevant to UNIDO’s focus on private sector and community entrepreneurship development. Finally, the project was donor-relevant in that activities were implemented in line with their specified criteria for poverty reduction, private sector development and gender equality.

Post-Crisis Interventions: In June 2014, UNIDO’s Post-Crisis Interventions thematic evaluation of the Organization’s policy and institutional framework for post-crisis engagement highlighted its significant contribution by restoring and building livelihood capacities of individuals and community groups, as well as economic revitalization structures.

Global Forum activities

- **2013:** UNIDO’s **Egypt** and other field offices contributed to events to raise awareness on activities relevant to human security in vulnerable communities (e.g. Upper Egypt). UNIDO has participated in the Regional Refugee and Resilience Plan, a multi-agency programme led by UNHCR and involving UNDP, ILO, UN Women and IOM since 2013.
- **March 2014: UNIDO Morocco** participated in the meeting of the Intergovernmental Committee on Regional Value Chains in Rabat and used the occasion to raise visibility on ISID and UNIDO’s work in the field of regional value chains.
- **March 2014: UNIDO Morocco** utilized the observance of World Water Day on 22 March 2014 on the theme of “Energy and Water” as an opportunity to introduce UNIDO’s approach of placing the water-energy-food nexus at the center of the green industry initiative.
- **March 2014: UNIDO vienna.** A workshop on “Sub-contracting and Partnerships: Perspectives” at UNIDO HQ was organized for Algerian officials from the cities of Oran, Constantine, Alger and Ghardaïa. An overview on technical cooperation in Algeria was presented and the workshop provided an opportunity to align technical activities with UNIDO’s new ISID mandate.
- **May 2014:** UNIDO’s Arab Bureau actively participated at the activities of the 7th Arab-Austrian Economic Forum and Exhibition on the occasion the 25th anniversary of the Austro-Arab Chamber of Commerce (AACC) at Vienna’s City Hall.
- **June 2014: Morocco.** At the Crans Montana Forum in Rabat, UNIDO participated in the Roundtable on food security while raising awareness of the Organization’s new ISID mandate.
- **July 2014:** The Government of Italy recently earmarked € 972,000 for a project to promote women’s entrepreneurship for ISID in Algeria, Bahrain, Egypt, Jordan, Lebanon, Morocco, Qatar, the State of Palestine, Tunisia and the United Arab Emirates.
- **September 2014: Lebanon.** UNIDO participated in the Energy Forum Lebanon on the theme of moving towards more inclusive and sustainable development and used this event as an opportunity to disseminate ISID goals.
- **October 2014: Morocco.** At the IX African Development Forum in Marrakesh, UNIDO participated in discussions with UNECA’s Executive Secretary on bilateral cooperation, as well as on cooperation with UNECA’s North Africa sub-regional office regarding regional value chains and analytical work:

- **November 2014: Egypt.** In collaboration with the Arab Bureau, a symposium was held in observance of Africa Industrialization Day on 20 November 2014. The theme was “Inclusive and Sustainable Industrial Development: African Agro Industry for Food Security” in keeping with the fact that 2014 was declared the Year of Agriculture and Food Security and 2014 also marked the tenth anniversary of the Comprehensive Africa Agriculture Development Programme (CAADP), which advocates that agriculture and food security be put at the center of the development agenda at all levels.
- **November 2014: Morocco.** At the Gulf Invest meeting in Casablanca, UNIDO delivered a presentation on industrial development in the North Africa Region, thus raising the Organization’s visibility and showcasing its new ISID vision.
- **November 2014: Morocco.** UNIDO fostered ISID visibility at the UNECA second experts meeting on regional value chains in Rabat, also participating in, and contributing to, the Expert Group Meeting (EGM) so as to strengthen cooperation with UNECA’s North Africa sub-regional office.
- **November 2014: Morocco.** At the UNIDO Global Entrepreneurship Summit (GES) in Marrakesh, UNIDO took part in launching the partnership with the Volvo Group, USAID, the OCP Foundation and the Moroccan Ministry of National Education and Vocational Training to raise visibility on UNIDO and its partnerships with the private sector and USAID.
- **January 2015**
 - The International Green Economy and Technology Forum - Manama, Bahrain 2015;
 - The First International Entrepreneurs Investment Forum On Entrepreneurship And Investment For Inclusive And Sustainable Industrial Development



UNIDO DG at International Green Economy and Technology Forum - Manama, Bahrain 2015



Participants at the International Green Economy and Technology Forum - Manama, Bahrain 2015

The International Green Economy and Technology Forum conference held under the patronage of H.H. Sh. Abdulla bin Hamad Al Khalifa, Personal Representative of His Majesty the King and the President of the Supreme Council for Environment for the Kingdom of Bahrain. Bahrain International Green Economy and Technology Forum (www.bahraingte.com), was launched at Bahrain, on January 21st to 23rd 2015. The forum focused on renewable energies, solutions to environmental pollution, problems associated to environmental waste and Eco-Friendly consumer products and services.

The Forum was showing the latest technologic achievements of international organizations and companies, which aim to preserve the environment by using environmental-friendly materials and alternative energy resources. The public can thus benefit of their products while reaching a balanced and sustainable environment suitable for present and future generations.

Some of the focuses of Bahrain Forum was on renewable energies, such as wind and solar energy, technology adopted in many countries, as well as solutions to environmental pollution resulting from modern industries, architectural expansion and population increase.

The First International Entrepreneurs Investment Forum On Entrepreneurship And Investment For Inclusive And Sustainable Industrial Development held also in January 2015 explored the main issues faced by entrepreneurs worldwide. Public and private stakeholders, academia, entrepreneurs, development agencies, finance institutions and civil society organizations will take part and will capitalize on each other's expertise and experience in the areas of entrepreneurship development and investment promotion.

Cross-cutting issues

Cross-cutting issue 1: Least Developed Countries (LDCs)

UNIDO provided vital assistance to the Industrial Research and Consultancy Centre (IRCC) in Sudan that delivers *inter alia* training to producers on soybean processing equipment. UNIDO's Arab Bureau accorded special importance to Sudanese agri-business under its industrial modernization programme because soybean-based food products. Sudan is a member of ECOWAS where the 3ADI partners—UNIDO, IFAD and FAO—work closely with ECOWAS Members States.

Cross-cutting issue 2: UNIDO South-South and Triangular Industrial Cooperation (SSTIC)

Egypt. UNIDO's Egyptian Traceability Centre for Agro-Industrial Exports (ETRACE), launched in 2011 continues to make the country's agro-industrial exports safer, more competitive and professionally compliant with stringent international market standards and regulations.

Lebanon. This country's LibanPack center, established in November 2008, has continued to provide reliable solutions to major challenges faced by some 100 Lebanese exporters, such as compliance with the mandatory standards of importing countries and providing proper labeling and approved packaging. Since 2013, LibanPack has expanded beyond Lebanon's borders, becoming actively engaged in organizing study tours for Jordan and other countries in the region to develop innovative solutions for them as well.

Kingdom of Bahrain. The Arab Regional Center for Entrepreneurship and Investment Training (ARCEIT) was established under the banner of South-South Cooperation through the joint efforts of UNIDO, the Bahraini Government and the Inter Regional Center the Bahraini Government and the Inter Regional Center for Entrepreneurship and Investment Training (IRC)-Government of India. The Center strengthens the indigenous capacities of selected countries *inter alia* in the Arab Region in promoting domestic investments and facilitating foreign direct investments resulting in job creation, poverty alleviation and economic growth.



Entrepreneurs during Bilateral Meetings at the First International Entrepreneurs' Investment Forum 2014



Phase-out of Methyl Bromide in Horticulture, Egypt



LibanPack Award Ceremony took place at the UNESCO Palace on May 13, 2014



ARCEIT activities and Top 3 Winners of the Intel Business Challenge MENA 2014

Cross cutting issue 3: Gender and Women's Empowerment

Upper Egypt. The two projects--“Human security through socio-economic development in Upper Egypt” and “Enhancing youth employability and local economic development in Upper Egypt”--are both helping rural women obtain employment in post-harvest activities such as grading, sorting and packaging of agricultural products. Positive gender approaches have been deployed to empower women, enabling them to avail themselves of over 60% of the training opportunities during the project's implementation phases in 2013-2014. During the period 2013-2014, UNIDO's TC activities with a regional focus on women's entrepreneurship have contributed considerably to women's empowerment in those countries. For instance, in Morocco and Iraq some of the training projects on heavy construction equipment and in commercial vehicles explicitly target women in order to equip them with the necessary skills for work in the textile industry, etc. Also, in Morocco's rosemary value chain development, women will be at the core of these activities.

Selected Achievements and impact

Success Story 1: Creative Industries in the Southern Mediterranean



Built on the success story of the UNIDO creative industry project in Egypt, this regional project targets selected Arab Region countries in the southern Mediterranean. As is the case worldwide, women and girls account for 50% of the population and have traditionally been very active in the informal sector. Now this regional UNIDO-supported project – “The Development of Clusters in Cultural and Creative Industries in the Southern Mediterranean” – launched in 2013, is tapping into women's natural creativity.

Why are creative industries an effective means for empowering women?

Local women entrepreneurs rely on local raw materials and indigenous designs, allowing them to capitalize on local resources and export the finished products beyond national borders. The role of education, as well as vocational skills, is also paramount here since creative industries strongly rely on new research and innovation; that means that academia and industry work hand-in-hand in a mutually sustainable venture that, inter alia, benefits women.

Expected results. This project, funded by the EU, will entail:

- 1) Mapping of existing clusters and value chains in the cultural and creative industries in the project's Southern Mediterranean area;
- 2) Delivery of technical support to at least one promising cluster initiative per target country;
- 3) Provision of cluster-related business advisory services and creative industries and clusters technical assistance to the selected cluster(s);
- 4) Purchase of required new equipment for the selected cluster(s);
- 5) Replication through national governments of the project's activities, including vital linkages with financial institutions and other development partners; and
- 6) Creation of creative industries and clusters centres to serve as knowledge repositories and increase national and regional expertise.

Achievements and impact

Success Story 2: A public private partnership- Training Academy for Heavy Duty Industry Equipment and Commercial Vehicles (HDIEVC):

One of the most pressing issues in the Arab Region – indeed, worldwide – is the high youth unemployment rate that, despite its rapid economic growth – persists in many North African economies. This phenomenon was described as long ago as the 1990s as “jobless growth” and it still remains a stubborn challenge that, if unchecked, inevitably leads to either a “brain drain” of those with advanced education who migrate to other (usually more developed) countries or, in worst-case scenarios involving jobless youth with few future prospects, to domestic civil and political unrest.

This problem demands a solution and UNIDO is in the process of providing one with far-reaching positive impact.

For instance in Morocco where 30% of the population is between 15 and 29 years old and the number of people reaching working age is increasing. But ironically, despite that fact, companies struggle to find employees. This is attributable to the severe deficit of “marketable skills” and reflects a glaring dis-connect between educational curricula and “real world” job demands. As a result, the overall economy is adversely affected.

To counteract this situation, UNIDO’s proposed project – a “Training Academy for Heavy Duty Industry Equipment and Commercial Vehicles” (HDIEVC) – aims to narrow the gap between the demand for, and supply of, skilled labour in Morocco by establishing this “hands-on” learning center in partnership with the private sector.

The academy, open in November 2014 will:

- **Select and equip** a vocational training center (VTC), complete with all the necessary modern equipment, in the city of Settat in Morocco, Settat is located between the national capital Rabat and Marrakech.
- **Develop** industry-relevant curricula;
- **Provide** labourmarket-oriented training for 150 students per year;
- **Deliver** periodic training of trainers;
- **Target** not only Moroccan students, but also students from the Ivory Coast and Senegal – three African countries plagued by high youth unemployment but whose private sectors have a high demand for skilled labor; and
- **Establish** career services to facilitate the swift transition of its academy graduates into the workforce.

Benefits: First and foremost, young people in these three countries stand to benefit through gainful employment and access to a brighter economic future for themselves and their families. In addition, at the macro level, this innovative public-private partnership involving the Government of Morocco, UNIDO, Volvo, USAID and the OCP Foundation will help to ensure that a lack of skilled labour does not restrict industrial investment. Collaterally, the project will foster regional cooperation in skills development in northern and western Africa.



Training center in Settat, Morocco



UNIDO AND ITS ENGAGEMENT WITH THE UN SYSTEM

In addition to their participation in monthly meetings and annual United Nations Country Team (UNCT) strategic retreats, UNIDO field representatives contribute to similar activities in other countries/regions covered, thus contributing to UNIDO's engagement to "Delivering as One."

Within the UN System, UNIDO actively participates in the formulation, monitoring and evaluation of UN Development Assistance Frameworks (UNDAFs) cycles of the countries of the region.

As a result of a request to the UN system by Arab Governments to enhance the participation in results-based bi-annual planning processes to identify joint projects, UNIDO has initiated cooperation with other UN agencies, which resulted in the following joint projects

- **Syria.** In 2013, UNIDO actively contributed to the preparation of the "Regional Refugee and Resilience Plan" in its "Livelihoods and Basic Needs" sector. This is a multi-agency programme led by the UN High Commissioner for Refugees (UNHCR) and also involving UNDP, ILO, UN Women and IOM.
- **Iraq.** In 2014, UNIDO signed the amended United Nations Multi-partner Reconstruction and Stabilization Trust Fund for Iraq.
- **Palestine.** In April 2014, despite its Non-Resident Status (NRS), UNIDO formulated joint concepts for Palestine together with UN-Habitat and UN Women that were a result of a close cooperation within the UN Country Team (UNCT).
- **Algeria.** UNIDO has actively participated at the UN's strategic retreat in 2014 to discuss the 2016-2019 road map and pave the way toward a strategic cooperation framework.

UNIDO HIGH-LEVEL MISSIONS 2013-2014

- During the period 2013-2014, UNIDO's Director General met with UNIDO Permanent Representatives and officials of Arab countries, primarily to discuss emerging issues and opportunities for future cooperation.
- Close coordination with Member States for several global events organized in the region has been crucial. For example, the DG met with various Permanent Mission Representatives to the High-level Conference on Middle-Income Countries, held in Costa Rica from 12-14 June 2013.
- **December 2013:** A Joint Declaration on Sustainable Industrial Development for Inclusive Growth and Employment Creation was signed by Libya's Minister of Industry.
- **March 2014:** Meeting of Iraq's Permanent Representative to UNIDO to discuss the signing of the basic cooperation agreement on UNIDO programmes in Iraq and prospects for any possible future UNIDO Office for Iraq.

- **March 14 2014:** AIDMO signing ceremony with the Mr. Director-General of the Arab Industrial Development and Mining Organization; of the project document, “Enhancement of Regional Trade Capacities in Food through Harmonized Regional Conformity Assessment and Food Safety Systems”.
- **July 2014.** UNIDO and the Regional Centre for Renewable Energy and Energy Efficiency (RCREEE) to enhance collaboration in promoting sustainable energy policies, technologies and solutions in the Arab Region.
- **November 2014:** UNIDO HQ meeting with the Chairman of the Arab Bank for Economic Development in Africa (BADEA), the Board of Directors and Vice-President and Managing Director of the Saudi Fund for Development, the Vice-President of the Arab Gulf Programme for UN Development Organizations (AGFUND) and Chairman of the Saudi Industrial Development Fund. They signed a Joint Declaration, consolidating their cooperation and directing it towards promoting inclusive and sustainable industrial development in the region.

THE WAY FORWARD

Future outlook. At the regional level in future, UNIDO’s contribution to sustainable development will concentrate on cultivating closer linkages with the League of Arab States’ Economic and Social Council’s objectives in support of integrated regional decision-making.

Strategic partnerships with national, regional and international actors will continue to be maintained to ensure a more inclusive and sustainable participatory approach to programme development. Moreover, to strengthen the regions capacity to survive further financial shocks, the UNIDO is developing an integrated set of policy interventions aimed at boosting employment, strengthening social protection mechanisms, establishing sound socio-economic policies based on social rights and social dialogue, promoting gender equality and non-discrimination, and focusing on human development and decent work.

Strengthening cooperation

These efforts will focus, *inter alia*, on the following areas:

- *Strengthening* South–South cooperation and exploring advanced technologies opportunities; fostering Centres (e.g. Bahrain ITPO, Egypt, Lebanon, Morocco) collaborating efforts toward a notable event namely UAE’s World Expo 2020;
- *Mapping* resource mobilization and optimizing collaboration with regional financial institutions; leveraging multi-lateral funds (e.g. Montreal Protocol) and Arab regional financial instruments; optimizing opportunities under the GEF schemes;
- *Establishing* strategic partnerships with specific focus on economic integration initiatives for youth entrepreneurship and carried out together with regional actors (e.g. League of Arab States); and
- *Fostering* green growth: Outreach delivery in line with the proposal for an Arab Strategic Framework for Sustainable Development 2015-2025 (e.g. the Water-Energy-Food Nexus).

Post-2015 positioning

In addition to bringing UNIDO's ISID vision to fruition in the Arab Region, the region's special circumstances will entail proactive measures to achieve the UN's post-2015 development agenda despite conflicts and economic constraints in affected countries. The Organization's longer term goals in the region include:

- *Expanding* the scope of UNIDO's "livelihood" projects in post-crisis settings to include community level human security work through collaboration with central vocational training institutes and decision makers in industrial policy and private sector development, as well as entrepreneur-focused financial services;
- *Supporting* post-crisis interventions with a human security focus; mitigating the impact of political transitions, instability and exposure to disasters; responding to increased demands for food, water and energy security;
- *Mainstreaming* gender issues and projects to improve women's participation and economic empowerment; and
- *Supporting* the region's Youth Action Plan by fostering youth and women's entrepreneurship; enhancing employability by developing entrepreneurial and technical skills.

Cooperation with partners in Government, the private sector, civil society, academia and others to realize the full potential of ISID will be a major priority for UNIDO in its future endeavors. As Director General LI Yong put it in introducing UNIDO's concept of ISID in 2013, "our challenge now, and our historic opportunity, is to recognize the potential of ISID and contribute our efforts for the common good in a new long-term development agenda beyond 2015."

We invite you to join us in making shared prosperity and sustainable development a reality for all the people on our planet, men and women, young and old, rural or urban-dwellers alike.



ARAB BUREAU

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