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Costa Rica	Japan	Portugal	Uzbekistan
Côte d'Ivoire	Jordan	Qatar	Vanuatu
Croatia	Kazakhstan	Republic of Korea	Venezuela
Cuba	Kenya	Republic of Moldova	Viet Nam
Cyprus	Kuwait	Romania	Yemen
Czech Republic	Kyrgyzstan	Russian Federation	Zambia
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Governing Bodies

UNIDO has three policy-making organs: the General Conference, the Industrial Development Board and the Programme and Budget Committee.

General Conference

The 171 Member States of UNIDO meet once every two years at the General Conference, the supreme policy-making organ of the Organization. The Conference determines the guiding principles and policies, approves the budget and work programme of UNIDO and appoints the Director-General. It also elects representatives to the Industrial Development Board and the Programme and Budget Committee.

The tenth session of the General Conference (1-5 December 2003) was attended by a record number of high-level representatives, including four Heads of State and three Vice-Presidents, more than 50 ministers, and key development thinkers. The Conference featured an industrial development forum on the role of UNIDO in achieving the Millennium Development Goals and a number of round tables devoted to topical issues, such as the environment, post-crisis industrial rehabilitation, trade, investment, transition in Eastern Europe and poverty in Latin America. Resolutions were adopted on key development issues, including South-South cooperation, activities in countries emerging from crisis situations, the African Productive Capacity Initiative (UNIDO's contribution to the New Partnership for African Development) and the role of UNIDO in achieving the Millennium Development Goals. In particular, the resolution on the medium-term programme framework, 2004-2007, requested the Director-General to develop a strategic long-term vision statement (10-15 years), including UNIDO's strategic contribution to the Millennium Development Goals.

Mr. Claudio Moreno (Italy) was elected President of the tenth session of the Conference.

More information on the session can be found at <http://www.unido.org/gc>.

Industrial Development Board

The Industrial Development Board of 53 Members reviews the implementation of the work programme, the regular and operational budgets and makes recommendations to the General Conference on policy matters, including the appointment of the Director-General. The Board meets once in General Conference years, and twice in other years.

Board composition

Algeria	Indonesia	Senegal
Austria	Iran (Islamic Republic of)	Slovakia
Belgium	Italy	South Africa
Bolivia	Japan	Spain
Brazil	Jordan	Sudan
Chile	Kenya	Switzerland
China	Lesotho	Syrian Arab Republic
Colombia	Luxembourg	Thailand
Côte d'Ivoire	Mexico	Tunisia
Cuba	Morocco	Turkey
Denmark	Netherlands	Ukraine
Ecuador	Nigeria	United Kingdom of Great Britain and Northern Ireland
Egypt	Norway	Uruguay
France	Pakistan	Venezuela
Germany	Philippines	Zimbabwe
Ghana	Poland	
Greece	Republic of Korea	
Hungary	Russian Federation	
India	Saudi Arabia	

The twenty-seventh session of the Industrial Development Board (26-28 August 2003) adopted for submission to the General Conference for its consideration and approval the programme and budgets for the biennium 2004-2005. The discussions centred on issues such as programme performance and decentralization. Member States welcomed the establishment of an informal consultative group on voluntary contributions and UNIDO membership. UNIDO's corporate strategy "Developing industry: Productivity enhancement for social advance" was circulated to all Member States.

Mr. Raimundo González Aninat (Chile) was elected President of the twenty-seventh session of the Board.

Programme and Budget Committee

The Programme and Budget Committee consisting of 27 Members is a subsidiary organ of the Board, which meets once a year, and assists the Board in the preparation and examination of the work programme, the budget and other financial matters.

Committee composition

Austria	Guatemala	Peru
Cameroon	Hungary	Poland
Côte d'Ivoire	India	Republic of Korea
Democratic People's Republic of Korea	Indonesia	Russian Federation
Ethiopia	Italy	Sudan
Finland	Japan	Turkey
France	Mexico	United Kingdom of Great Britain and Northern Ireland
Germany	Morocco	Venezuela
Greece	Nigeria	
	Pakistan	

The nineteenth session of the Programme and Budget Committee (28-30 April 2003) considered the report by the Director-General on the financial situation, including arrears, the proposals for the programme and budgets, 2004-2005, and the Working Capital Fund, a note on the scale of assessments and the interim report of the External Auditor.

Mr. Ali Sarwar Naqvi (Pakistan) was elected Chairman of the nineteenth session of the Programme and Budget Committee.

UNIDO at a glance

- ❑ **Mission:** UNIDO focuses its efforts on relieving poverty by fostering productivity growth. It helps developing countries and countries with economies in transition in their fight against marginalization in today's globalized world. It mobilizes knowledge, skills, information and technology to promote productive employment, a competitive economy and a sound environment.
- ❑ The primary **objective** of the Organization is the promotion and acceleration of industrial development in the developing countries and countries with economies in transition.
- ❑ UNIDO was established in 1966 and became a **specialized agency** of the United Nations in 1985.
- ❑ UNIDO currently has **171 Member States**; Timor-Leste became the 171st Member State with membership effective 31 July 2003.

Policy milestones

- ❑ The **Business Plan on the Future Role and Functions of UNIDO**, which was adopted by the Industrial Development Board (IDB.17/Dec.2) and endorsed by the seventh session of the General Conference in 1997 (GC.7/Res.1), continues to provide the basis for UNIDO's organizational and programmatic transformation. It grouped the Organization's activities into two areas of concentration: strengthening industrial capacities, and cleaner and sustainable industrial development. To that end, the Business Plan required UNIDO to undertake both technical cooperation and global forum activities.
- ❑ Recognizing the need for UNIDO to adapt its functions and priorities and orient its activities to the new realities and requirements of the changing global economic environment, the **Strategic Guidelines "Towards improved UNIDO programme delivery"** were adopted by the Industrial Development Board at its twenty-sixth session in 2002 (IDB.26/Dec.7). The Guidelines were conceived as an important contribution to the efforts to make UNIDO a more efficient and effective organization; they seek to further sharpen the focus of UNIDO's technical cooperation activities.
- ❑ UNIDO responded to the Guidelines by formulating a comprehensive and coherent **corporate strategy "Developing industry: productivity enhancement for social advance"**, which rests on the premise that productivity enhancement, driven by improved skills, increased knowledge and upgraded technology, plays a crucial role in promoting faster growth. The corporate strategy was introduced to the twenty-seventh session of the Industrial Development Board in 2003 and the tenth session of the General Conference took note of this new approach with interest (GC.10/Res.2 and GC.10/14).

UNIDO around the world

- ❑ UNIDO maintains **20 country offices** and **9 regional offices**. In 2003, UNIDO took its process of **decentralization** to the field and strengthening and rationalizing of field operations a step further: field offices and particularly UNIDO Representatives have been increasingly empowered through delegation of financial authority and transfer of substantial involvement to the field offices.
- ❑ UNIDO has a number of other offices worldwide: there are **13 Investment and Technology Promotion Offices (ITPOs)**, **4 Investment Promotion Units (IPUs)**, **30 National Cleaner Production Centres (NCPCs)**, established by UNIDO and UNEP, and **10 International Technology Centres** at various stages of development that work closely with the ITPOs.
- ❑ UNIDO maintains **Liaison Offices** in New York and Geneva.
- ❑ **Staff:** UNIDO employs 532 staff members at Headquarters and 128 staff members in the field. The Director-General of UNIDO, Carlos Magariños (Argentina), was first elected in December 1997. At the ninth session of the General Conference in December 2001, he was re-elected for a further four years.

Budget and technical cooperation

- ❑ **Budget:** The estimated volume of UNIDO operations for the biennium 2004-2005 is **€356 million**.
- ❑ The value of UNIDO's ongoing **technical cooperation** programmes and projects totalled \$327.5 million as of 31 December 2003.
- ❑ In 2003 UNIDO implemented the highest total of **technical cooperation** programmes in the past four years, amounting to \$94.6 million. This represented an increase of 16 per cent over the corresponding figure for the previous year.
- ❑ The **medium-term programme framework** is the background against which technical cooperation activities are implemented. Its formulation is based on the Business Plan and the Strategic Guidelines. In addition, it takes account of the evolving objectives and priorities of the international development agenda, as given by the MDGs and related decisions taken by the international community in recent years.
- ❑ The basic building blocks of UNIDO's technical cooperation activities are **eight service modules**, which were reformulated in 2003 to make them more consistent with international development priorities as formalized in the MDGs. The revised service modules are: industrial governance and statistics, investment and technology promotion, industrial competitiveness and trade, private sector development, agro-industries, sustainable energy and climate change, Montreal Protocol, and environmental management.

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Notes: Effective 1 January 2002, UNIDO introduced the euro as the single currency for budgeting, assessments, accounting and reporting for its regular budget. Activities financed from extrabudgetary resources, however, continue to be in United States dollars. As stated in document IDB.26/4, various options are being explored to provide consolidated information on regular budget and extrabudgetary activities in euros. The financial statements for 2003 will show consolidated information in euros for these activities.

Financial information for 2003 has been presented based on preliminary data and hence, variations from the financial statements may occur.

Message from the Director-General

The year 2003 witnessed the coming to maturity of the reform process of UNIDO, which had been initiated six years previously and has led to the transformation of the Organization into a vibrant, relevant and effective body making a significant substantive contribution to the industrial development of developing countries and countries with economies in transition. One important result of this transformation has been the unprecedented financial stability enjoyed by the Organization in recent years, which in turn has enabled it to draw on an appropriate level of resources, both human and financial, in time and in full, for its technical cooperation programmes. The second tangible result of the reform process has been a sharpening of the focus and deepening of the substance of UNIDO's technical cooperation activities, and a corresponding increase in the impact of our programmes at field level.

In 2003 the value of our technical cooperation delivery thus reached \$94.6 million as against the target of \$95 million set for the year. This represented an increase of 16 per cent over the corresponding figure for 2002 (\$81.8 million) and 38 per cent over that for the year 2000 (\$68.7 million). This increase in our technical cooperation delivery, which takes it back to the levels prevailing prior to the crisis years of the mid-late 1990s, reflects a strong rise in the voluntary contributions received by UNIDO from its development partners. Net approvals from Governmental sources have doubled since 1998, when we started our reform process, and net approvals from multilateral sources have also registered a significant increase since that date. This increase in financial contributions reflects the renewed confidence of the international community in the Organization, which has also been underlined by the accession of new Member States.

The effort to sharpen the focus and improve the substance of UNIDO's technical cooperation services also continued to yield significant results in 2003. Apart from narrowing the range of our activities, and thereby leading to a "re-specialization" of our specialized agency, this process has also helped us to achieve a real concentration on low-income countries in general and sub-Saharan Africa and the least developed countries in particular. By 2003 our technical cooperation services to low-income countries accounted for about 70 per cent of our portfolio, while in 1996 it amounted to 48 per cent.

A number of important steps were taken in 2003 to consolidate the results of the reform process and to ensure its continued alignment with the evolving international development agenda in general, and the Millennium Development Goals in particular. As discussed in detail in chapter I, these measures involved the formulation of a new corporate strategy, the refinement of the UNIDO service modules, the drafting of a new medium-term programme framework for 2004-2007, and the preparation of a consolidated research programme for the Organization. These documents are based on the underlying concept of productivity enhancement for social advance, which constitutes a central concept for poor countries to achieve the Millennium Development Goals, and their elaboration was inspired by the guidance provided by the Strategic Guidelines approved in 2002.

The measures taken in 2003 to sustain UNIDO's reform process were well received by the tenth session of the General Conference held in December of that year, and will be duly implemented in the biennium 2004-2005. In implementing them, UNIDO will also give full consideration to the instructions given by the Member States at the General Conference for the Organization to continue to promote South-South cooperation, increase its support to countries emerging from crisis situations, make a more effective contribution to the New Partnership for Africa's Development through the African Productive Capacity Initiative, and to develop a long-term vision statement relating, inter alia, to the Organization's strategic contribution to the achievement of the Millennium Development Goals.

As I pointed out in my opening statement to the tenth session of the General Conference, however, it would be inappropriate for us to content ourselves with our corporate achievements when we are still surrounded by so much poverty, deprivation and marginalization in the world. I therefore welcome in particular the request of the General Conference for the Secretariat to strengthen and consolidate the process of UNIDO's reform through the preparation of a long-term vision statement over the next two years. As I also noted in my statement to the General Conference, however, UNIDO's efforts alone will not be sufficient to defeat the persistent scourges of poverty and deprivation, and a wider range of measures will need to be taken to achieve this objective—including an increase in the resources devoted to development aid, the drafting of a new development agenda, and the reform of the United Nations system to reinforce the linkage between its political and development agenda.

Unlike what happened in the past six years, when UNIDO focused on internal restructuring, the point has now been reached when future efficiency gains at UNIDO will depend ever more on system-wide efficiency gains and the capacity of our Organization to benefit from them while contributing to them. I therefore strongly believe that future progress in reform efforts in UNIDO cannot take place in isolation, and that there is a critical need to increase the operational interaction and coordination in the field of economic development among the relevant United Nations programmes, funds and specialized agencies and the Bretton Woods institutions through enhanced information and experience-sharing. The resulting improvement in the integration of the programmes for economic and social development desired and promoted by the international community will greatly accelerate the achievement of the Millennium Development Goals, and will facilitate the development process far beyond the scope of what can be achieved through reforms of the individual agencies alone.

This will be the challenge of the coming years, and having re-established its own position of respect in the development community, UNIDO stands ready to make its contribution in helping to overcome this challenge.



Carlos Magariños
Director-General

I

Refining UNIDO's developmental interventions

In 2003 UNIDO focused its attention on consolidating the programmatic transformation begun in 1998, with the objective of enhancing the developmental impact of its global forum and technical cooperation activities. This effort resulted in a wide-ranging review of the principles and modalities of UNIDO's developmental interventions, which in turn led to:

- ❑ The formulation of a new corporate strategy;
- ❑ The refinement of the UNIDO service modules;
- ❑ The drafting of a new medium-term programme framework for 2004-2007 based on the identification of special areas of emphasis and priority services;
- ❑ The preparation of a consolidated research programme for the Organization.

These programmatic adjustments are intended to align UNIDO's services to the evolving international development agenda, and thus reflect the decisions taken in major developmental forums. These include, in particular, the Millennium Summit of September 2000, which led to the formulation of the Millennium Development Goals (MDGs), as well as several other international conferences, including the International Conference on Financing for Development and the World Summit on Sustainable Development (WSSD) held in 2002. Due account has also been taken of the objectives and priorities established by such development initiatives as the New Partnership for Africa's Development (NEPAD), the Commission on Human Security, and the United Nations Development Assistance Framework (UNDAF) documents prepared for various countries. In addition, full consideration has been given to the requirements of the various multilateral environmental agreements which impinge on the industrial sector and in the implementation of which UNIDO has been assigned a specific role.

In undertaking these adjustments, UNIDO has sought to ensure a strict adherence to the mandate it has been given by its Member States. It has therefore continued to be guided by the Business Plan on the Future Role and Functions of UNIDO endorsed by the General Conference in 1997 and subsequently reaffirmed on several occasions by the governing bodies of the Organization. In addition, it has also taken fully into consideration the Strategic Guidelines—Towards improved UNIDO programme delivery adopted in November 2002 by the Industrial Development Board. These adjustments were also endorsed by the tenth session of the General Conference in December 2003.

A. The UNIDO corporate strategy

The UNIDO corporate strategy—*Productivity enhancement for social advance*—was circulated to the Industrial Development Board in August 2003. It rests on the premise, derived from empirical research and experience, that productivity enhancement plays a crucial role in promoting faster growth, and the conviction that industry can make an important contribution to the achievement of this increase in productivity by promoting improved skills, knowledge and technology. The corporate strategy therefore proposes a new approach for UNIDO activities and interventions, which focuses on productivity growth as the central theme for these interventions, both to optimize their effectiveness and provide the needed strategic fit between them. This new approach is aimed at promoting sustainable industrial development by reinforcing the multiple links between entrepreneurship, technology, productivity enhancement and growth, and at facilitating a better conceptual and operational design of the Organization's support services.

The strategy of productivity enhancement for social advance calls for an effective integration of UNIDO's conceptualization of the current policy challenges facing developing countries and transition economies, and its approach to technical cooperation on the ground. It consequently requires an increased synergy between the Organization's global forum and technical cooperation activities to ensure that they reinforce each other in the quest for relevance, effectiveness and impact. The global forum function should thus serve to identify topical areas of need for UNIDO technical cooperation in developing countries and countries with economies in transition, while the technical cooperation function should help to provide inputs for the global forum function and to identify gaps in UNIDO global forum activities.

In the **global forum function**, the corporate strategy provides for UNIDO to generate and disseminate knowledge about industrial development processes and associated issues, and to initiate and/or conduct debates on industrial development and related matters in order to influence the industrial development agenda. The global forum function also involves benchmarking industrial performance and identifying international best practices for dissemination; organizing the exchange of sector- and theme-specific information and views of experts and decision-makers from different countries and regions; and disseminating knowledge on current and emerging trends, challenges and opportunities to inform policy-making.

With regard to **technical cooperation activities**, the corporate strategy provides for UNIDO interventions to be clustered around two key areas of comparative advantage:

- ❑ Technology diffusion;
- ❑ Capacity-building for market access and development.

In these two areas, UNIDO continues to focus on least developed countries (LDCs) and the poor, seeking to make tangible contributions to the fight for poverty reduction and social and economic progress. Environmental sustainability of industrial development also remains an essential ingredient of UNIDO technical cooperation through the emphasis on clean technologies and cleaner production practices.

B. The new service modules

Since 1998 UNIDO has grouped its technical cooperation services into mutually reinforcing modules based on the Organization's core competences. As a result of the

programmatic review undertaken during the course of 2003, these service modules have been adjusted to meet the evolving needs of developing countries and countries with economies in transition. In making this adjustment, particular emphasis was placed on ensuring that these modules support the achievement of the MDGs within the framework of the UNIDO mandate and corporate strategy. In this connection, Goals 1 (Eradicate extreme poverty and hunger), 3 (Promote gender equality and empower women), 7 (Ensure environmental sustainability) and 8 (Develop a global partnership for development) have been seen as being especially relevant for the work of UNIDO, although the Organization's services also contribute to the achievement of the other health- and education-based goals by supporting the development of the critical industrial capacities and infrastructure required for them.

The programmatic review conducted in 2003 resulted in the selection of the following eight service modules:

1. Industrial Governance and Statistics;
2. Investment and Technology Promotion;
3. Industrial Competitiveness and Trade;
4. Private Sector Development;
5. Agro-Industries;
6. Sustainable Energy and Climate Change;
7. Montreal Protocol;
8. Environmental Management.

While their selection deliberately provides a high degree of continuity in overall terms with regard to the activities already being carried out by UNIDO, the individual services contained in the modules have been significantly refined, as pointed out above, to adjust them to the new global development priorities.

Service Module 1 assists UNIDO's beneficiary countries to monitor, benchmark and analyse their industrial performance and capabilities, and on that basis to formulate, implement and monitor strategies, policies and programmes to improve the contribution of industry to productivity growth and the achievement of the MDGs. Specifically, the services under this module are aimed at supporting the development of the entrepreneurial, managerial and technological capabilities that drive the innovation and learning process. They thus comprise:

Technical cooperation

- Building capabilities in industrial statistics;
- Preparation of national and regional strategic industrial diagnoses;
- Capacity-building for industrial policies and strategies.

Global forum and research

- Statistics;
- Industrial development indicators and scoreboard;
- Economic research;
- Industrial Development Reports;

- ❑ Sectoral studies;
- ❑ Policy studies.

Service module 2 is aimed at supporting the national efforts of UNIDO's beneficiary countries in the related but distinct fields of investment and technology promotion. It is noted that foreign direct investment (FDI) in particular is an important driver of industrial performance, but that a variety of government and market failures have prevented many developing countries from attracting the levels of such investment that they had expected. With regard to technology, while the development of an effective technology management system is of critical importance for the industrial development of a country, this is also often hampered by a variety of similar government and market failures. This module also offers a set of services designed to help the beneficiary countries address these failures. The full set of services provided under this module comprises:

Investment promotion:

- ❑ Strategy and policy advice on FDI;
- ❑ Institutional capacity-building;
- ❑ Promotion of FDI through business alliances.

Technology promotion:

- ❑ Support services for strengthening national technology management systems;
- ❑ Technology foresight for development;
- ❑ Capacity-building in emerging technologies.

Service Module 3 is designed to help UNIDO's beneficiary countries to take full advantage of the liberalization of international markets resulting from the process of globalization. In particular, it seeks to enhance local capacities to meet the wide variety of technical standards and conformity requirements that these countries are unable, or only partially able, to fulfil, and which therefore constrain their access to international markets despite the reductions in tariffs and quotas resulting from the trade liberalization process. The specific services provided in this module comprise:

- ❑ Strengthening the regulatory framework for conformity;
- ❑ Strengthening the operational components of the conformity infrastructure;
- ❑ Competitiveness enhancement through quality and productivity improvements;
- ❑ Accessing global subcontracting and supply chain networks.

Service Module 4 is dedicated to strengthening the private sector, which is the main driving force of industrial development in almost all countries. In particular, this service module seeks to promote the development of small and medium-sized enterprises (SMEs), which play a leading role in generating employment, income and value added, and in providing the seedbed for developing and testing entrepreneurial talent, but which are constrained by a variety of market failures reducing their access to resources and their bargaining power. Recognizing the differing needs of different categories of SMEs, which can range from rural micro-enterprises to sophisticated medium-sized firms operating in international markets, this service module provides a range of services designed to meet these divergent needs. These services comprise:

- ❑ Information services;

- ❑ Business partnership programme;
- ❑ SME cluster and networking development;
- ❑ Rural and women's entrepreneurship development.

Service Module 5 is aimed at supporting the development of agro-based industries in developing countries, and LDCs in particular, where agriculture is typically the predominant economic sector but little attention is paid to the value chain through which agricultural commodities and products reach the final consumers within the country and abroad. This neglect results in enormous potential losses of value added and employment opportunities. This service module offers targeted support services aimed at helping these countries enhance the productivity of their agricultural processing industries, and thereby to help them increase output and exports, create employment and generate income. The services so provided cover the following topics:

- ❑ Product design and development;
- ❑ Technology centres;
- ❑ Demonstration operations;
- ❑ Techno-economic assessments.

Service Module 6 addresses the fact that energy is an essential prerequisite for industrial and economic development while at the same time being a major source of global pollution and waste, inter alia, substantially increasing the atmospheric concentrations of greenhouse gases. It rests on the recognition that access to reliable and affordable energy supplies is very unevenly distributed, and that many developing countries and transition economies face the need to supply energy services to some two billion people, especially in rural areas, which in turn will impose severe environmental pressures. The service module therefore seeks to provide a set of services that will help the countries concerned to meet their energy requirements while minimizing the resulting environmental risks, and in particular the threat to the global climate arising from greenhouse gas emissions. The individual services offered under this module comprise:

- ❑ Rural energy for productive use with emphasis on renewable energy;
- ❑ Energy efficiency;
- ❑ Climate change.

Service Module 7 refers to UNIDO's ongoing programme to support the phasing out of ozone depleting substances in accordance with the targets set by the Montreal Protocol. UNIDO will continue to support the achievement of these targets by the developing countries covered in Article 5 of the Protocol. In addition, this service module will seek to assess the broader economic benefits derived from the transfer of technology associated with UNIDO's Montreal Protocol-related activities. The services rendered in this connection will comprise:

- ❑ Assistance with policy, strategy and programme design;
- ❑ Assistance with the strengthening of support institutions;
- ❑ Provision of support to enterprises in the compliance period;
- ❑ Generation of databases on the impact of Montreal Protocol activities.

Service Module 8 is based on the recognition that all industrial activities create a burden on the environment even though the revenues gained from these activities create the

basis for our well-being. The major environmental problems associated with industrial growth include global warming, water and air pollution, releases of persistent organic pollutants and other toxic substances, and land degradation including coastal erosion. This service module seeks to mitigate these threats by promoting both pre-emptive measures, including the use of cleaner production technologies, and ex-post measures, including end-of-pipe treatment of pollutants and other environmental clean-up measures. The specific services provided in this module comprise:

- ❑ Cleaner and sustainable production;
- ❑ Water management;
- ❑ Clean-up of persistent organic pollutants and persistent toxic substances.

C. The medium-term programme framework, 2004-2007: Areas of emphasis and priorities

Based on the refined service modules described above, the programmatic review conducted in 2003 resulted in a decision being taken to focus UNIDO's activities on a selected number of priority areas of emphasis during the medium term. These comprise investment promotion, technology transfer, diffusion and management, trade facilitation and market access, private sector enterprise development and implementation of multilateral environmental agreements. Their correlation with the appropriate service modules is indicated below.

The activities of *Service Module 1* will be focused on helping developing countries and countries with economies in transition to improve their systems of industrial governance in order to enhance the competitiveness and productivity growth of their domestic industries, in the framework of globalization and technological progress. In this context, priority will be given to building their capacities for collecting and analysing industrial statistics and for undertaking industrial diagnoses at the national and regional levels. This will help these countries to monitor industrial performance and productivity gains, and also help in the formulation and design of industrial strategies and policies.

The implementation of *Service Module 2* is intended to emphasize one area each from the field of investment and technology promotion. With regard to the former, the priority area selected covers the provision of strategy and policy advice on FDI to developing countries and countries with economies in transition in order to assist them in meeting their full potential to attract such investment. With regard to the latter, priority has been given to the provision of support services for strengthening national technology management systems in these countries with a view to helping them overcome the variety of market failures that constrain their ability to develop these critically important systems through their own efforts.

The principal areas of emphasis covered in the context of *Service Module 3* will be the strengthening of operational components for a conformity infrastructure and the enhancement of competitiveness through increased quality and productivity. In the context of the former, UNIDO's beneficiary countries will be assisted in developing and/or upgrading the regulatory, institutional and human capacities needed to meet the wide range of technical standards and health, safety and environmental requirements with which they increasingly need to comply if they wish to penetrate external markets. The second set of services will be aimed at helping developing countries to improve the quality and productivity of their industrial production, inter

alia, through the utilization of computer-based decision tools. This service will be implemented in the context of a memorandum of understanding signed between UNIDO and the World Trade Organization (WTO) in September 2003, which calls for joint efforts in trade capacity-building, including the removal of supply-side constraints.

The two main activities to be undertaken in the context of *Service Module 4* will comprise the preparation of a policy toolbox for private sector development, and the promotion of SME export consortia. The formulation of the policy toolbox, which is envisaged as a documentation centre and dedicated website on respective policies and best practice, will represent a response to the need for UNIDO to strengthen its capacity as a knowledge-based organization. The promotion of SME export consortia will represent an extension and further development of UNIDO's successful ongoing SME cluster and network development programme, with the specific objective of seeking to assist groups of developing-country SMEs to gain access to global value chains and international markets.

The priority activities carried out in the framework of *Service Module 5* will cover post-harvest systems in the food sector, fibre processing, product innovation and diversification for enhanced market access, and enhancing rural community livelihood through efficient agro-supply chains. These services will be aimed at helping to reduce post-harvest losses and increase the degree of post-harvest processing, thereby raising competitiveness and taking increased advantage of the opportunities for employment and income growth offered by the agro-processing industries. Specific activities proposed for this set of priority services include technical assistance to improve product design and marketing, and to strengthen domestic capacities for the manufacture, repair and maintenance of the required agricultural tools and agro-processing equipment.

In the implementation of *Service Module 6*, emphasis will be given to rural energy for productive use with emphasis on renewable energy and energy efficiency. The first of these two areas of emphasis will involve demonstrating the social and economic viability of the selected energy generating approach, the establishment or strengthening of appropriate institutions to generate and distribute this energy, and the identification and promotion of income-generating activities made possible by the availability of this energy. The second will involve the provision of advice and assistance to optimize the efficiency of the generation, distribution and use of energy.

The priority areas for implementation under *Service Module 7* consist of assistance to Governments in the development and implementation of national and sectoral phase-out plans, which would include assistance to industry in the identification and application of state-of-the-art non-ODS production technology, and capacity-building assistance to national ozone units of a number of Article 5 countries. Another area of priority would be the generation of databases on the impact of the Montreal Protocol activities.

In the context of *Service Module 8*, priority will be given to programmes supporting cleaner and sustainable production and water management. The former will provide tailor-made cleaner production programmes that will answer specific national or regional needs and be based on the new holistic and sectoral cleaner production approach being promoted by UNIDO. This calls for the sustainable application of cleaner production measures throughout the entire product cycle at firm and sector level. The latter will seek to achieve the sustainable use of water resources and minimize effluents in a wide variety of contexts, including artisanal and small-scale gold mining, transboundary ecosystems, as well as promoting the sustainable management of industrial fisheries.

D. The research programme

Based on the two key areas of UNIDO's comparative advantage identified in the UNIDO corporate strategy—technology diffusion and trade capacity-building—the Organization has devised a research programme for the medium term designed to offer a better understanding of, and further insights into, the best ways to ensure that the accumulation of technological and trade-related capabilities effectively translates into productivity growth and poverty reduction. This research programme comprises four specific research components:

- ❑ Contribution of industry to development and poverty reduction;
- ❑ Technology diffusion for productivity enhancement;
- ❑ Policy choices in the new economic order;
- ❑ Private sector development.

Two broad lines of research have been identified for each of these components, as presented below. It is intended to develop specific research projects based on these lines of research, which will address the key questions raised in each of these topics.

The two principal lines of research selected for *Research Component 1* comprise the establishment of a database on productivity and economic indicators, and an assessment of the contribution of productivity performance and structural change to poverty reduction. The former will combine cross-country time-series information on the aggregate economy, the manufacturing sector, and international trade, and will include a series of measures to monitor industrial productivity as well as a coherent set of industrial development indicators. Together, the database and the indicators will serve as the quantitative anchor for much of the work within the entire research programme. The latter will involve comparative analyses of the two core topics of productivity performance and structural change as they relate to poverty reduction, with due account taken of the role of international trade, investment and technology inflows.

For *Research Component 2* the first line of research involves a policy analysis of the institutional, competitive and public policy underpinnings of productivity growth in developing countries and countries with economies in transition, with a view to supporting their efforts at productivity catch-up through the myriad of minor innovations required to adapt best technological and managerial practices to local conditions. The second line of research is aimed at helping these countries to reconcile industrial development and environmental sustainability by assessing the various proposals that have been put forward in this context, ranging from such comparatively radical approaches as those of cradle-to-cradle and natural capitalism, to more incremental ones, such as those of take-back or extended producer responsibility and various proposals aimed at enhancing eco-efficiency. These proposals, in their wide range of variants, are attracting increasing attention and have important implications for sustainable industrial development policies, which this line of research will seek to address.

In the case of *Research Component 3*, the two principal lines of research proposed for the medium term comprise the formulation of an industrial development policy toolbox attuned to the challenges posed by the multilateral system, and an assessment of how global value chains can best contribute to the enhancement of domestic capabilities. The former will seek to determine how developing countries and countries with economies in transition can best employ the available policy tools relating to

intellectual property rights, competition and the environment, as well scientific, technological, regional, social and enterprise development, to foster productivity growth and poverty reduction. Building on previous work done by UNIDO, the latter will seek to identify and assess how best global value chains can help to enhance the competitive abilities of domestic industry and, in particular, SME clusters, by improving their prospects for upgrading and innovation, as well as the institutional and policy underpinnings of successful moves along these lines.

Research Component 4 will focus firstly on analysing the pre-conditions needed to ensure an effective contribution by SMEs and entrepreneurship to fostering growth, learning, specialization, technological innovation and exports. This line of research will build both on international experience and UNIDO's own operational experience to identify the most efficacious strategies to foster such a contribution. The second line of research will assess how successful experiences of Corporate Social Responsibility (CSR) can be further developed to promote the sustainable development of SMEs in UNIDO's beneficiary countries and support their efforts to gain access to new markets. It will do so by reviewing the experience of the adoption of CSR practices in specific subsectors in developing countries and their impact on SMEs, particularly as regards productivity performance, quality management and competitive prospects.

II

Contributing to the development debate

UNIDO continued to consolidate its presence in intergovernmental and inter-agency processes and enhanced its contributions to international cooperation in the context of the overall efforts aimed at the achievement of the Millennium Development Goals (MDGs).

At the fifty-eighth session of the United Nations General Assembly, UNIDO made contributions on the agenda items related to the implementation of the United Nations Millennium Declaration, follow-up of the International Conference on Financing for Development and the World Summit on Sustainable Development. At the level of the Second Committee UNIDO's interventions covered the following issues:

- Women in development;
- International trade and development;
- Science and technology for development, including biotechnologies;
- Further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States;
- Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development;
- Promotion of new and renewable sources of energy, including the implementation of the World Solar Programme 1996-2005;
- Protection of global climate for present and future generations of mankind;
- Economic and technical cooperation among developing countries;
- Globalization and interdependence.

UNIDO's participation in the World Summit on the Information Society held in Geneva from 10 to 12 December resulted in the recognition of UNIDO's position in the important role played by SMEs in the information society that was reflected in the Declaration of Principles and Plan of Action adopted by the Summit.

Through active participation in the High-Level Segment of the Economic and Social Council "Promoting an integrated approach to rural development in developing countries for poverty eradication and sustainable development", UNIDO increased its visibility and reinforced its mandate in the field of rural development. The Ministerial

Declaration adopted by the High-Level Segment reflected UNIDO's approach to integrated rural development, recognizing the urgent need to promote non-farm activities, rural energy, diversification of production, agro-industries and SMEs.

In 2003 the work of the Commission on Sustainable Development was of special significance for UNIDO. The eleventh session of the Commission in May established a multi-year programme of work for the next 15 years. It was decided that the Commission would function on the basis of two-year implementation cycles. It is significant that during the second year cycle (2006-2007), the Commission will address several issues of direct relevance to UNIDO: industrial development, energy for sustainable development, air pollution/atmosphere and climate change.

At meetings of the Chief Executives Board and High-Level Committee on Programmes, UNIDO focused its interventions on the implementation of the Millennium Declaration, follow-up to the International Conference on Financing for Development and WSSD, and United Nations reform. It also participated in the discussions on the situation in Iraq and outcome of the WTO ministerial meeting in Cancun as well as on the issue of multilateralism.

UNIDO's involvement in the United Nations Development Group contributed to the development of an "institutional position of UNIDO" in the context of implementing the MDGs at the country level. UNIDO's participation concentrated on the gradual internalization of the MDGs as the operational framework for the United Nations country teams, including monitoring, analysis, campaigning and operational activities. It is worth indicating that in 2003 the work at the country level resulted in greater understanding and ownership of the MDGs and better strategic focus for United Nations operational activities, with increased integration of the MDGs into the work of the country teams.

The year witnessed a breakthrough in the relationship between UNIDO and WTO. As a result of close consultations throughout 2003, a memorandum of understanding on technical cooperation was signed in September by the Directors-General of both organizations (see box). The memorandum formalizes a strategic partnership between UNIDO and WTO for the implementation of the Doha Development Agenda. The Agenda ensures that trade and industrial development will enhance economic growth and assist the beneficial integration of developing countries, least developed countries and transition economies into the global economy and the multilateral trade system. The primary objective of the technical assistance framework is to achieve a palpable increase in developing country exports by removing supply-side constraints, developing and proving conformity to technical requirements and integrating into the multilateral trading system. The initial group of countries to be covered for assistance under the agreement are Armenia, Bolivia, Cambodia, Cuba, Egypt, Ghana, Jordan, Kenya and Mauritania.

Cooperation with UNCTAD also gained new momentum. A joint cooperation programme on integrating LDCs into global trade was established, financed by the Government of Austria. Under this programme, UNIDO and UNCTAD in cooperation with WTO and ITC held two seminars on integrating LDCs into the global market. The findings and conclusions emanating from these two exercises were brought to the round table on "Making trade work for the poor—Stimulating the real economy's response", held in the framework of the UNIDO General Conference.

UNIDO will organize jointly with UNCTAD the Technology Fair for the Future to take place during UNCTAD XI at Sao Paulo, Brazil, in June 2004. The Fair will focus on emerging or strategic technology sectors important for low-income countries and LDCs.

The participation of the UNCTAD Secretary-General, Mr. Rubens Ricupero, in the tenth session of the UNIDO General Conference helped to develop further the UNIDO-UNCTAD partnership.

Working with WTO on trade-related assistance

For UNIDO, a special feature of the Fifth Ministerial Conference of WTO at Cancun, Mexico, was an agreement signed by the two organizations that will provide a framework to work more closely to assist developing countries participate meaningfully in international trade.

The memorandum of understanding formalizes a relationship between WTO and UNIDO that has grown closer in recent years. "This agreement is a milestone for the developing countries—and for UNIDO," said UNIDO Director-General Carlos Magariños. "Until Doha, 'trade-related' technical assistance was almost synonymous with WTO-related technical assistance. Now it is increasingly understood that to be effective, trade-related technical assistance has to attend to the whole 'product to market' chain. In addition to capacities relating to the multilateral trading system, developing countries need capacities to produce competitive exportable products that conform to international standards. That is where UNIDO comes in."

"The success of the Doha Development Agenda is critical for the achievement of the Millennium Development Goals," said WTO Director-General Supachai Panitchpakdi. "When it comes to technical assistance and capacity-building, strengthening capacities to negotiate and implement WTO rules is not enough. Success will only come through result-oriented coordination with other agencies, like UNIDO, the United Nations specialized agency with the mandate to assist with the development of the productive capacities of industry."

Another important outcome of 2003 was a strategic partnership with the International Standardization Organization (ISO) that became increasingly important due to the new context of globalization. This new partnership was reflected in a memorandum of understanding signed with ISO during the General Conference.

European Union—UNIDO partnership

In October the European Union Commissioner for Development Cooperation and Humanitarian Aid, Mr. Poul Nielson, and the UNIDO Director-General signed an agreement that will make it much easier for the two organizations to work together. Formally entitled the Financial and Administrative Framework Agreement (FAFA), facilitates the funding by the European Commission of UNIDO programmes. By increasing predictability of the rules for all stakeholders (European Union, UNIDO, other donors and beneficiary countries), FAFA also makes the handling of funds more transparent and consequently project implementation more efficient.

UNIDO and the Global Compact

The Global Compact was initiated by the Secretary-General of the United Nations at the Davos World Economic Forum in January 1999, encouraging the private sector to exercise Corporate Social and Environmental Responsibility (CSER) by adhering to nine principles drawn from international conventions or declarations on conditions of work,

respect for human rights and protection of the environment. In broad terms, CSER is seen as constituting demonstrable ethical, socially responsive and environmentally sensitive business practice. Membership in the Compact is voluntary.

Since its launch, the United Nations has promoted the Compact by undertaking activities on four fronts:

- ❑ **Policy dialogues** between the corporate sector, governments, international organizations, non-governmental organizations and other stakeholders;
- ❑ **A learning forum** which identifies and promotes corporate best practice in CSER;
- ❑ **Outreach** designed to enhance awareness of and enlist support for the principles of the Compact; and
- ❑ **Partnership projects** intended to support the implementation of the principles of the Compact in day-to-day business practice.

In May 2003 UNIDO became the fifth core United Nations agency in the Global Compact (following ILO, OHCHR, UNEP and UNDP).

UNIDO's participation in the Compact is motivated by the need to meet the specific needs of SMEs. Of the 1,240 companies and organizations that are signatories to the Compact, 234 companies from 37 developed and developing countries are classified as SMEs. UNIDO's association is a result of the recognition awarded by the United Nations system to the Organization's operational efforts in developing business partnerships; supporting SME development; its research efforts on exploring the implications of CSER for SMEs in developing countries; and spearheading United Nations system activities in supporting environmentally and socially responsible entrepreneurship.

In 2003, UNIDO provided its support to the development of tools, information resources and methodologies in support of the implementation of the Compact's principles. In addition, field-level support was provided to the launch of the Compact in Egypt, Pakistan, the Philippines, the Sudan, the United Republic of Tanzania and Zambia, with the UNIDO Representatives in those countries participating in country team efforts to organize those launches. UNIDO also participated in several policy dialogues and international discussions, presenting case studies of best corporate practice in supply chain management as well as environmentally sustainable industrial development.

In 2004 and future years, UNIDO will help realize the Compact's field-level objectives in client countries. It is appropriate to treat UNIDO's response as a cross-organizational programme with several parts of the Organization participating, the focus being on the improvement of the quality of business practices by SMEs and supporting business relationships based on CSER.

UNIDO was invited to contribute to the work of the Commission on the Private Sector and Development that was launched in July by the United Nations Secretary-General. The Commission is entrusted with the task of recommending means by which the private sector, both as an agent and as a partner, can be engaged in the economic and social development required to achieve the Millennium Development Goals. The Commission will report to the Secretary-General and an operational phase is envisaged to implement the recommendations.

In November, the Commission Director exchanged views with UNIDO in Vienna on the direction and strategic areas that the Commission may need to consider in formulating its recommendations to the Secretary-General. In addition to discussing overarching

issues, the Director was briefed on UNIDO operational initiatives with the private sector in various developing countries. It was agreed that UNIDO would be kept apprised of the Commission's progress in formulating its report. UNIDO will follow the discussions of the Commission, and avenues will be explored for supporting endeavours to implement the findings, in cooperation with United Nations partners, insofar as those findings correspond to UNIDO's sphere of operations.

Millennium Project

UNIDO continued to play a significant role in the United Nations Millennium Project to help in formulating the best strategies for achieving the Millennium Development Goals.

As an active member of the United Nations Experts Group, which oversees the working of the whole project, Task Force One on Poverty and Economic Development and Task Force Ten on Science, Technology and Innovation, UNIDO makes a direct contribution to the Millennium Project by sharing its expertise on the relevant subjects. Also in this context, UNIDO is holding talks with the Earth Institute with a view to developing a series of projects in alternative energy and rural development, which will become part of the implementation of the Millennium Project.

UNIDO has placed the MDGs at the heart of its corporate strategy to be used as a key indicator to gauge the impact of its interventions. In addition to this, UNIDO's flagship publication, the *Industrial Development Report*, will feature "Industry, environment and the MDGs in sub-Saharan Africa: The new frontier of poverty" as its theme for its 2004-2005 issue.

III

Programme development and technical cooperation

As the previous year had seen the merger of the two former technical divisions, the reorganization process was taken a step further in 2003 by consolidating energy and cleaner production activities on the one hand, and multilateral environmental agreement activities on the other, into two new branches.

An equally crucial element in the Division's approach to refining and focusing its programmatic elements was the reformulation of UNIDO's eight service modules, as discussed in chapter I, together with the prioritization of the elements within each module.

At the same time, to complement the consolidation of technical activities into organizational units with increased strategic focus, the need for a standardized business plan for the Division that was at once detailed and holistic became a management priority. With the involvement of line managers and their assistants, a comprehensive picture was developed of where and when each branch was going in the course of the year. For the first time, moreover, the PTC business plan provided a quantifiable account of global forum activities.

The results speak for themselves. The Division's technical cooperation delivery increased by more than 10 per cent compared with 2002. Moreover, an accolade of external recognition attests to the fact that quality has become conspicuous in the palette of services.

In 2003, projects backstopped by the Division won awards for excellence from the Third World Chambers Congress, China's State Environmental Protection Agency, Egypt's Ministry of Environment and Serbia and Montenegro's *Journal of Air Conditioning, Heating and Refrigeration*, as well as recognition for achievement from the United States Environmental Protection Agency and Guinea's Ministry of Fisheries and Aquaculture.

The present chapter provides an overview of the integrated programmes, followed by brief summaries of the activities of branches of the Programme Development and Technical Cooperation Division.

Turkish subcontracting and partnership exchange (SPX) wins world chamber of commerce award

Turkey's Subcontracting and Partnership Exchange (SPX) won the Best Small Business Project Award at the Third World Chambers Congress, held at Quebec City, Canada, 15-17 September 2003. The Istanbul SPX is one of 60 that have been established by UNIDO in more than 30 countries, forming part of a global industrial outsourcing network. The Turkish SPX is operated by the Istanbul Chamber of Commerce.

The aim of the World Chambers competition is to recognize the most innovative projects recently undertaken by chambers of commerce around the world. Altogether 65 entries from 29 countries were nominated for four categories: best small business project, best marketing/communications project, best international project and best unconventional project.

SPXs are technical information, promotion and match-making centres for industrial subcontracting and partnership between main contractors, suppliers and subcontractors. The Exchanges aim at optimal utilization of manufacturing capacities of the affiliated industries and are organized as non-profit industrial associations run by qualified entrepreneurs. In effect, SPXs function not only as meeting points and instruments of regulation between supply and demand of industrial subcontracting orders, but also as platforms for assistance to both partners, and particularly to small and medium suppliers or subcontracting enterprises.

The Istanbul Exchange is one of the best in the world, especially in terms of matchmaking. The results have proved extremely positive: Turkish subcontractors are now focusing on international markets more than ever, and the number of members exporting is on the rise. The project has increased overall competitiveness and productivity, and improved the use of existing capacity.

A. Integrated programmes and country service frameworks

Integrated programmes (IPs) and country service frameworks (CSFs) in 2003 continued to deal with capacity-building, with a particular emphasis on increasing competitiveness and SMEs, and with special attention to environment protection. They link with such United Nations Millennium Development Goals (MDGs) as poverty reduction, environmental sustainability, global partnership for development and gender equality.

At the end of 2003, the total number of IPs/CSFs was 51, five of which were approved during the year. The total funds allocated for these programmes amounted to \$146,796,425 resulting in a total expenditure of \$107,437,339, against a total current planning figure (without programme support costs) of \$308,082,193. 2003 was also the year where the first generation of IPs was either completed or nearing completion.

Since the introduction of the integrated approach in accordance with the Business Plan and its implementation in 1999 through the application of the new methodology of integrated programmes, it has been a valuable and continuous learning process both for the UNIDO Secretariat and its Member States—donors as well as recipients. Accordingly, IPs and CSFs have been and are under continuous monitoring and periodic review. They showed concrete results, to varying degrees, particularly in those cases where outputs are already being utilized by target beneficiaries. In most instances, the IPs and CSFs are promising with respect to their contribution towards achieving the Millennium Development Goals and their impact on aggregate industrial performance.

In the course of 2003, an approach to performance indicators was developed that could be used in diagnosing, evaluating and reporting industrial performance and impact at the national level. This approach complements existing evaluation tools in assessing performance at the level of output and outcome. The results identified by applying this new approach were verified in the field through the in-depth evaluation process. It covered six out of eight in-depth evaluations carried out where the evaluation reports were finalized by December 2003 (Burkina Faso, Ethiopia, Guatemala, Mozambique, Sri Lanka and United Republic of Tanzania). This exercise confirmed that the programmes had already started to show some measurable impacts through their direct or indirect contribution towards increased exports (for example in the leather, textile, fish and food sectors, towards creating or upgrading numerous enterprises, and towards creating or saving jobs). As implementation continues, the impact of IPs and CSFs will become increasingly visible.

B. Agro-Industries and sectoral support

In 2003, agro-industries and sectoral support focused on increasing productivity, process optimization, trade facilitation, employment generation, capacity-building and techno-economic assessments. Highlights during the year are included in the following paragraphs.

In Lebanon, a new food law was drafted and submitted to the Government. It creates the legal framework for regulations to ensure that a Lebanese Food Safety System is in place for food exports to meet international requirements. In Ethiopia, 82 post-harvest pilot demonstration stations were created, increasing the revenues of farmers and reducing post harvest losses by 10 per cent in the first year of operation. In Uganda, a hybrid drier for fruits and vegetables, developed in Burkina Faso, was successfully installed enabling producers to double their exports of dried organic fruits.

UNIDO is set to implement a two-year project to assist in the revitalization of agricultural productive capacities in the Nuba Mountains region of southern Sudan, an area severely affected by a long period of civil war and thus in urgent need of support for resettlement of internally displaced persons and the stabilization of rural communities. The United Nations Trust Fund for Human Security is funding this project, which is expected to assist some 6,000 households in around 40 rural communities.

In three regions of Burkina Faso, operational dyeing and weaving units were established, equipped with appropriate technology and modern equipment operated by trained artisans, able to produce quality products. As a direct result of the UNIDO intervention, new jobs were created and local processing of cotton was enhanced. In Madagascar, sericulture was upgraded by the introduction of new techniques and machinery, and extensive training for silk technicians led to increased employment and income. Through establishment of a CAD/CAM centre at Havana, Cuba and introduction of modern production and management techniques in selected textile manufacturing plants, the competitiveness of these products was increased, so that they now comply with international standards.

Assistance was provided through a techno-economic study to the Government of Morocco for the relocation of the tanning district at Fez to a new industrial area at Ain Cheggag due to serious environmental conditions prevailing in Fez. A large project to design and establish a common effluent treatment plant was completed at Kasur, Pakistan. The second-largest of its kind in the world, it has led to elimination of hazardous effluents, safe disposal of solid wastes and significant reduction in water

consumption at the 230 tanneries it serves. Tanning activities have continued under environmentally cleaner conditions, while all jobs have been secured.

Through training programmes, skills were upgraded at 20 agro-machinery manufacturers in Nigeria, producing cassava-processing machinery. A high-level meeting was held at Conakry, Guinea, under the chairmanship of the Prime Minister, bringing together the Chairmen of the Social and Economic Councils and representatives of the Ministries of Industry of Guinea, Mali and Senegal as well as civil society organizations, on the occasion of the launching of a regional programme for West Africa, aimed at enhancing the capacities of these organizations for delivering services to small, medium and micro-enterprises.

Bamboo for the new millennium

Northeastern India is an area where bamboo has its roots and shoots—both literally and metaphorically. Bamboo has been an integral part of everyday life since primeval times but its potential had never been fully realized until recently, when in July 2002 UNIDO launched the cane and bamboo technological upgrading and networking project.

The project covered seven states in India and has already had a tremendous impact on the country. The core objective of the strategy was the strengthening of the institutional structure of resource centres in the region and upgrading skills of entrepreneurs, trainers and leading craftspeople to achieve the widest possible dissemination of technologies and skills needed for managing, marketing and adding value to hitherto underutilized resources. Through the project a Cane and Bamboo Technology Centre (CBTC) was successfully established at Guwahati, which functions as a semi-autonomous institution and is already equipped with all necessary machinery for the production of 10,000 square metres of bamboo boards a year. These boards are suited for a wide range of furniture designs destined for local and export markets.

Some of the key activities carried out are:

- Over 900 people have been trained at the CBTC in hands-on courses on cane and bamboo machine tool operation and handicrafts;
- An entrepreneurship development programme has been introduced;
- Five Indian bamboo species were tested in China and proved to be suitable for conversion into industrial products;
- A housing workshop highlighted that Latin American earthquake-resistant and affordable bamboo housing technology could be transferred and adapted to Indian production;
- One of the most notable events CBTC organized was BAMTECH 2003. This international conference hosted at Guwahati served as a platform for a technology fair, an international bamboo technology seminar, and last but not least BAMFEST 2003, the first North Eastern bamboo festival highlighting local customs, usage and products made of bamboo. In summary, BAMTECH 2003 not only gathered scientists and individuals for an exchange of knowledge and experience but also for a discussion on the future direction of bamboo resource development. This conference marked the result of a development that has returned bamboo to the limelight as an environmentally sound and economically viable raw material.

In Guatemala, technical courses for micro-enterprises in the wood furniture industry were enhanced through training equipment provided under the country's integrated programme, resulting in the successful participation of entrepreneurs in the international furniture fair, EXPO MEUBLE 2003, and in the establishment of linkages

to buyers and large-scale companies with potential for subcontracts. The promotion of bamboo as a fast growing, environmentally sound and economically viable raw material for value added products continued. The international conference BAMTECH 2003 was held in India, introducing policy issues for sectoral development as well as promoting networking and information dissemination with international bodies and research institutions.

UNIDO co-organized a conference on automation technology and mechatronics at Stuttgart, Germany, and St. Gallen, Switzerland, attended by participants from 11 developing countries. The conference examined potential applications of automation and mechatronics in developing countries for enhanced industrial productivity in the textile, food-processing and metalworking industries.

C. Energy and cleaner production

Energy and cleaner production activities focused on six main areas: rural energy for productive use, with emphasis on renewable energy technologies, industrial energy efficiency, climate change, cleaner production, international waters and biotechnology. Selected highlights are provided in the following paragraphs.

A project on renewable energy powered information and communication technology for rural areas of Malawi and Zambia was approved by GEF and implementation started. In Cuba, a project on generation and delivery of renewable energy-based modern energy services was approved by the GEF Council with a grant of \$5.4 million. An expert group meeting was held at Bangalore, India, to review the current status of biomass gasifier technologies. The meeting agreed to create a database and information sharing, capacity-building and strengthening of partnerships and promoting South-South cooperation to enhance access for poor societies to modern energy services through biomass gasification. Technical cooperation projects on small hydropower (SHP) development covering Mozambique, Uganda and the United Republic of Tanzania were initiated.

In regard to capacity-building for international cooperation in energy, a trust fund agreement for \$40 million was signed between UNIDO and the Ministry of Energy and Natural Resources of Turkey to establish and operate an International Centre for Hydrogen Energy Technologies. Within the framework of UNIDO's international programme on the promotion of small hydropower, the UNIDO Regional Centre for Small Hydropower at Kerala, India, was inaugurated by the Director-General in April. An Asian-African Seminar on SHP development and implementation was held at the Centre with participation from over 20 countries.

Two projects on the introduction of energy efficient technologies and measures in small and medium enterprises in the energy-intensive hand tools and glass sectors were inaugurated at Ferozabad, India.

Two meetings in Vienna addressed the issues of challenges to the governmental, industrial, academic and financial sector for the promotion of technology transfer. The meetings also discussed how carbon financing through the Kyoto Protocol's joint implementation and clean development mechanism could accelerate the use of energy efficient technologies and systems in the industrial sector.

The cleaner production programme underwent substantive changes to respond to the new requirements of the market-driven global economy, including adoption of a holistic and sectoral approach. Emphasis was placed on investment promotion and transfer of

environmentally sustainable technologies and increased cooperation among UNIDO branches and services as well as with other United Nations agencies.

A regional project on combating coastal area degradation and depletion of living resources in the Guinea Current Large Marine Ecosystem was approved by the GEF Council in November with a GEF budget of \$21.5 million. The countries included in the project are Angola, Benin, Cameroon, Congo, Democratic Republic of the Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Ghana, Guinea, Guinea-Bissau, Liberia, Nigeria, Sao Tome and Principe, Sierra Leone and Togo.

Preparations continued throughout the year regarding the Global Biotechnology Forum scheduled for March 2004, at Concepción, Chile. Four regional preparatory meetings were held in the course of 2003 in Nairobi, Brasilia, Chengdu and Vienna. They were attended by over 500 participants representing governments, industry, academia and NGOs. The meetings focused on the prospects of biotechnology to address needs and priorities in accordance with Millennium Development Goals, as well as enhance industrial competitiveness and diversify the productivity base of developing countries.

D. Industrial promotion and technology

UNIDO's technology promotion activities concentrated on upstream intervention at government level in devising appropriate policies, strategies and operational action plans to address the technological divide. Technology foresight awareness and capacity-building activities were implemented at the regional level in Eastern Europe and in Latin America focusing on national core competencies and local sectoral benefits enabling adoption of and upgrading to new and more innovative technologies. Special attention was given to technology road-mapping addressing technology strategies in specific industrial sectors in South-East Asia. The highlight of the UNIDO technology foresight initiative was the convening of the Technology Foresight Summit in Budapest, Hungary, in March, which represented the highest-level gathering ever of top governmental decision-makers dealing with technology foresight and policy. Five countries hosted and co-funded foresight activities in the CEE/NIS: Czech Republic, Hungary, Russian Federation, Turkey and Ukraine. A large-scale regional technology foresight survey, funded by Spain, was launched in Latin America addressing the fishery production chain on the Pacific coast, involving Chile, Colombia, Ecuador and Peru.

To increase the technology promotion, transfer and diffusion process through the UNIDO network of international and national technology centres and strengthen their capacity, the "East-South" Cooperation Programme for International Technology Transfer was launched, particularly between the Russian Federation and Latin American countries. It will bring together the regions' governmental policy makers in industry, science and technology and leaders of the business and industry communities, and also help bridge the needs of industry, capital and the market place for new products and processes with the existing technology base. As part of this new initiative, the Russia-Brazil Centre for Technological Cooperation was established in Moscow. An expert group meeting on nanotechnology and new on-line web-page service on technology road-mapping, conducted within the framework of the International Materials Assessment and Application Centre, will play an important role in promoting technological advances in the materials sector.

This year's investment promotion activities encompass three main areas:

- ❑ Formulation and promotion of investment projects in biotechnology (Cuba), the automotive industry (Colombia), and agro-industry and pharmaceuticals (Ghana, Nigeria and United Republic of Tanzania);
- ❑ Training of national staff and formation of local networks for enterprise and project profiling and appraisal for countries including Ecuador, Ghana, Malawi, and Nigeria;
- ❑ Survey of foreign investors in 10 sub-Saharan countries to assess their motivations, performance, perceptions and future plans as an input to capacity-building and strategy design for national institutions servicing foreign investors, supplemented by a competitiveness benchmarking exercise launched first for Kenya and Nigeria in the pharmaceutical and agro-processing sectors.

At the request of and with financing from the French Ministry of Agriculture, and with various UNIDO branches cooperating, the CD ROM “How to start agro-food industries” was produced, which will also be featured on the UNIDO web site and UNIDO Exchange.

The Asia-Africa Investment and Technology Promotion Centre—or Hippalos Centre—project, financed by the Government of Japan with the aim of facilitating investments from Asia to Africa, entered its fifth year of operation. In 2003, the focus was on Ghana and Senegal as investment destinations and China, India, Malaysia and Republic of Korea as investor countries, with the Generalized System of Preference, African Growth and Opportunity Act, and Carbon Credits being used as tools for promotion.

The marginalization of developing countries from global trade is a major concern strongly reflected in key international forums and the Millennium Development Goals. Within this context, the UNIDO trade capacity-building initiative is based on three fundamental pillars: (a) national manufacturing capability for global market competitiveness; (b) proven ability to conform to international standards and regulations; and (c) opportunity to connect to target markets.

Under this initiative, UNIDO initiated several projects. In West Africa, in cooperation with the European Union and the West African Economic and Monetary Union (UEMOA), UNIDO developed a subregional programme aimed at facilitating the access of UEMOA countries to regional and international trade. UNIDO has already established a regional system for accreditation, set up regional and local networks of specialized laboratories, harmonized procedures for testing and analysis of products; introduced quality systems in more than 16 laboratories and 50 enterprises; organized training for more than 500 engineers and auditors; and provided a complete collection of international standards. Regional programmes were also launched for Mekong countries, funded by NORAD, and for Central America, funded by UNIDO. Both are aimed at strengthening trade capacities with special focus on priority sectors. In Sri Lanka, for example, the national textile testing laboratory, formerly a fully sponsored government institute, is now 80 per cent self-sufficient, with additional income being derived from new international apparel manufacturers that have now established themselves in Sri Lanka.

Within the \$5 million programme of recovery of the Argentinian industrial sector for SME upgrading to foster access to credit and export markets, funded by Italy, and in cooperation with international and national NGOs, UNIDO assisted in creating a consortium of small-scale meat producers for increasing quality, value and export of meat. Producers that had no previous access to export markets were finalizing the first pilot exports to Italy, at the close of the year.

ITPO China establishes 19 green industries demonstration parks

While China's economy has been developing at unprecedented speed and its urbanization is in full swing, environmental protection has become a serious concern.

A project launched by ITPO China addresses this concern. With vital support from the Chinese Government and local authorities, a green industries expert committee has established 19 green industries demonstration zones during the past five years. These industries cover a total area of 54,360 square kilometres, with a population of 10.9 million.

The year 2003 saw a wealth of activities, including workshops organized on environmentally sound agro-industry production for a total of 1,000 trainees, technical lectures given to more than 2,800 people and field missions undertaken to provide hands-on technical advice in the field and to discuss with local government officials, entrepreneurs and farmers proper cooperative programmes in the field of environmentally sound agro-industries.

Furthermore, ITPO China organized a seminar for representatives of the green industry experimental parks for an exchange of experiences. The seminar concluded that profound achievements had resulted from the establishment of the parks: GDP per capita has increased over 10 per cent for the population in most of the area, and the environment has significantly improved after strict control of fertilizer usage and waste treatment. Small enterprises are flourishing.

In conclusion, know-how and technical support have not only improved the parks' environment, but also accelerated the development of these economies.

E. Multilateral environmental agreements

By the end of 2003, UNIDO had developed over 900 Montreal Protocol projects in 68 countries worldwide, with a total budget of over \$355 million, of which more than 620 projects with a value of some \$220 million were completed, phasing out substances with an ozone-depleting potential (ODP) of some 31,000 tonnes. In 2003 alone, the phase-out amounted to a record 7,000 ODP tonnes.

In 2003, 28 national and sectoral phase-out plans were prepared for and approved by the Executive Committee for Albania, Argentina, Bosnia and Herzegovina, China, Croatia, Democratic People's Republic of Korea, Iran (Islamic Republic of), Libyan Arab Jamahiriya, Mexico, Pakistan, Turkey and Venezuela.

The production sector phase-out plan of Mexico represented a major achievement. With a budget of \$34.2 million, the project is aimed at the gradual cessation of the country's CFC production amounting to 22,000 ODP tonnes.

Under the Kyoto Protocol, the focus was on capacity-building for project identification, formulation and development of project documents as well as for participation of industry in the Clean Development Mechanism (CDM). UNIDO also assisted Brazil and South Africa in identifying potential project opportunities, with 53 projects identified for the former and 23 for the latter. A CDM investor's guide was prepared for each country and the projects promoted using the services of the UNIDO ITPO network. Capacity needs were also addressed by means of technical training workshops.

UNIDO continued to develop its portfolio of projects for the implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs). Nearly 50 countries had expressed their interest in developing their national implementation plans in cooperation with UNIDO. In sub-Saharan Africa, more than 25 countries have requested assistance from UNIDO, proposals for 19 of which have already been approved by GEF.

Engaging private sector participation in the CDM—The inter-agency project

Climate change is emerging as one of the most challenging problems facing humanity. It is also the most complex global issue ever multilaterally negotiated under United Nations leadership. It calls upon an array of knowledge and expertise, and hence there is a need to ensure that the existing knowledge and experience within the system is fully utilized in accordance with respective mandates and competitive advantages.

With this in mind, the United Nations Foundation funded a project designed as a collaborative effort of UNDP, UNIDO, UNCTAD and UNFCCC, in cooperation with the World Business Council for Sustainable Development, to undertake technical assistance activities addressing capacity-building for the Clean Development Mechanism (CDM).

The UNIDO component focuses on four main issues:

- Methodological issues that arise in the baseline and additionality of CDM projects;
- Hands-on project development and capacity-building for industrial project developers;
- Promotion of CDM project investment opportunities to bilateral investors in annex I countries, using the UNIDO network of ITPOs;
- Knowledge creation and sharing.

As a result of UNIDO activities, the following results have been achieved:

- A methodology that can be used for multiple project categories was presented at technical workshops in Brazil and South Africa and included in a course on energy efficiency and CDM conducted at Pretoria;
- A project design document for Mondi Kraft, a South African pulp and paper company targets the recovery of biomass waste and use of biomass as alternative fuels;
- Case studies for a CDM/energy efficiency training course and for energy efficiency for industrial boilers;
- Placement of national experts from Brazil and South Africa with ITPO Tokyo to facilitate partnership and interaction between potential CDM project hosts and investors and to present country portfolios of CDM projects (53 for Brazil, 23 for South Africa). The experts attended some 30 meetings with business and industry representatives. These activities were attended by 81 (Brazil) and 64 (South Africa) representatives of the business and industry community of Japan, and more than 75 projects were presented to potential investors;
- A successful workshop on CDM applications for industrial projects prepared using information and material from the Mondi Kraft example was conducted at Johannesburg.

Recognizing the solid achievements of phase I, the United Nations Foundation has approved a planning grant for the preparation of phase II, which entails activities in Brazil, India, Morocco, Philippines and South Africa.

Since the adoption of the Convention in 2001 and through the end of 2003, GEF approved \$17 million funding for the preparation of national implementation plans with UNIDO support. Work has begun in 26 countries, with the first draft plan completed, for the Czech Republic, in October.

Within UNIDO's Stockholm Convention programme, technical work commenced to identify best techniques for POPs elimination or reduction as well as the adoption of alternative materials as substitutes for the prescribed POPs. In addition, countries will need assistance to identify suitable approaches to legal and social aspects of the management of POPs through capacity-building assistance for government, industry and civil society.

Examples of innovative projects included: demonstration of the viability of non-combustion technologies for the elimination of POPs stockpiles in the Philippines and Slovakia, with China and one African country to follow, and fostering active and effective civil society participation in preparation for implementing the Stockholm Convention.

In November, the GEF Council recognized the comparative advantage of UNIDO in the area of industrial POPs by granting it direct access to GEF funds for all types of POPs-related activities, including large full-scale projects.

F. Small and medium enterprises

During 2003, support to SMEs was enhanced through strengthening programmatic links to UNIDO's corporate strategy and the Millennium Development Goals as well as placing renewed emphasis on pro-poor growth strategies. Efforts were made to strengthen SME support institutions, address the constraints of SMEs through domestic networking and global linkages, and create an environment conducive to innovation and market access. At the same time, conceptual work and action-oriented research was further emphasized.

The year's programme highlights emphasized five main activities:

- Industrial policies and strategies—In Ecuador, a methodology for measuring industrial competitiveness based on UNIDO's research work was formulated and disseminated to government officials and bankers through a training course, and a data base was built to identify costs of doing business. In the Syrian Arab Republic, UNIDO's formulation of a strategic policy framework was used as a basis for the development of a national programme for industrial modernization under European Union funding.
- Rural and women's entrepreneurship development—Building on ongoing activities, in Uganda an entrepreneurship curriculum was introduced in secondary education offering some 400,000 students annually exposure to entrepreneurial culture, attitude and practices. Project proposals to address specific needs in afflicted countries, including Afghanistan, Angola, Burundi, Guinea, Sierra Leone and Timor-Leste, were elaborated for post-crisis assistance and submitted to donors, including the United Nations Trust Fund for Human Security funded by Japan.
- SME cluster development—A new initiative, so far applied in Egypt, Morocco and Tunisia, began promoting export consortia to facilitate access to new markets. In addition, a joint ILO/UNIDO global training programme on SME cluster

development, drawing on the specific experience of both organizations, was designed for policy makers in developing countries to help SME clusters meet their potential in globalized economies.

- ❑ **Business partnerships**—This year’s launching of the second phase of the Business Partnership Programme for the Automotive Component Industry, in India, and the start of a similar programme in South Africa underscored the impact achieved and clients’ sustained demands for this kind of service. In recognition of its achievements in this field, UNIDO was selected as a core member organization of the United Nations Global Compact.
- ❑ **SME information networking**—Following a preparatory needs assessment in Egypt, a business model was designed jointly with national support institutions to provide sustainable business information solutions and related value-added services to SMEs. In Guatemala, a dynamic Internet portal was put into operation, linking the Government’s web pages to give SMEs ready access to industrial information and enable them to advertise their products via the Internet.

With publication of substantive concept papers for rural and women entrepreneurship development and business information services, core programme areas were covered. In addition, *A Guide to Export Consortia* was issued to raise awareness about this new initiative.

Reviving a traditional rice paper village

A gloomy atmosphere pervaded the village of Huong Ho in early 2003. Families whose rice paper had been the main source of income for generations were unable to compete in the modern market. Some 25 families most affected by the crisis were targeted by the Women’s Union, the counterpart of the UNIDO project “Women’s entrepreneurship development in central Viet Nam”, to identify solutions.

With the help of a marketing training module, the project carried out a market analysis and the group was able to identify a niche market that industrial rice paper had not yet tapped. The Women’s Union then linked the group with a bank for social policy, and 12 members obtained loans sufficient to recover the working capital spent during the unemployment period. With renewed confidence, 25 members went back into business. Having been trained in marketing techniques, the group elicited more positive responses and was successful in creating product awareness among buyers. According to Ms. Nguyen Thi Dung, “I feel confident after the training. Now I know how to persuade people to buy my products, and have an awareness of the needs of clients and the importance of meeting those needs.”

Finance management training further helped in pricing strategies for competition and budgeting. “Now we know how much we spend and earn and can adapt expenses accordingly,” said Ms. Thuy, the head of the group.

One year later, Huong Ho has a different outlook. Happy faces of women entrepreneurs reflect their achievements. Ms. Dung explained: “I have a lot of clients now. Before, I could sell only 500 pieces of rice paper per day. Now it has nearly doubled.”

Marketing knowledge, direct consultation and group methods worked well in Huong Ho. Project staff are confident that the knowledge and entrepreneurial spirit imparted to the group will enable its women to cope with future challenges and adapt their products and strategy to enhance their position in the market.

IV

The regional dimension

In fulfilling the aims of the regional programmes to develop a coherent regional programmatic approach to UNIDO services and to ensure a response to countries' needs and requirements in an effective manner, the Organization has focused on strengthening its efforts in supporting the development of integrated programmes, enhancing cooperation with other institutions and promoting global forum activities.

During 2003, increased decentralization of authority to the field offices continued by further empowering the UNIDO Representatives. Moreover, to achieve synergy in the regional programmes as well as to improve the coordination and monitoring activities during the development and implementation of programmes, the role of the Regional Bureaux was solidified through increased authority, thereby facilitating a more comprehensive overview of the services rendered to Member States.

The regional dimension of UNIDO activities, support to least developed countries (LDCs) and South-South cooperation by region are highlighted in the following sections.

A. Least developed countries

The least developed countries have long been the focus of UNIDO's work, particularly subsequent to the adoption in 1997 of the Business Plan on the Future Role and Functions of UNIDO. Since the Third United Nations Conference on the Least Developed Countries (LDC III), held in Brussels in 2001, UNIDO activities for LDCs have concentrated on commitments 4 (Building productive capacities to make globalization work for the LDCs) and 5 (Enhancing the role of trade and development) of the Brussels Programme of Action.

Indeed, the various dimensions of the Programme of Action for LDCs are addressed through UNIDO programmatic activities based primarily on the integrated programme approach. Therefore, in LDCs the IPs are focused on poverty alleviation through productive capacity development in agro-industry and manufacturing sectors. This includes promoting small and medium enterprises, upgrading competitiveness, stimulating innovation and increasing income levels through the process of industrialization. Of a total of 51 programmes, 16 are currently under implementation in LDCs: Burkina Faso, Burundi, Eritrea, Ethiopia, Guinea, Lao People's Democratic Republic, Madagascar, Mali, Mozambique, Nepal, Rwanda, Senegal, Sudan, Uganda, United Republic of Tanzania and Yemen. A further two—for Djibouti and Niger—are under finalization, and an additional three are under formulation (Bangladesh, Sierra Leone and Togo).

Among the IPs for which significant success has been recorded are a number for LDCs: Ethiopia, Lao People's Democratic Republic, Senegal, Uganda and United Republic of Tanzania, where considerable funding has been mobilized. Moreover, the programmes for these countries are now embarking on phase II, with more focus on fewer sectors in order to demonstrate high results.

Activities in favour of LDCs, particularly the implementation of the Brussels Programme of Action, also received new impetus in 2003, thanks to new mandates adopted by the UNIDO governing bodies. An Industrial Development Board decision cast UNIDO support to LDCs in the context of a number of recent major international efforts, including the Rabat Declaration adopted by the Special Ministerial Conference of the Least Developed Countries in June 2003. General Conference resolutions adopted in December underlined the priority accorded to LDCs, and also a resolution highlighting the importance of South-South cooperation. This could have implications for the future, featuring "triangular cooperation" as a more important channel of cooperation. It would also enhance the utilization of expertise from developing countries, with the financial support of developed countries and other donors.

An important tool that could be used for triangular cooperation in favour of LDCs in Africa is the African Productive Capacity Initiative (APCI), which was also the subject of a resolution adopted by the General Conference. Based on global and local value chains, APCI will be implemented in the framework of NEPAD and could be used to assist LDCs in their respective subregions or in other African groupings. Moreover, the Initiative could be used by Asian or Latin American countries to collaborate with African LDCs in a particular African subregion, as is foreseen with proposed cooperation between MERCOSUR and SADC.

The Initiative will gradually integrate the current integrated programmes in Africa, including those for LDCs, which would become the national pillars of the respective subregional APCI. Moreover, ongoing regional programmes in West Africa, which counts 11 LDCs, will be included in the West African Productive Capacity Initiative, provided they correspond to the identified priority sectors as well as the areas of support to industrial performance. Concrete examples include the trade facilitation and market access programme funded by the European Union covering the UEMOA countries which is well under way, or the regional multifunctional platform programme, which has received new financial support from UNDP, as well as the West African regional improvement scheme for hides and skins approved in 2003 under CFC financing.

Furthermore, the West African Productive Capacity Initiative has targeted local manufacturing of at least 25 per cent of West African cotton, where such LDCs as Mali, Burkina Faso or Senegal are among the largest producers of the subregion. At present, 95 per cent of the cotton produced in West Africa is exported as raw material.

In other respects, taking into account the successful experience and results gained in a trade capacity-building project for Sri Lanka during the period 2001 to 2003, UNIDO and NORAD again launched a similar project for the Mekong Delta countries and South Asian LDCs, with a NORAD contribution amounting to \$2.5 million. With an objective of overcoming technical barriers to trade in the subregion, the project focuses on developing the necessary technical infrastructure for laboratories and also on the global recognition of the laboratories.

Collaboration with other United Nations agencies has continued to play an important role in the follow-up to LDC III. UNIDO and UNCTAD, in cooperation with WTO and ITC and through a contribution from Austria, held two seminars in Africa on integrating LDCs into the global trade challenges and opportunities of the Doha Development

Agenda. The participants of the June seminar were from six LDCs in East Africa, while 11 West African LDCs were represented at the September event.

UNIDO received official requests from Burundi, Madagascar, Mauritania and Senegal to assist in the context of the Integrated Framework for Trade-Related Technical Assistance to LDCs, which is jointly implemented by IMF, ITC, UNCTAD, UNDP, World Bank and WTO. The UNIDO support will be covered through the Trust Fund for Trade-Related Capacity-Building established in the context of LDC III.

A UNIDO report on developing rural and women's entrepreneurship entitled "A Path Out of Poverty", issued in April, describes UNIDO's rural and women's entrepreneurship development programme, which is a core contribution to poverty reduction and the attainment of the MDGs. The report is based on successful UNIDO project experiences mainly in LDCs.

UNIDO delivery to LDCs in 2003 amounted to \$10.5 million, out of a total of \$93.9 million, or a share of 11.1 per cent. Country-specific delivery and approval information for LDCs is provided in appendix D.

B. Africa

Following the adoption of the New Partnership for Africa's Development (NEPAD) and the launch of the African Union, a new African-driven vision and development framework for the continent's long-term sustainable development was set in motion. In its resolutions 57/7 of 4 November 2002 and 57/297 of 20 December 2002 respectively, the General Assembly brought to a close the United Nations New Agenda for the Development of Africa in the 1990s as well as the Second Development Decade for Africa and urged the international community and the United Nations system to organize support to African countries in accordance with the principles, objectives and priorities of NEPAD.

The world community has been challenged by the NEPAD initiative to address the issues of Africa's development in a new context and focusing on new priorities. Thus, it became strategically important to achieve the target of 0.7 per cent of GNP of developed countries as an official development assistance rate, to solve the problem of external indebtedness of the heavily indebted African countries, to improve market access to exports from Africa in accordance with the Doha Ministerial Declaration, to facilitate investment and to channel other resources and technology in line with the priorities and structure of NEPAD.

In the context of the persistent negative processes affecting the economic and industrial growth of sub-Saharan Africa, UNIDO continued its search for the most effective and feasible ways to tackle the strategic problems of Africa's development. Positioning its vision on the Millennium Declaration Goals, a new corporate strategy and an active participation in the NEPAD process, UNIDO maintained its emphasis on technical cooperation services and global forum functions aimed at the support of the sustainable industrial development of the continent. Apart from such instruments as technology transfer and acquisition, increased competitiveness to facilitate trade and market access, building sustainable business linkages between private and public sectors, protection of the environment and food security, UNIDO became more involved in industrial recovery and rehabilitation programmes in African countries emerging from civil and ethnic conflicts. In line with NEPAD, UNIDO expanded the scope and the coverage of its subregional programmes, including needs assessment and strategic

planning. The cornerstone of UNIDO activities in Africa in 2003 remained the emphasis on the overall relevance, efficiency and impact-oriented results of its programmes.

Integrated programmes—continuous focus on sub-Saharan Africa

A good indicator of the focus on Africa in UNIDO technical cooperation activities was their share of integrated programmes and country service frameworks. At year's end, 24 IPs or CSFs were under implementation in the region, with a total budget of \$152 million, of which \$110.1 million was allocated for 19 programmes in sub-Saharan Africa. From its inception in 1998, the IP approach has been applied in Burkina Faso, Burundi, Cameroon, Côte d'Ivoire, Eritrea, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Mali, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa, Uganda and the United Republic of Tanzania. New IPs have been developed for Niger (Support to agro-processing industries), Togo (Contribution to poverty reduction and economic growth) and Sierra Leone (Post-conflict SME support programme for industrial development and poverty alleviation). In Ethiopia, Tanzania and Uganda the second phase of implementation has been initiated, and with respect to Côte d'Ivoire the programme was reoriented with an emphasis on post-conflict initiatives.

Supporting the region's efforts to counterbalance its marginalization in the world economy, UNIDO has continued the development of IPs in tandem with greater focus on the implementation of those previously approved to maximize impact and ensure sustainability. In line with this, additional funds amounting to more than \$6 million were made available to strengthen and focus ongoing IPs, regional projects and new initiatives to address measures relating to post-conflict issues in Africa. A number of principal criteria for UNIDO operations in Africa were thus reinforced: that they are to be demand-driven, client-oriented and planned in the light of constant evaluation. Thus, the evaluation of the programmes for Burkina Faso, Mozambique, Nigeria, Tanzania and Uganda resulted in their substantive structural adjustment, modification and refocusing. Special emphasis was paid to new national development priorities and emerging post-conflict issues.

New developments at the regional and subregional levels

Continued efforts to implement the regional dimension of NEPAD resulted in a strong role of regional programmes and projects within the framework of UNIDO activities in Africa. At the end of 2003 a total of 67 regional projects were under implementation with a financing outlay of \$20.1 million. In its strategic planning UNIDO has further emphasized the regional approach.

As an indication of its activities at the regional level, UNIDO continued to be heavily involved in the implementation of the EU-financed programme on the establishment of a UEMOA system for accreditation, standardization and quality promotion. UNIDO and UEMOA have finalized the development of a subregional pilot programme for restructuring and upgrading of industries in the subregion, with a budget of \$12 million.

The year was characterized by sharply increased implementation of approved projects, including:

- ❑ Technical services in support of private equity funds for SMEs in Africa;
- ❑ Integrating LDCs in global trade—Challenges and opportunities of the Doha Development Agenda;
- ❑ Regional Africa technical training programme to develop technical assistance programmes;

- ❑ Multifunctional platform programme for West Africa;
- ❑ Launching of the UNIDO-Africa Investment Promotion Network.

At the same time, UNIDO continued to emphasize the development of new initiatives covering a wide scope of sectoral issues. Some examples are:

- ❑ Support for the development and promotional activities of GEF-funded projects on POPs and international waters, biodiversity and other focal areas;
- ❑ Facilitating international market access for organic and fair-trade products—Development of a model programme for strengthening of supply-side capacities;
- ❑ Improvement of occupational health and safety aspects in the leather industry in Eastern and Southern Africa;
- ❑ Establishing the consortium of national and regional African research institutes on addressing food contamination by mycotoxin;
- ❑ Supply-upgrading programme for solar photovoltaic and wind turbine sectors of Côte d'Ivoire, Senegal and Ghana.

A new package of project proposals under phase one of the UNIDO initiative for post-crisis industrial rehabilitation and reconstruction was developed for Angola, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Guinea and Rwanda. Other important initiatives include regional projects:

- ❑ Developing the African bamboo belt; bamboo for food processing and as a wood substitute;
- ❑ Regional youth entrepreneurship development programme;
- ❑ Harmonization of food control systems in East Africa;
- ❑ Support to the agro-food sector in West African countries.

As a result of the Director-General's visit to Ghana and Sierra Leone in March, and apart from discussing the prospects for technical assistance to Ghana and initiating a new IP for Sierra Leone (Post-conflict SME support programme for industrial development and poverty alleviation), UNIDO unveiled its new vision of development cooperation in West Africa. Recommendations included developing regional post-conflict support programmes, finding an optimal balance between regional and national activities of UNIDO, launching a productive capacity initiative for West Africa (based on global/local value chains), extending the UEMOA/UNIDO/EU regional programme on quality to the entire ECOWAS subregion and matching the Industrial Upgrading and Restructuring programmes for ECOWAS to the establishment of a free trade zone between EU and West Africa.

In support of its regional programmes and initiatives and in the context of its decentralization policy, the UNIDO Regional Industrial Development Centre (RIDC) in Abuja, Nigeria, was reinforced in terms of Professional staff and became more involved in regional programming activities. Examples include formulating the IP for Sierra Leone and a proactive role in organizing jointly with the United Kingdom Department for International Development (DFID) the NEPAD-ECOWAS Business Forum at Abuja in March. The Forum tackled the strategic issues of private sector involvement in implementation of NEPAD, trade facilitation and promotion of market access in the ECOWAS subregion.

In the context of decentralization and improving the implementation of ongoing activities, management took a strategic decision on the transfer of the team leadership

for selected IPs to the respective UNIDO Representatives to Côte d'Ivoire, Ethiopia, Ghana, Kenya, Madagascar, Nigeria and Tanzania. UNIDO and South Africa reached agreement on the opening of a regional office at Pretoria, foreseen for 2003-2004.

Supporting poverty reduction in rural areas of Ghana

Stimulation of income generation plays a prominent role in national poverty reduction efforts. But the equipment needed for income generation—primarily related to agro-processing and rural transport—is often of poor quality, too expensive and of limited availability, thus hampering if not blocking the rural income generation agenda. At the request of the Government of Ghana, a UNIDO project targeting the national equipment manufacturing industry and local blacksmiths through upgrading support institutions addresses this issue.

If national industry and local blacksmiths are to produce and sell, their potential clients—for example rural populations—need to be able to buy. Thus, the project studied the rural investment potential of rural areas. It recognized that effective linkages with the local agricultural produce market were a precondition for investment, and a special agro-produce initiative of the President specifically provides a market outlet that enables farmers to invest in productivity-enhancing equipment.

The project suggests a set of integrated measures to be supported by the President's Special Initiative, including the specification of economically feasible value chains. These measures imply a de facto standardization of relevant equipment, generating additional benefits that include:

- Economies of scale leading to reduced equipment prices for the rural population;
- Better repair and maintenance potential (less training and reduced diversity of spare parts) and thus lower operating costs.

The project introduces a method of design and development of agricultural equipment that is based on these facts and takes into consideration all stakeholders that relate to a certain set of equipment. Consequently, all stakeholders in a value chain—equipment producers, farmers, local blacksmiths, leasing companies and credit institutions—will benefit from the introduction of the equipment thereby developed.

Interagency cooperation

Projects undertaken in cooperation with other agencies included multinational assistance programmes within NEPAD, World Bank, Economic Commission for Africa, ECOWAS, UEMOA, COMESA and the African Business Round Table. In order to sustain and strengthen the demand-driven nature of its services, UNIDO paid special attention to participation in the strategic conferences on Africa's development such as the Conference of African Ministers of Finance, Planning and Economic development (Addis Ababa, June), the Special Session of the African Ministerial Conference on Environment (Maputo, June), and the Eighth Summit of COMESA (Khartoum, March).

Several consultations with the NEPAD Steering Committee in Johannesburg laid the basis for concrete action, such as the UNIDO/ECOWAS/ABR/DFID Business Forum at Abuja in March, organized jointly with the NEPAD Secretariat for Nigeria. The NEPAD Secretariat for Senegal has requested UNIDO to provide assistance for the elaboration of programmes in infrastructure, environment and energy. Particular interest was expressed with respect to UNIDO expertise in public/private partnership and investment promotion.

Conference of African Ministers of Industry

A highlight of the UNIDO biannual cycle is the Conference of African Ministers of Industry (CAMI). In line with the subregional approach to the work of CAMI and following the first subregional meeting (for Eastern Africa, at Arusha, Tanzania, in October 2002), UNIDO assisted in organizing the second meeting (for Central Africa, at Yaoundé in March), the third (for West Africa, at Dakar in March), the fourth (for Northern Africa, at Rabat in June) and the fifth (for Southern Africa, at Gaborone in December). Representatives of African national and regional authorities as well as donors and the African private sector (African Business Round Table and Regional Economic Communities) actively participated in these events. The African Ministers of Industry discussed and approved the African Productive Capacity Initiative for the respective African subregions. It was envisaged to consider the establishment of the African Productive Capacity Facility as a framework for various donors and support institutions to provide funds, resources and expertise to support subregional programmes of the Initiative.

The Sixteenth Conference of African Ministers of Industry (CAMI-XVI) was held in Vienna on 28 November. The Conference deliberated on the conclusions reached and recommendations made at each of the subregional meetings based on their respective priorities. The final report “African Productive Capacity Initiative: from Vision to Action” was discussed and the Ministers decided to endorse the establishment of the African Productive Capacity Facility as a primary instrument to support the implementation of the continent-wide strategy of development. The Conference also supported a “value chain approach” as a concept to prepare medium- and long-term strategies, policies and mechanisms to promote industrialization and appealed to the international community to channel its support for Africa’s industrialization efforts within the framework of NEPAD.

C. Arab region

Given the heterogeneity of the region, ranging from the Gulf oil-based economies to middle-income countries and least developed countries, UNIDO’s assistance to the Arab region in 2003 continued in accordance with a subregional approach. Existing strategies and programmes were reviewed and adjusted to ensure a critical mass of support to specific industrial needs rather than over a large spectrum of activities.

The major efforts of UNIDO in the West Asian Arab States (Jordan, Lebanon, Syrian Arab Republic) were directed towards industrial governance, quality, standardization and consumer protection. A pilot project implemented in one of the poorest governorates in Jordan enabled household producers to develop high quality and marketable olive oil soap products. In Lebanon, specific actions were carried out to respond to the urgent needs of SMEs in south Lebanon. As for the Syrian Arab Republic, a comprehensive industrial strategic framework was finalized.

The North African Arab States (Algeria, Egypt, Libyan Arab Jamahiriya, Morocco and Tunisia) benefited from the Organization’s assistance in strengthening national capacities in industrial upgrading and restructuring, in speeding up the diffusion of environmentally sound technologies, in women’s entrepreneurship development and in promoting export consortia of SMEs. An emergency plan for the rehabilitation of 11 earthquake-damaged enterprises in Algeria started in November. Egypt represented a unique case of cooperation with the signature of four trust fund agreements for the implementation of several projects. Based on lessons learned during the first phase of

the IP, the programme of assistance to Tunisia was updated at the end of 2003 to integrate additional activities in light of the present priorities of the industrial sector.

In the Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates) the focus of UNIDO assistance was on facilitating the development of privately led, productivity-driven industrial development through the establishment of market incentives for the fast diffusion of knowledge, information, skills and technology across economic agents and institutions.

Special development situations (Djibouti, Iraq, Palestine and Sudan), where the need for industrial rehabilitation and recovery is particularly crucial, were addressed with ad hoc interventions. The year saw the starting of UNIDO's programme of assistance to Djibouti. Given the rather small industrial base of the country, the programme focuses on some core priorities: the formulation of an industrial vision and the development of the salt and fishery sectors, the main natural resources of the country.

A working group formulated a report on the role of the Organization in post-war Iraq and in August UNIDO took part in a World Bank mission to carry out an assessment of the industrial sector. Subsequently, a UNIDO task force produced a strategy paper for support to industrial rehabilitation and economic recovery in the country, which is expected to be translated into concrete action.

The IP for Sudan was refocused under the title "Industrial agenda for poverty relief and transition to sustainable development" to better target assistance to selected agro-industries and rural communities in the framework of humanitarian-related priorities and MDGs. In this context, the first UNIDO project to be funded by the United Nations Trust Fund for Human Security was launched.

Global forum activities

In carrying out global forum activities, while taking account of country specificity, UNIDO support addressed priorities shared by several Arab States where a multi-country approach is beneficial. In the region, the emphasis was on trade facilitation and information technology. A regional forum on the issue, jointly organized with the Syrian Ministry of Industry, took place at Damascus in October. The event provided a forum for participants from the region to address common problems and interests and enhanced knowledge spillovers among Arab countries.

Cooperation with other organizations

Links with different partners in the region, both United Nations and other organizations, were maintained during the year. In July, the Director-General paid a visit to the Secretary-General of the League of Arab States. During the discussions, the two organizations, linked by a relationship agreement since 1994, voiced their intention to further intensify their joint efforts, particularly in support of regional initiatives tackling common problems and challenges of Arab countries.

UNIDO continued to support the Arab Industrial and Mining Organization in the organization of workshops, specifically on the Computer Model for Feasibility Analysis and Reporting (COMFAR) and in technology management. UNIDO actively participated in several regional meetings sponsored by ESCWA.

Cooperation was also active with the Organization of Islamic Conference (OIC) and its affiliated institutions. A conference on automation and mechatronics was convened with the Islamic Educational, Scientific and Cultural Organization of OIC in June.

A joint programme of cooperation with the Gulf Organization for Industrial Cooperation (GOIC) for the establishment of a Subcontracting and Partnership Exchange was also launched during the year.

National industrial information network launched in Morocco

Until recently industrial information for the SME sector, including on governmental policies, was scattered and available only through a multitude of public and private institutions, which were not linked to each other. No focal point existed where companies were able to obtain up-to-date information on industrial statistics and government regulations.

With the establishment of the industrial information portal within the Moroccan Ministry of Industry (<http://www.mcinet.gov.ma>), this situation is starting to change for the better. The first phase of the project, funded by UNIDO and UNDP, has created a catalyst in Morocco's new approach to information and communication technology (ICT)-based information solutions. The portal brings together various centres for the production of industrial information in a network using the most suitable modern technologies to ensure standards of security and reliability. Furthermore, the network helps to substantially reduce transaction costs for its users, increases efficiency of various information sources by sharing resources and thus facilitates decision-making processes for business users. Ultimately, it creates synergies by bringing together administrative authorities and the private sector through the use of new technologies.

With a dedicated team of national experts and the personal engagement of the Moroccan Minister for Industry, the project has in its first phase prepared important grounds for the establishment of an integrated national information network. With a view to sustainability, the project will now concentrate on the fee-based provision of value-added services. It will also focus on strengthening selected information nodal points throughout the country in order to reach out to rural areas and further expand access to ICT-based industrial information sources. Undoubtedly, this project will help Morocco to develop a modern information infrastructure based on ICT and better prepare it to participate in the global information economy and thus benefit from globalization.

D. Asia and the Pacific

The ongoing integrated programmes and country service frameworks developed further and reached in some cases a high funding level, some of them with significant financial contributions from donor countries of the European Union. Further projects funded from multilateral environmental agreements were approved and several regional initiatives were prepared and brought to the decision level.

South Asia: In the Islamic Republic of Iran a UNIDO-funded strategy document to promote industrial SMEs was finalized and presented to the Government, and a self-financed component project of the IP for modernizing date processing is now under implementation. A regional workshop was prepared for the rehabilitation and reconstruction of the industrial sector in Afghanistan, to be held in 2004. Funding was sought for the rehabilitation of the wool mill at Kandahar, production of low-cost building materials and improvement of agro-machinery. New ODS phase-out projects were developed in Pakistan, where the project for developing SME clusters entered the implementation phase, and funds were mobilized from the EU (€2.5 million) for a large-scale project to facilitate market access.

United Kingdom funding led to the approval of two “stand alone” projects in India. Also in India, the National Steering Committee of the country service framework met for the first time and reviewed its implementation. A new direction of the IP in Nepal was agreed with the Government. A programming mission to Bangladesh prepared a draft country service framework. NORAD provided additional funding, inter alia, for the cleaner production component of the IP for Sri Lanka, for which UNIDO was requested to prepare phase II. NORAD also made a significant pledge under a third-party trust fund to the regional market access and trade facilitation support project for South Asian LDCs with the South Asian Association for Regional Cooperation, for strengthening institutional and national capacities related to standards, metrology, testing and quality, covering Bangladesh, Bhutan, Maldives and Nepal, to enhance their industrial competitiveness. India is co-financing this project with a special-purpose donor contribution to IDF.

South-East Asia: The integrated programme for the Lao People’s Democratic Republic was completed in May, with the medium-term strategy and action plan for industrial development as the main output. A second phase of the IP is now being formulated to implement some of the recommendations of phase I. The IP document for Viet Nam was approved and subsequently received significant financial contributions from Finland and Italy. The Swiss State Secretariat for Economic Affairs (SECO) also confirmed support to the Viet Nam national cleaner production centre as part of a regional initiative including Cambodia and the People’s Democratic Republic of Lao. The Eastern Indonesia development programme was formulated within the CSF after a programming mission to Sulawesi Island. Technological, environmental and health issues of artisanal gold mining were addressed by Central Kalimantan and North Sulawesi. A programming mission to the Philippines developed a CSF that will focus on enhancing productivity and competitiveness/market access of SMEs, and supporting energy efficiency and environmentally sustainable industrial development.

North-East Asia: The Chongqing International Technology Exhibition Centre in China financed a project to establish an Industrial Subcontracting and Partnership Exchange at Chongqing. A similar project was financed by the Beijing Productivity Promotion Center for Beijing shortly thereafter. Both UNIDO Headquarters and the field office participated in the International Merger and Acquisition Summit in Beijing launched by the State-owned Assets Supervision and Administration Commission of the State Council and UNIDO. The China CSF continued its smooth implementation. A POPs project to develop strategies to reduce unintentional production of POPs in China was prepared, with significant co-financing by Italy. UNIDO published the Mongolia Industrial and Trade Development Policy Review in October, which aimed at identifying policies and programmes for industry and trade development in Mongolia. The ITPO Tokyo represented UNIDO in the Mongolia Consultative Group Meeting in Tokyo, in November. The IP for the Democratic People’s Republic of Korea, aimed at alleviating poverty and malnutrition through increased productive capacity, was finalized and endorsed by the Government, and funding negotiations commenced.

Asia-Pacific Industrial Development Forum on Biotechnology: In cooperation with the Government of China, UNIDO organized the Asia Pacific Industrial Development Forum on Biotechnology at Chengdu, China, from 16 to 17 December to provide inputs from the Asia and the Pacific perspective for the Global Biotechnology Forum. The meeting was attended by some 300 people, including 51 international participants from 21 countries of the region and several international organizations, together with around 250 local observers. It provided a platform for the exchange of views on alternative mechanisms for technology transfer and market access of biotechnology-derived products, the identification of technical cooperation areas for developing countries and mechanisms to create awareness in the development of biotechnologies and bioindustry.

Viet Nam: Sharing cleaner production experience

The Viet Nam National Cleaner Production Centre (VNCPC) was founded in June 1998 at the Hanoi University of Technology, as a centre of excellence and advocacy in the field of cleaner production. Funded by the Swiss State Secretariat for Economic Cooperation (SECO), the project was completed in its first phase in March 2001, with a solid capacity to deliver both academic training courses on cleaner production and in-plant assessment of cleaner production (CP) options.

Now four and a half years into the execution of the programme, the scorecard is impressive: the Centre has helped create public awareness for greener production through seminars in 16 provinces, attended by a total of 1,150 participants; it has delivered more than 2,300 person-days of training, introduced CP as an independent subject in five national universities, and coached over 90 future consultants in sector-specific CP assessment; and it has placed CP on the policy-making agenda with seminal contributions to the National Environment Strategy and the CP National Action Plan.

Now two-third into the execution of phase II, VNCPC has vastly exceeded its original delivery targets of in-plant assessments and training courses tailored to a variety of audiences. An in-depth evaluation mission was commissioned by the donor, and undertaken in March 2003 for the purpose of reviewing the current project and advising the three parties on a possible extension. The interim conclusions of the tripartite mission were positive overall, and substantiated the idea of an extension of the project beyond April 2004.

The Centre is now ready to embark on a decisive drive of direct advice to manufacturing enterprises for the promotion of greener technologies in industry. Awakening in the general public an environmental conscience will gradually translate into consumers' demands for green products, as can be seen in mature markets.

True to its long-term goal of financial sustainability, VNCPC will gradually expand its range of fee-generating services aimed at two categories of clients: Vietnamese enterprises, and foreign ODA. In this process, VNCPC must learn to strike a fine balance between diverging objectives and interests; it is certainly not alone in this quest, which illustrates the challenges of public sector management, particularly acute in a market economy with socialist orientation.

E. Europe and NIS

The year saw a number of regional, interregional, and global initiatives undertaken in Europe and the Newly Independent States (NIS). One of the first was the high-level Technology Foresight Summit for the implementation of the regional initiative for Central and Eastern Europe (CEE) and NIS. Following from the Summit, UNIDO implemented other regional programmes in technology foresight during the year in the Czech Republic, Russian Federation, Turkey and Ukraine. The beginning of the year also saw the regional meeting on the high-tech regional programme to increase industrial e-productivity and quality in CEE and NIS countries.

Also notable was the agreement of the Republic of Turkey for the funding, establishment and operation under UNIDO auspices of an International Centre for Hydrogen Energy Technologies. Another interregional project carried out during the year was that on the promotion of technology exchange and cooperation between the Russian Federation and Brazil—this being seen as the first case study of a new concept for East-South technology transfer in general.

The roundtable “Transition in Eastern Europe—15 Years After”, held in the framework of the General Conference, represented another major initiative. A number of national projects implemented during the year are seen as possibly leading to further national technical cooperation service delivery in other countries and/or to regional global forum activities. One of these was the development of a corporate social responsibility concept for Croatia.

The year further saw the approval and the commencement of implementation of the new CSF for the Russian Federation, designed as a logical continuation of the country’s five previous integrated programmes (federal level and for Bashkortostan, Komi, Moscow and St. Petersburg). The CSF focuses on innovation, technology transfer, the environment, cleaner production and SME development, and is mainly self-financed or financed by third parties.

The comeback of the “bread basket”

Ukraine was once known as the “bread basket” of the former Soviet Union. Its fertile black soil generated more than one-fourth of Soviet agricultural output, and its farms provided substantial quantities of meat, milk, grain, and vegetables to other republics. However, Ukraine’s agricultural production has declined by over half since 1991. Many of the industrial food-processing plants, which had been operating at full scale before 1990, have been closed for several reasons: outdated food-processing technologies; inadequate product safety and quality, weak preservation and processing systems; insufficient quality and quantity of agricultural raw materials and high energy costs. In addition, Ukraine suffered from insufficient support services, such as research and development, training, technical support and information.

In May 2002, UNIDO started a project with the aim of increasing the competitiveness of the food industry sector in Trans-Carpathia. The project worked at two levels:

- ❑ At the institutional level the project ensured the required sustainability by strengthening the capacity of the support institution, the Zakarpatsky Institute of Agro-industrial Production (ZIAP), through training national staff and laboratory upgrading;
- ❑ At the enterprise level the project assisted selected small- and medium-scale food enterprises in introducing and disseminating upgraded food-processing technologies for value-added and clean technology principles as well as food safety assurance systems in accordance with international requirements, through Good Manufacturing Practices and Hazard Analysis Critical Control Points (HACCP).

Some concrete results achieved were:

- ❑ Food industry experts from Beregovo District and ZIAP trained as trainers in food safety, good hygienic practice and HACCP;
- ❑ HACCP plans were developed for each participating company;
- ❑ A number of hygienic and manufacturing improvements in the factory production lines have been achieved;
- ❑ As a side effect, the project succeeded in raising awareness that responsibility for improved market access not only rests with enterprises but also with the Government to provide a legal framework, reliable control and inspection services and well-equipped support organizations.

The food industry assistance project will be completed in early 2004 and the Government has expressed its strong interest in a continuation of the project.

F. Latin America and the Caribbean

During 2003, four integrated programmes (Colombia, Cuba, Ecuador and Guatemala) were in the implementation phase. In October, component II of the IP for Colombia (Improvement of quality, competitiveness and performance of Colombian industry) was successfully concluded. The participating companies have improved dramatically on all management indicators and show an average productivity increase of over 25 per cent, leading to a high demand for a continuation of the programme.

In Cuba, as a result of IP activities, important advances were made in the national industry that supplies the tourism sector. Also, CAD techniques were introduced in the garment industry and HACCP certification was obtained for a number of enterprises in the food sector.

Within the IP for Ecuador, work continued with encouraging results in three areas (competitiveness policies, SME clusters and investment promotion) and, with the cooperation of the Government, funds are being mobilized for the full funding of the IP.

The year represented the end of the first phase of the IP for Guatemala. In the wake of the recent elections, inputs from the new Government will be taken into account for the second phase and approval is expected during the first half of 2004.

A cooperation programme for Peru is in place and continued its activities in 2003, mainly in the areas of technology centre upgrading and for a comprehensive industrial census. Following a similar format, a cooperation programme for Venezuela was designed and is under implementation.

Throughout the Latin America and Caribbean region, the UNIDO Montreal Protocol programme continued to be a major part of technical cooperation delivery, with good results in ODS phase-out.

The implementation of POPs enabling activities for the development of National Implementation Plans with GEF funding had excellent results in Bolivia and implementation continues in 2004. Also with GEF funding, a programme for the management of the Humboldt Current was initiated with the participation of the Pacific Coast countries. In addition, a subregional project for technology foresight for the fishery industry, also in the Pacific Coast countries, was initiated.

Good progress marked the UNIDO initiative on facilitation of market access, in which the six Central American countries participate. The UNIDO Subcontracting and Partnership Exchange Programme in Latin America and the Caribbean consolidated results in 2003. Ongoing activities in cleaner production in Central America and Cuba progressed according to plan.

With particular regard to UNIDO's global forum function, and in preparation for the Global Biotechnology Forum in Chile in March 2004, a preparatory regional consultation meeting on biotechnology was held at Brasilia. Further, in support of the Declaration of the Iberoamerican Summit at Santa Cruz de la Sierra, Bolivia, a round table on poverty reduction in Latin America and the Caribbean within the framework of sustainable development was held during the General Conference, the conclusions of which will serve as overall guidance for UNIDO's involvement in the region.

Achira production mini-chain

Traditional achira biscuit production—hardly known outside the departments of Cundinamarca, Huila and Tolima—is one of the small local business chains supported by the UNIDO integrated programme for Colombia. Achira producers were not organized and the product had a very limited market.

The main problem was to overcome the limitations of production based on micro-productive entities scattered throughout three large departments, as well as the difficulties of creating a sustainable institutional capability.

Through the UNIDO project, a national financial institution opened special credit lines for the producers. To ensure increased productivity, a manual for processing the achira rhizome was elaborated. Starch quality improved through technology development and implementation.

A particular achievement was bringing together all interested parties and newly-established national and regional committees. After investing resources in a successful coordinated effort, the producers today manage the market supply more efficiently.

Concrete results include:

- National and regional inter-institutional committees established;
- Integrated management technologies developed and implemented;
- A new achira variety developed;
- Impurities reduced by 50 per cent;
- Packaging improved, ensuring product durability;
- Marketing strategy elaborated, market expanded;
- Four new products developed and marketed.

As a result of increased production, the number of people employed in the achira mini-chain has increased by 30 per cent. The product can today be bought in supermarket chains throughout Colombia. Initial steps for exporting have been taken, with exports already taking place to the United States and promotional steps under way with Canada, Cuba and Ecuador.

G. South-South cooperation

Technical cooperation among developing countries has become increasingly relevant as the challenges to reduce the development gap between countries and regions of a globalized world persist. The General Conference adopted a resolution highlighting the importance of South-South cooperation and encouraging UNIDO's wholehearted participation in it.

Tokyo International Conference on African Development

UNIDO's activities in South-South cooperation are split into the various fields of its mandate. To a significant extent, UNIDO activities in Africa featured South-South cooperation relating to industrial human resource development and capacity-building. Many of these were implemented with the support of the Tokyo International Conference on African Development (TICAD). In this context UNIDO actively

participated in the TICAD preparatory meeting at Addis Ababa in March, which deliberated on the agenda of TICAD III (October) and discussed other important issues, including NEPAD objectives and the promotion of trade and investment in the context of Africa-Asia trade. At TICAD III, strategic issues of South-South cooperation were discussed and the Director-General chaired the focused session on private sector development.

With regard to investment and technology promotion it may be recalled that the Second Tokyo International Conference on African Development, or TICAD II, held in October 1998 was unique in that it emphasized the importance of South-South cooperation in African development and called for immediate action rather than another analysis, and thus to translate existing analyses into reality.

Against this background, the Japanese Government decided in 1999 to fund UNIDO's Asia-Africa Investment and Technology Promotion Centre project (AAITPC) in Malaysia, which is a marketing-oriented project to foster growth of the private sector in Africa through promoting investments from Asia in the context of South-South cooperation.

Now in its fifth year of operation, the AAITPC project has constructed a solid two-way street between investment promotion agencies of eight African countries and the powerful and leading business associations of five Asian countries where investment opportunities in Africa are widely marketed in Asia on the one hand, and Asian business people go to Africa to discuss investment opportunities on the other. The validity of the South-South cooperation approach was re-confirmed in TICAD III, which was held in Tokyo from 28 September to 1 October.

The final communiqué adopted by the thirty-fourth meeting of the Chairmen/Coordinators of the Chapters of the Group of 77 emphasizes the importance of implementing South-South cooperation programmes in the areas of biotechnology, information technology and use of safe drinking water, as decided and proposed at the Dubai High-Level Conference of the Group of 77. In this area, UNIDO has responded to the invitation of Chile to organize the Global Forum on Biotechnology, to take place at Concepción in March 2004.

International centres

In the field of small hydropower, UNIDO has created, supported and is using the services of the International Centre for Small Hydro Power (ICSHP) at Hangzhou, China. The Centre cooperates with other developing countries (some examples are Bangladesh, India, Nigeria, Uganda and Tanzania) to create capacities facilitating the transfer of techniques and technologies to identify, design, erect and operate small hydropower stations. Its training programmes, joint research and other activities are carried out to that end. Similarly, the UNIDO Regional Centre for Small Hydro Power in Kerala, India, established in 2003, has also commenced its activities along the same lines.

Concerning modern biomass technologies, UNIDO is in the process of transferring biomass gasification technology developed at the Bangalore Research Centre of the Indian Institute of Science. This technology has already been incorporated in the GEF-financed projects in Cuba and Zambia.

The Shenzhen International Technology Promotion Centre for Sustainable Development established by UNIDO at Shenzhen, China, promotes technological advances and transfers these advances to other developing countries, thus converting them into local industry productivity advantage. The Centre provides an international mechanism for

sharing the knowledge and best practices in all countries involved, as well as for fostering policy dialogue and South-South and North-South partnership. In 2003, the focus was on assisting Chinese enterprises in the development and application of garbage incineration technology for power generation, adaptation of sea water desulfurization technology to local conditions, and development of a new concept of “flexible power management” and related product series, which were manufactured and successfully applied for energy-saving purposes.

Future prospects

The resolution adopted by the General Conference to support the African Productive Capacity Initiative will permit more South-South cooperation in the African subregions, both among themselves as well as with other regions of the Group of 77. Cooperation under UNIDO auspices was also initiated in 2002 between MERCOSUR and ECOWAS, and there is now a plan to enhance cooperation between MERCOSUR and SADC in the framework of NEPAD with UNIDO collaboration.

The subregional pilot programme for industrial restructuring and upgrading being developed with the eight countries of UEMOA, as mentioned above, takes advantage of the Tunisian experience in this field that has already attracted the interest of donors. This is another example of triangular cooperation. Indeed, during the High-Level Conference on South-South Cooperation held at Marrakech, Morocco, and at which UNIDO organized a round table on the potential of South-South cooperation in the area of renewable energy, the salient point of the Conference’s declaration was the recognition of the value of the triangular cooperation as a useful arrangement in international cooperation, especially in using the expertise of emerging countries, with the financial support of developed countries and international organizations in favour of LDCs.

In another significant development, UNIDO and the Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries will collaborate in 2004 on their first project ever, on technology needs assessment in pursuance of a UNIDO initiative launched at the 2002 World Summit on Sustainable Development.

H. Field representation

During 2003 UNIDO witnessed the increased empowerment of field offices and particularly of the UNIDO Representatives. To increase coherence and to improve the monitoring of implementation, additional financial authority as well as substantive involvement was delegated to the field offices through the decentralization of the function of main allotment holder and team leader of IP/CSF. By the end of the year, a total of 19 UNIDO Representatives were main allotment holders and 17 were team leaders in the field. The empowerment of field offices will continue during 2004 as conditions allow.

Complementing the above, during 2003 the Regional Bureaux for Europe, Latin America and the Caribbean, and the Arab Region were also empowered with the function of main allotment holder for projects in the countries in their respective regions. During the first quarter of 2004, this action will be further extended to cover the Regional Bureaux for Africa and for Asia and the Pacific.

Improved operational modalities will be designed and implemented to support management of the increased delegated authority to the field offices, including those

pertaining to more effective interaction and communication between field offices and technical staff at Headquarters.

A pilot initiative was launched in Viet Nam to ensure increased efficiency in financial administration. Furthermore, ensuring field office access to the central financial system was entering its final development stage with the estimated rollout of enquiry and reporting during the second quarter of 2004, and the rollout of obligations and transaction processing during the third.

Furthermore, the handbook for field operations was launched in December providing field offices with precise and detailed guidance for the accomplishment of their daily work, especially for administrative and operational matters.

Throughout 2003 increased integration was seen among the various UNIDO field units. Heads of ITPOs attended a regional meeting of UNIDO Representatives, and a closer link was also forged between ITPOs and NCPCs. Further efforts will be made to increase cooperation between these various field units.

As one of the measures to improve communication between Headquarters and the field, as well as among field units, most offices were granted access to the UNIDO Intranet and others will follow during 2004 as local conditions permit. In addition, to further foster unrestricted exchange and flow of information among field units, the dedicated and operational web page for field representation is being reviewed and optimized to cater for the additional needs identified and expressed by the UNIDO Representatives.

Training and career development continues to be important to enhance the effectiveness of the field programme. During 2003 all UNIDO representatives attended a senior management programme funded by the United Kingdom. For UNIDO Representatives in Africa and the Arab region the training was held in the United Republic of Tanzania during February and for those in Asia and Latin America at Bangkok in September. Regional meetings of UNIDO Representatives immediately followed both of these training sessions. In addition, immediately following the General Conference, a global meeting of UNIDO Representatives in Vienna facilitated the exchange of information with various units at Headquarters and also took note of issues requiring special attention.

Discussions continued about the future structure of field representation. The year saw the Mexico country office upgraded to a regional office and preparations were completed for the office in Morocco to allow the new UNIDO Representative to take up his duties as of January 2004. Furthermore, negotiations with South Africa entered the final stages with the aim of opening the new office in 2004.

As of 31 December, UNIDO maintained international representation in 20 country and 9 regional offices. In addition, national staff at six other locations managed UNIDO matters.

V

Global forum activities

As a specialized agency of the United Nations, UNIDO has a dual role. On the one hand, it provides technical cooperation services, which enhance skills, technology and related capacities. On the other, it also performs global forum functions by generating and disseminating knowledge about industrial development processes and associated issues, and initiating/conducting debates and discussions on industrial development and related matters in order to influence the development agenda in this area.

The creation, transformation and management of knowledge on industry, which UNIDO considers a global public good, is a key component of UNIDO's mandate to strengthen industrial capacities in developing countries and economies in transition. Taking into account the corporate strategy, UNIDO covers such areas as the transfer and upgrading of technology, learning, innovation, building of skills and capabilities, which have a direct bearing on productivity growth. Chapter I refers to the global forum function in the context of the corporate strategy.

UNIDO's global forum activities draw upon in-house and collaborative research as well as the rich pool of experiences generated by its technical cooperation programmes. A number of global forum activities are mentioned in the chapters detailing UNIDO's work with regard to programme development and technical cooperation, as well as programme coordination and field operations. The following sections will serve to highlight some selected activities undertaken by strategic research as an essential part of UNIDO's global forum activities, including activities in the framework of technical cooperation services.

A. Industrial statistics

UNIDO assumes the sole responsibility in compiling and disseminating worldwide industrial statistics. The 2003 edition of the UNIDO industrial statistics databases (INDSTAT) on industry was disseminated worldwide through several media, including CD-ROM, hardcopy publication and the Internet. UNIDO also re-designed this Internet-based dissemination product by incorporating a new interface. The international statistical community largely benefited from this new approach as it promoted good practices in statistics and significantly improved data quality.

In addition to offering sets of production-related industrial statistics, UNIDO's 2003 edition of Industrial Demand-Supply Balance Data (IDSB) was made available to external users. These databases contain information on industrial output, trade and consumption.

In the field of industrial economic research, UNIDO upgraded and updated the industrial development scoreboard as part of the preparatory work for the 2004 edition of the Industrial Development Report, and commenced a cross-country research project on productivity assessment and trends.

B. Industrial Development Report

As the flagship *Industrial Development Report* (IDR) 2002-2003 with its main theme “Competing through innovation and learning” had been launched in 2002, UNIDO continued with its promotion and dissemination in 2003. The results of the UNIDO industrial development scoreboard and the highlights of IDR 2002-2003 were presented and discussed in France, Japan, and Mexico, and in the context of workshops organized by the European Commission in Denmark and Luxembourg

On the basis of background papers prepared for IDR 2002-2003 and as part of a sectoral studies series of the Industrial Strategies and Policies Resource Center, which was published in cooperation with a number of renowned researchers, UNIDO produced three papers portraying sectoral studies on the prospects for upgrading by developing countries in the global automotive industry value chain, the global apparel value chain and the global wood furniture value chain. In the series of policy papers UNIDO published one paper on “Strategies for regional innovation systems: Learning transfer and applications” dealing with interactions between the public and the private sector in the context of innovation systems and drawing as a main conclusion that a combination of public and private governance will be the key to success.

C. COMPID

An example of the linkage envisaged by UNIDO between its global forum function and operational activities is the strategic research programme Combating Marginalization and Poverty through Industrial Development (COMPID). This three-year programme is funded by the Government of Denmark and started in 2002 as part of UNIDO’s contribution towards the implementation of the MDGs, including that of halving extreme poverty. The main focus of research therefore remains on marginalized, low-income countries. It endeavours to deepen the understanding of the dynamics of sustainable industrial development to enhance growth and alleviate poverty and explore the best means for making these countries share in the benefits of globalization.

Currently, COMPID’s five research projects are being implemented in close cooperation with distinguished research institutions as follows:

- ❑ The role of UNIDO in the new industrial paradigm: overcoming market failures and providing public goods—Overseas Development Institute, United Kingdom;
- ❑ Optimizing the impact of industrial development on poverty alleviation—Institute of Developing Economies, Japan;
- ❑ Productivity enhancement and equitable development: the challenges for SME development—German Development Institute, Germany;
- ❑ Making social capital an operational concept for industrial development—Institute of Social Studies, Netherlands;

- Technological development in low-income, marginalized countries: strategies and policy measures for initiating and sustaining a path of sustainable industrial development—Hood College, United States.

A two-day workshop ensuring synergies and cooperation with UNIDO activities was held in Vienna in May. A peer review group consisting of acclaimed international experts with a high academic profile and broad understanding of industrial development are vetting the projects. Upon completion of the programme in 2004, a conference will be held to present findings and recommendations. Policy briefs summarizing the main findings of the five individual projects will be disseminated. Throughout the implementation of this project, continuous cooperation with UNIDO staff has taken place to ensure that research findings will contribute to improving the impact of UNIDO's technical cooperation and advocacy, thereby further enhancing synergies between global forum and technical cooperation.

D. Research collaboration with CSAE

As part of the cooperation with the Centre for the Study of African Economies (CSAE), University of Oxford, a UNIDO special issue of the *Journal of African Economies* with a focus on manufacturing was published. CSAE also produced surveys of manufacturing enterprises in Ghana, Nigeria and the United Republic of Tanzania, as well as research papers on productivity, efficiency, exports and credit constraints in the African manufacturing industry.¹

E. Policy tools for the promotion of industrial clusters in Latin America

In cooperation with the Graduate School of Business Administration and the Graduate School for Public Administration and Public Policy of the Instituto Tecnológico de Monterrey, Mexico, as well as with the support of the government of the state of Nuevo León, UNIDO held a workshop on policy tools for the promotion of industrial clusters in Latin America. The workshop, held on 6 and 7 November at Monterrey, had twofold objectives: (a) to review the experience of successful cases of cluster-based competitiveness strategies in Latin America and to identify driving forces behind those cases; (b) to develop guidelines for improving cluster-based competitiveness strategies using a regional systems approach.

Experts from Argentina, Brazil, Colombia, Ecuador, Mexico and Nicaragua, ECLAC and the International Competitiveness Institute attended the meeting. Presentations were made on specific cluster development projects in selected Latin American countries, and international experts also contributed with the evaluation of other clusters in the region and in developed countries.

F. Nordic Partnership

The Nordic Partnership (NP), a collaboration initiative comprising 17 major Nordic companies involved in the development of business models for sustainable

¹ The surveys and research papers are available for download from the UNIDO website at <http://www.unido.org/en/doc/4901>.

development, was formally launched in spring 2002. In 2003 the scope of cooperation was extended and an annex to the memorandum of understanding outlining the objective, modalities and deliverables was prepared and signed in September and October. As part of the deliverables the NP will encourage and facilitate the formation of partnerships between member companies and UNIDO with regard to concrete technical cooperation activities. UNIDO will in particular provide analytical services, practical experiences and proposals for technical cooperation with respect to SME development and transformation to principles of sustainable development.

G. COMFAR

UNIDO works with Governments, business associations and individual companies to solve industrial problems and equip them with the necessary tools to solve them. One of these tools is COMFAR, the Computer Model for Feasibility Analysis and Reporting.

In 1983, the first version of the software was released. Since then, UNIDO has been constantly working on the development and improvement of this tool. Since 1995 there have been yearly upgrades of COMFAR III Expert, which is a computer software that permits the user to simulate the short- and long-term financial and economic situation of investment projects. It permits the analysis of industrial as well as non-industrial projects, whether new investment, rehabilitation, expansion, joint venture or privatization projects.

H. SPX News

Another example of how UNIDO realizes its global forum function by disseminating knowledge is the 2003 release of the first quarterly issues of *SPX News*, an information bulletin about the activities of the UNIDO industrial subcontracting and supply chain programme, as well as the global subcontracting and partnership exchange (SPX) network. The bulletin contains background articles with strategic information, a presentation by SPX directors of their institutions and programmes, a section called “country watch”, portraying strategies or surveys concerning subcontracting and supply chain management aspects in relation to particular countries, and an academic review.

Today some 60 SPX have been established in more than 30 countries, forming part of a global industrial outsourcing network—the largest UNIDO network at present.

I. UNIDO Exchange

UNIDO Exchange is the online entry point to the collective knowledge and information wealth of the Organization’s offices, affiliated institutions and networks. It unites UNIDO actors with the Organization’s traditional and new partners within a unique information dissemination and global forum portal, where public and private industrial operators seek to attain business and knowledge partnerships through online interactions that are based on validated information. In 2003, its interactive services were strengthened to further support the communication flows from and to the Organization, inter alia, by facilitating increased cooperation within UNIDO’s field operations network, including Investment and Technology Promotion Offices, field offices, Subcontracting and Partnership Exchanges, International Technology Centres and National Cleaner Production Centres. At the same time, UNIDO established several resource centres, where UNIDO knowledge is displayed in a focused manner, and

significantly increased its portfolio of specialized information and technologies, while continuing its focus on agro-food industries. The year culminated in the preparation of an interactive CD-ROM on agro-food industries in cooperation with the French Ministry of Agriculture.

Moreover, while acquiring technologies and additional information for its databases, UNIDO Exchange implemented related networks for enhanced African-Asian cooperation (see box) as well as for increased regional cooperation, such as the Mediterranean Exchange funded by the Italian Government through the Investment and Technology Promotion Office in Italy. This strategy strengthens the Organization's global outreach and allows industrial actors to navigate through an interconnected world of knowledge—federated by UNIDO. Concurrently, and based on the numerous expressions of interest for cooperation and tailor-made networking services, it is expected that UNIDO Exchange will further pursue its information dissemination efforts while providing effective services in information and communication technology, in line with the Secretary-General's report to ECOSOC with regard to the role of the United Nations in promoting development, particularly with respect to access to and transfer of knowledge and technology, especially information and communication technologies, inter alia, through partnerships with relevant stakeholders, including the private sector. Thus, UNIDO Exchange actively contributes to UNIDO's activities for the Millennium Development Goals.

Networking partnerships in Africa and Asia—UNDP selects UNIDO

UNIDO was chosen by the United Nations Development Programme (UNDP) to develop a tailor-made electronic platform—TICAD Exchange—to target the development of business, technology and knowledge partnerships between Africa and Asia.

UNIDO was selected on account of its success and experience in the implementation of existing national, regional and international networks such as Colombia Exchange, Mediterranean Exchange and the worldwide UNIDO Exchange. Also, as a sister network, TICAD Exchange offers its participants the opportunity to interact within a qualified virtual community. They additionally benefit from being closely linked to all UNIDO networks, brought together by the UNIDO Exchange, including the Cleaner Production Centres, Investment and Technology Promotion Offices, International Technology Centres and other existing UNIDO networks.

This UNIDO-developed, UNDP-funded network is part of the global TICAD activities and, as such, its operations are sustained within the TICAD-sponsored Asia Africa Chamber of Commerce (AACC), which is currently in its incubation phase.

Based on the successful inter-agency cooperation for the development of TICAD Exchange as an important tool of AACC, and the substantive assistance that UNIDO Exchange already provided, the latter was requested to continue supporting the process in areas focusing on capacity-building and international networking.

TICAD Exchange is being deployed at a special time, when Africa has turned its attention to information and communication technologies as a potential source of assistance in solving its fundamental problems: poverty, unemployment and high pressure on natural resources.

VI

Performance management

Setting the standard through results-based management

UNIDO's holistic and strategic system of results-based management (RBM) ensures that all its activities contribute towards the achievement of its strategic objectives and that results are systematically assessed against objectives and targets as a means of continually improving strategy and performance. The experience of UNIDO and other organizations is that RBM systems not only improve strategy and performance, but also increase staff motivation through a better appreciation of the important contribution everyone makes towards achieving the Organization's strategic objectives.

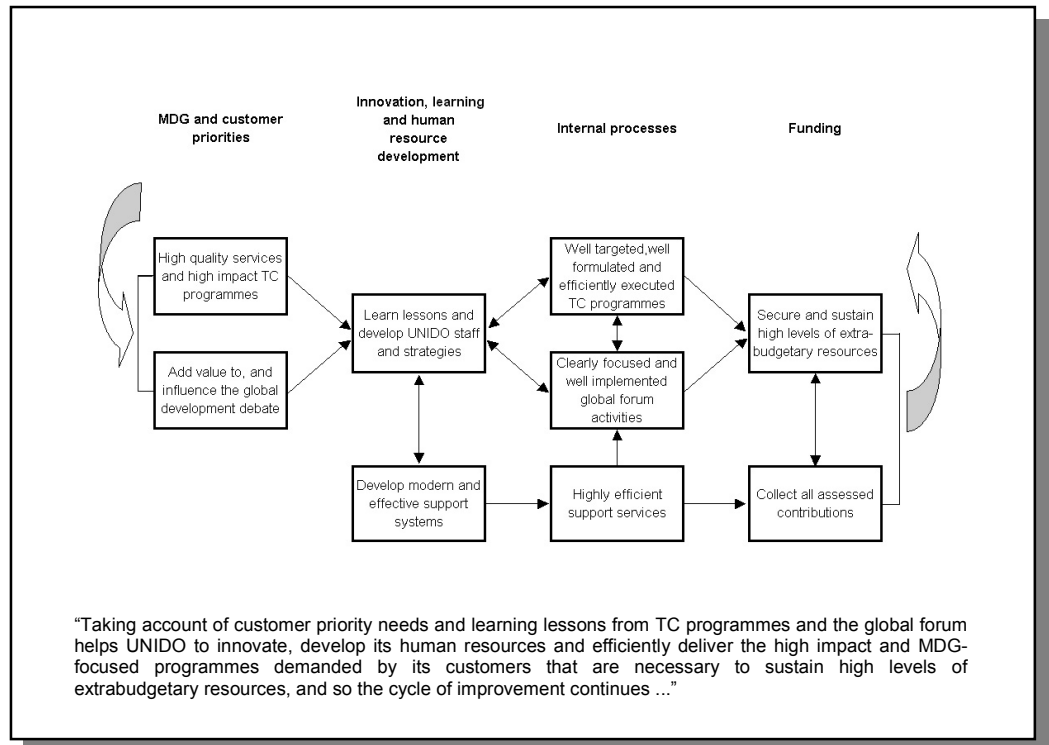
All UNIDO staff play a role in performance management but the newly-established Office of the Comptroller General (OCG) has overall responsibility for the RBM system which, when fully developed, will provide it with the full range of information necessary to fulfil its mandate to provide independent and objective assurance and advice to management on the full range of programmatic and managerial matters. Accordingly, chapter VI of this year's Annual Report has been produced by OCG. There are three noticeable changes to this year's Annual Report: the refinement of the reporting framework; the application of performance indicators to more activities; and greater use of 2003 results to set targets for future improvements. This forward-looking element to the improved RBM system will be extended as the system is further improved in 2004. The full role of OCG is considered below under the section "continuous improvement of internal processes".

UNIDO sets high standards for itself through the application of its results-based approach to management. Numerous performance improvements were achieved or sustained in 2003. And further improvements are expected over the next few years as UNIDO enters a new improved phase of performance management to support implementation of the medium-term programme framework for 2004–2007 (MTPF). The high-level strategy map that will underpin the RBM system for the MTPF period is shown in figure 1.

A balanced view is always necessary when assessing performance. It is important to prioritize actions to ensure that all aspects of performance are improving in step and in accordance with strategy. An appreciation of cause and effect relationships is also important, as an improvement in one aspect of performance may be dependent on, or detrimental to, others. Effective RBM systems therefore view and measure performance from different perspectives. As can be seen from figure 1, UNIDO's RBM system views and measures performance from four perspectives: meeting customer needs by programmatic focus on quality, impact and the Millennium Development Goals;

(MDGs) innovation, learning and the development of UNIDO's human resources; the efficiency of UNIDO's internal processes; and funding. This approach to RBM is known generically as the Balanced Scorecard system to reflect the balanced approach to performance management and the summarizing of targets and results in scorecards.

Figure 1: UNIDO's strategy map



In 2003, UNIDO gave prominence in its RBM system to measuring how UNIDO is meeting customer priorities through the provision of high quality services and high impact technical cooperation (TC) programmes. This remains UNIDO's number one priority. In 2003, the RBM system was further enhanced to reflect the inextricable link between customer priorities and the Millennium Development Goals and to facilitate improved joint tracking of progress against each. The strengthened link between UNIDO's global forum and TC programmes, highlighted in the MTPF, is similarly reflected in the improved RBM system. Innovation, learning and human resource development, which have always been key to satisfying customer needs, will be given increased emphasis in the RBM system in 2004 to reflect the significant organizational improvements that are planned in each of these areas. UNIDO's balanced approach to performance management and monitoring will ensure that the high standards of performance achieved over the past few years in the areas of internal processes and funds mobilization are also maintained or improved upon.

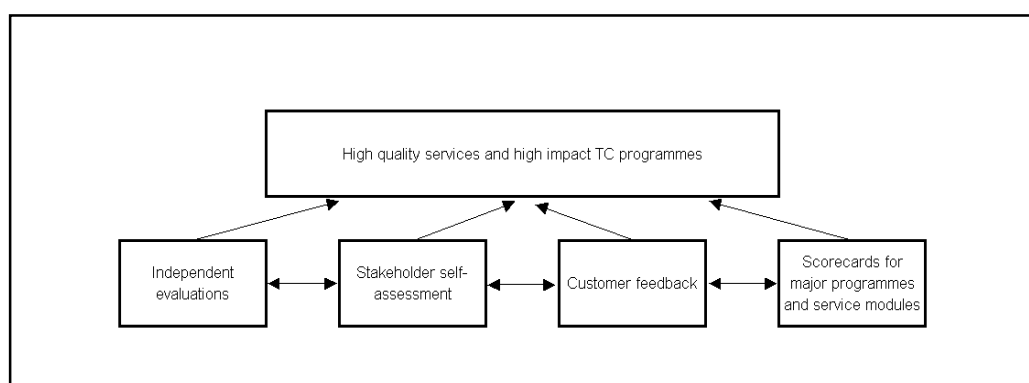
Perspective one: meeting customer priorities—the importance of achieving the Millennium Development Goals

UNIDO contributes to the elimination of poverty and the achievement of the MDGs through the identification and implementation of practical and sustainable solutions to industrial development problems. Accordingly, the provision of high quality services

and high impact TC programmes is UNIDO's primary objective. It is important, therefore, that regular assurances be provided to all stakeholders that this is the case and that areas where performance can be improved be systematically identified.

As can be seen from figure 2, such assurances have to date been gained through three main exercises: independent in-depth evaluation, stakeholder self-assessment, and customer feedback surveys. UNIDO's Evaluation Group has coordinated each of these exercises. Each has involved the use of performance indicators to some extent. However, in the future, it is envisaged that even greater use will be made of performance indicators to complement such assurances. The programme and budgets document for 2004-2005 provided preliminary indicators for major programmes. In line with a subsequent General Conference resolution, these indicators are now being improved. A results-based cleaner production programme strategy and an Energy and Cleaner Production Branch business plan, each with complementary scorecards of performance indicators, have been produced as possible models for wider application. As mentioned above, the RBM system will also pay greater attention to tracking performance in relation to the strengthened links between UNIDO's global forum and TC programme activities. This will ensure, inter alia, that UNIDO is able both to learn from the global forum and also to add value to and influence the global development debate based on its research programme and TC implementation experiences.

Figure 2: Assurances on TC performance



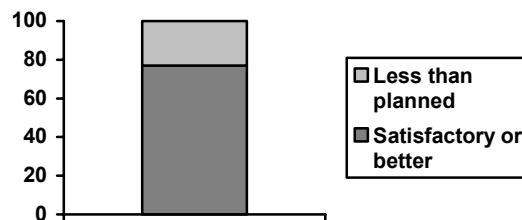
A high level of assurance on the effectiveness of the TC programme has been gained through independent in-depth evaluations

In 2003, the Evaluation Group completed the first round of independent evaluations of UNIDO integrated programmes (IPs). Those evaluated to date are Mozambique, Tanzania, Sri Lanka, Guatemala, Ethiopia, Burkina Faso, Senegal and Uganda. An assessment was also carried out jointly with the Internal Oversight Group covering the Regional Industrial Development Centre and the country service framework in Nigeria. A more rigorous and challenging evaluation process was also introduced. As can be seen from figure 3, the results of the evaluations were positive. Seventy-seven per cent of outputs were judged to have produced results as planned or more than planned. This provides a welcome assurance that the high standard of UNIDO services is being maintained.

The evaluations have indicated that the majority of outputs are likely to make an impact on development and contribute to the achievement of the Millennium Development Goals, although this cannot yet be measured precisely due to the short time span of the programmes. The evaluations have also confirmed that the integrated approach to programming is undoubtedly the right way forward for UNIDO. The IP

process facilitates broader analysis of development issues and a comprehensive response, giving rise to a greater chance of impact. Of course, development is a high-risk business and the evaluations have also made a number of recommendations on how to improve individual programmes. One concern was the danger of repeating models that have been successful in one country across programmes without fully taking into account local circumstances, which in many instances resulted from resource constraints. A number of other useful lessons were learned from the in-depth evaluations that will lead to general improvements in service delivery. The main lessons learned in 2003 are discussed below in the section on “innovation and learning”.

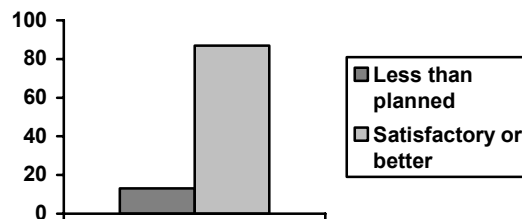
Figure 3: Evaluation results 2003
(per cent)



Systematic self-assessment helps prevent problems

UNIDO’s formalized systematic self-assessments are integral to the assurance process in those instances where programmes have yet to be subject to independent in-depth evaluation. They comprise a combined review of programme components by counterparts, the UNIDO implementation team and the lead ministry. Such exercises also help to identify potential difficulties at an early stage so that remedial action can be taken to prevent problems occurring. Figure 4 shows the results of self-assessments undertaken in 2003 in respect of a sample of IPs that have not been subject to independent in-depth evaluation. Eighty-seven per cent of outputs were judged to be producing results as planned or more than planned. Although these figures are slightly higher than those obtained from independent in-depth evaluations they provide an encouraging assurance of ongoing stakeholder satisfaction.

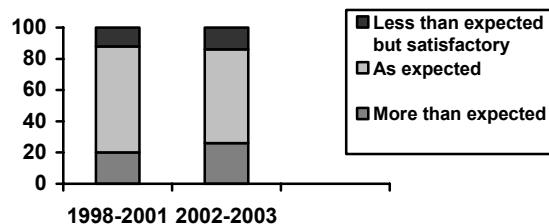
Figure 4: Self assessments 2003
(per cent)



Counterpart feedback is very encouraging

The opinions of customers are very important to UNIDO. Direct feedback is therefore also sought from all counterpart recipients as part of the participative evaluation process. An analysis of responses received in the 2002-2003 biennium compared with those received between 1999 and 2001 (figure 5) has confirmed the maintenance of high standards. Customers reported that 94 per cent of UNIDO services met or exceeded

Figure 5: Customer satisfaction rates 1998-2003
(per cent)

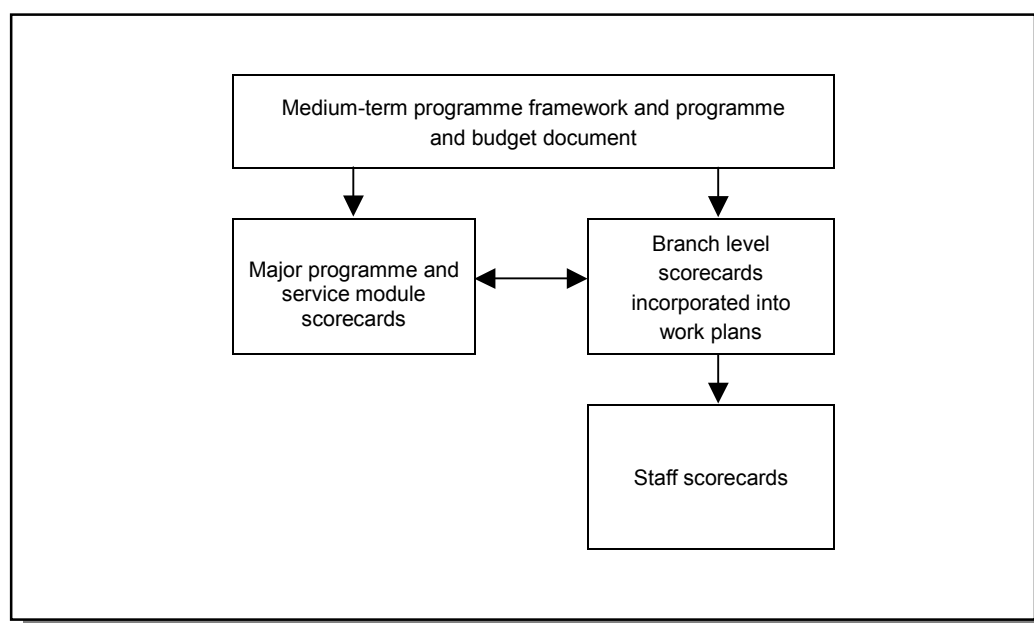


the required service standard. The reasons for dissatisfaction are being pursued so that corrective action can be taken as necessary.

Complementary scorecards of performance indicators and a performance database

Figure 6 describes the link between the MTPF and the activities of individual UNIDO staff members. On the basis of the MTPF and the programme and budgets for 2004-2005, approved by Member States, performance indicators will be improved for major programmes and incorporated into scorecards for operational purposes. Complementary scorecards will be developed to support branch work plans. In turn, these will facilitate the introduction of individual staff scorecards. A performance database will be established to assist coordination and control activities and the promulgation of information throughout the house. On the TC programme side, UNIDO will make use of a performance indicator framework that has been developed from work undertaken for the *Industrial Development Report*. This “Industrial Development Framework” was successfully tested in Tanzania during 2003, where it was used as the basis for undertaking a strategic industrial diagnosis, the development of performance baselines and the formulation of a new integrated programme. Utilizing the framework in this way ensures appropriate levels of synergy and consistency. The framework will also help UNIDO to establish and demonstrate the contributory link between UNIDO’s interventions, industrial performance and MDG at the national level.

Figure 6: Complementary scorecards



The comprehensive use of scorecards and performance indicators in 2004, along the lines already widely applied in the control of administration and support services, will enable UNIDO to establish baselines and set specific targets for future programmatic improvement. Performance against key indicators will be a feature of future Annual Reports. Pending the availability of the relevant data, which will come on stream in 2004, figure 7 provides selected TC achievements over the past few years focusing on investment promotion and aspects of environmental and SME activity undertaken by the respective UNIDO branches.

Figure 7: Objective indicators

	1999	2000	2001	2002	2003
Competitive Economy	\$299 million investment generated	\$221 million investment generated	67 projects (including 39 for Africa, 39 for SMEs). \$78.6 million generated for Africa	\$304 million investment generated	241.2 million investment generated*
Sound Environment	3,577 tonnes ODSs eliminated	4,000 tonnes ODSs eliminated	2,480 tonnes ODSs eliminated	3,370 tonnes ODSs eliminated	5,650 tonnes ODSs eliminated
Productive Employment	656 SMEs started	563 SMEs started	428 SMEs started	512 SMEs started	434 SMEs started
	370 SMEs expanded business activities	1,160 SMEs expanded business activities	1,306 SMEs expanded business activities	1,432 SMEs expanded business activities	1,844 SMEs expanded business activities
	3,069 women entrepreneurs assisted	1,191 women entrepreneurs assisted	1,207 women entrepreneurs assisted	1,609 women entrepreneurs assisted	2,003 women entrepreneurs assisted
	Some 4,200 jobs created through investment promotion	Some 5,000 jobs created through investment promotion	At least 2,732 jobs created through investment promotion including 1,050 in Africa	Some 4,782 jobs created through investment promotion	Some 4,551 jobs created through investment promotion

* Excludes ITPO figures.

Perspective two: elevating achievement through innovation, learning and human resource development

UNIDO is committed to the process of continuous improvement of all its activities. This is achieved through innovation, taking stock of lessons learned and developing its human resources.

Innovation and influence through research

Chapter V of the report describes UNIDO's achievements in the field of research during the year. UNIDO's commitment to research is also demonstrated by the results of an in-house survey undertaken in autumn 2003 that showed that the equivalent of some 10 per cent of all Professional staff that work in HQ technical branches are at any one time likely to be engaged on research activity. There were four important developments in the year that will have implications for improving research and development performance over the period of the MTPF:

- **New research programme.** A new, highly focused research programme was formulated that will strengthen the links between research and development, the TC

programme and other UNIDO global forum activity. There are five components to the new programme: how best to foster and monitor the contribution of productivity growth to economic and social advancement; the impact of the new global setting in areas such as trade, investment and international regulations on industrial development policies; how best to remove the key barriers to speeding up the transfer, diffusion and absorption of technology; how to maximize the developmental impact of entrepreneurship and SMEs; which are the most efficacious policy tools and forms of industrial governance to support industrial development? It is expected that the new programme will not only help UNIDO to identify and implement new innovations in its TC programmes but also to exert an increased level of influence on the global development debate in accordance with mandates from its Member States.

- ❑ **New research project formulation requirements.** All future research and development activity will be subject to a project formulation methodology that mirrors that of TC programme activities. Among other things this means that objectives and outputs of research activity will be determined to address specific priority problems and to strengthen links between the outputs of UNIDO research and UNIDO's TC programme.
- ❑ **Greater involvement of UNIDO technical staff in research.** To help strengthen the link between research and the TC programme and to help develop staff competencies, there will in future be systematic involvement of other UNIDO staff, particularly those working in technical branches, in work led by research specialists.
- ❑ **Dissemination of research results.** Formal presentations and in-house discussions of the results of UNIDO research will be given greater prominence to ensure the development of staff and strengthen links with the TC programme.

Improving service delivery through ICT innovations

International organizations rely on high quality information and communication technology (ICT) to continually improve the delivery and impact of its programmes. In a world where decisions in the field need to be taken quickly based on sound information and the expectations of customers in terms of access to information and advice are understandably high and getting higher, it is vitally important that UNIDO staff at HQ and in the field have the requisite tools to enable them to meet these demands. Consequently, UNIDO is always on the lookout to implement cost-effective ICT innovations into its operations.

In addition to the rolling programme of ICT upgrades and the final stages of migration from mainframe legacy systems to a more modern environment, a number of innovative improvements were implemented or commenced in 2003:

- ❑ The UNIDO network was upgraded to a high-speed and more reliable Ethernet;
- ❑ A new travel system was implemented. The new system covers all aspects of travel and provides tailored menus to staff based on security access rights;
- ❑ A number of proprietary systems such as the Library Online Public Access Catalog have been migrated to "Open Source" software to improve the potential and flexibility for future enhancement;
- ❑ The UNIDO public web site was redesigned to improve access to information. Steps have been taken to allow staff in the field to have secure enquiry and reporting access to UNIDO's financial information systems by June 2004 and for obligation and transaction processing towards the end of 2004;

- ❑ The terms of reference, contract and preliminary installation were completed for a new UNIDO-wide electronic document management system that will significantly impact on the quality of knowledge dissemination within the Organization.

Taking stock of lessons learned from evaluation exercises

There is a dual aspect to UNIDO evaluation and internal oversight activities—the provision of independent assurances on compliance, efficiency, effectiveness and impact, and the determination of lessons learned for the improvement of future services. Measures undertaken in 2003 to realize the full potential value of the latter have included the implementation of an improved follow-up system that ensures recommendations from evaluation and oversight reports are expeditiously implemented. Numerous lessons were learned from evaluations, the main six of which are listed in figure 8.

Figure 8: Main lessons learned from 2003 evaluation exercises

Lesson learned	A selection of action taken
<ul style="list-style-type: none"> ❑ Sustainability and risk factors need to be more rigorously analysed at the programme formulation stage. The logical framework approach needs to be applied more systematically. ❑ New donor funding mechanisms particularly those developed in response to national poverty reduction strategy processes such as core budget and basket funding, have implications for programme design. ❑ In most of the countries with IPs, improved statistical information is a <i>sine qua non</i> for the development of baselines and indicators to measure economic development and progress towards the Millennium Development Goals. Policy advice to Governments on required public policy interventions to enhance competitiveness and private sector-led productivity growth is another field requiring support to ensure sustained economic growth and poverty alleviation. ❑ Programmes have been most successful where UNIDO has been working with relatively strong intermediary counterparts that have had the capacity to absorb UNIDO services. Partnerships with dynamic private sector organizations have been particularly successful. Those programmes that have had substantive input from donors during implementation and that have been anchored to high-level decision-making and national co-ordination bodies have also fared well. ❑ Funds mobilization efforts should ensure a combined approach in those cases where activities are interdependent on their success. For example a number of cases were found where programme outputs relating to national quality and standards, agro-based industries, cleaner production and the promotion of investments were collectively responsible for achieving the desired outcome. ❑ UNIDO needs to strengthen its field representation capacity if it is to play its part in new country-level coordination, United Nations and donor mechanisms and the challenges set by the development of new public/private sector mechanisms and dialogue forums. 	<ul style="list-style-type: none"> ❑ Compliance controls are being strengthened to ensure that UNIDO Integrated Programme formulation guidelines are adhered to. This will ensure that programmes are demand driven, are based on rigorous analysis and that indicators and baselines are developed. ❑ A new framework for TC performance measurement and for strategic industrial diagnosis is being developed. This will ensure full coordination of UNIDO's programmes with the priorities of national poverty reduction strategies and the work of other donors. A staff training programme will support its introduction. A framework was tested successfully in Tanzania during 2003 and used as the basis for programme formulation and the establishment of guidelines. ❑ A new funds mobilization strategy will be devised in 2004. ❑ Measures have been taken to delegate increased authority and responsibility to the field for implementation of TC activities. UNIDO representatives will take on lead management responsibility for IPs operating in their countries in 2004. To assist with this, IT systems are being enhanced in 2004 to improve the flow and speed of information between HQ and the field. ❑ Presentations were made by the Evaluation Group following all independent evaluations undertaken in 2003 as a means of promulgating lessons learned internally and to Vienna-based representatives of Member States. All UNIDO evaluation reports were routinely posted to the Evaluation Group web site for public access. ❑ An assessment/evaluation of field representation will be carried out by OCG in the first quarter of 2004.

Staff development matters

The continuous development of UNIDO's human resources is essential if UNIDO is to deliver the ambitious targets set by the MTPF. There were further improvements in 2003 and even greater emphasis will be given to staff development in the future with the anticipated implementation of the third phase of UNIDO's Human Resources Management Framework (see section below on internal processes).

The average number of learning hours per staff member continued to increase in 2002-2003 to an average of 16.9 hours—an 81 per cent improvement over the 1998-1999 biennium (figure 9). As can be seen from figure 10, the main focus on learning in 2003 was on executive development and management and technical competencies upgrading. The former was conducted through a tailored UNIDO “professional excellence” programme that is geared towards the promotion of organizational values and improving the effectiveness of managerial competencies, particularly through better teamwork. The “professional excellence” programme has been successful; there are indications that it is already having a positive impact on TC programme management. The programme is being extended to all HQ and field Professional staff and will be adapted for presentation to General Service staff.

The foundations were laid for a further major step forward in staff development. The Management Competencies Development Programme was expanded in two field locations to address specifically team membership and leadership for UNIDO IPs. The objective is to encourage the greater participation of the full range of stakeholders as a means of improving team process and productivity. Performance indicators for the expanded programmes, which are being refined, will enable identified problems to be assessed and addressed systematically either locally or centrally.

Four other significant advances in staff development matters were made in 2003:

- ❑ The extended use of staff competencies has enabled both managers and their staff to focus their training on priority areas for development. The pattern and demand of future learning will change in light of the experience of using the competencies approach;
- ❑ The participation of UNIDO Professional staff in the General Conference round tables was one of the undoubted success stories of the tenth session. The very positive feedback was that staff learned about the latest developments in key UNIDO areas from highly respected international experts and exchanged views and experiences with a wide range of participants;
- ❑ A move towards greater systematic dissemination of the knowledge and expertise that exists amongst UNIDO senior management and Professionals has benefited a

Figure 9: Average learning hours per staff member

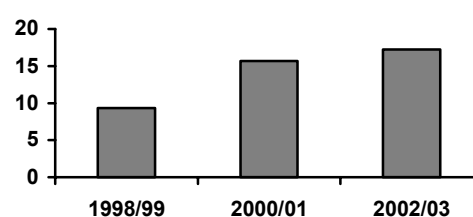
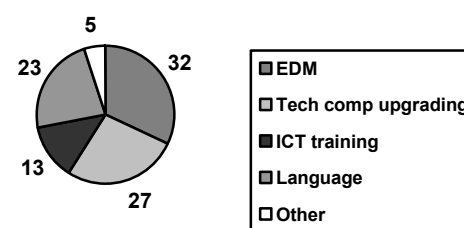


Figure 10: Breakdown between main categories of learning 2003 (per cent)



wide range of UNIDO Professionals. The Director-General played a leading role, for example by providing keynote presentations at the Board of Director’s retreats and on the trade facilitation learning programme;

- ❑ Multi-disciplinary, team-based applied research is being implemented. This will not only broaden the knowledge and develop the skills of participants it will strengthen the links between research, development and improvements to TC.

Looking ahead, there will be a greater focus on developing professional competencies and other priority job-related competencies to improve performance and maximize impact on the attainment of UNIDO’s strategic objectives, in particular the effectiveness and impact of its services and programmes. Besides fully exploiting the advances made in 2003, further innovative ways of achieving learning targets are already under consideration, including the extended use of e-learning and the possibility of setting aside organization-wide learning days for the dissemination of knowledge. The macro staff development plan currently being implemented is also being reviewed for the next biennium to ensure that priority learning areas are appropriately addressed.

Perspective three: continuous improvement of internal processes

Increased programmatic emphasis on Africa

As can be seen from figure 11, there was a dramatic shift in TC delivery in favour of Africa. Africa accounted for 21.5 per cent of all TC delivered in 2003 and, in absolute terms, at \$20.4 million it was some 52 per cent higher than in 2002. This represents a major turning point in meeting UNIDO’s commitment to Member States to increase the proportion of TC delivered to Africa.

As can be seen from figure 12, the Montreal Protocol (MP) continues to represent UNIDO’s major source of TC funding (35 per cent) followed by Trust Funds (TF) and the Global Environment Facility (GEF) at 18 per cent and 11 per cent respectively. Greater efforts will be made in 2004 to generate increased funds for core UNIDO activities and to avoid over dependence on a single source(s) of funding.

Figure 11: TC delivery by region
(in millions of US\$)

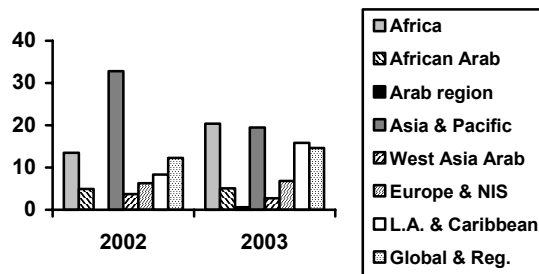
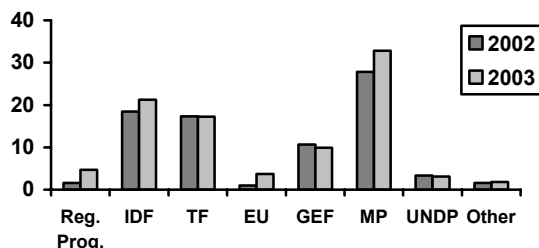


Figure 12: Source of funds for TC delivery
(in millions of US\$)



Efficient implementation of technical cooperation

Figure 13 shows the dramatic downsizing of staff resources within UNIDO over the last 7 years. The experience has instilled within remaining and new staff the need to ensure and demonstrate value for money in all aspects of service delivery from project management through to the provision of administrative support services.

There is great determination and pride among UNIDO staff to continue the trend of efficiency improvements achieved over the past seven years. However, although it would be misleading to suggest that the reduction in staff has not had any impact on service delivery, figure 14 shows that through improved management and coordination the average amount of TC delivered per staff member has increased to \$167,000 per annum in the 2002-2003 biennium. This was an impressive 16 per cent improvement over the previous biennium. This is another major achievement that demonstrates the success of the organizational changes made in 2002 and 2003.

Figure 15 incorporates both TC approval and delivery performance. It shows that the difference between approvals and delivery at the end of the 2002-2003 biennium has remained very close thus demonstrating UNIDO's ability both to mobilize and implement quickly, increased amounts of funds. This is a remarkable achievement given the significant increase in delivery experienced since 2000, the improved standard of delivery and reduced staffing. It augurs well for future growth potential.

The leverage ratio in figure 16 shows the amount of TC services delivered (excluding support costs and YA STS and SPPD) for one US dollar of the regular and operational budgets. The continued improvement of this ratio in 2002-2003, despite the euro/dollar exchange rate fluctuations of 2003, is a further indication of efficient programme delivery.

Figure 13: Average number of UNIDO staff, 1996-2003

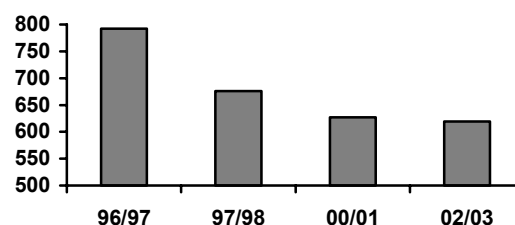


Figure 14: Average TC delivery per staff member 1998-2003
(in thousands of US\$)

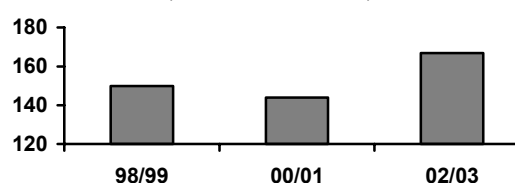


Figure 15: TC approvals and delivery 1998-2003
(in millions of US \$)

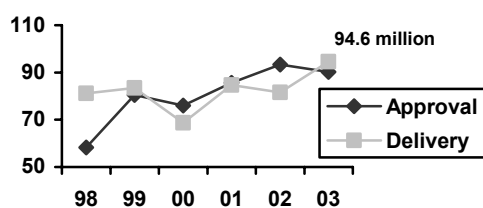
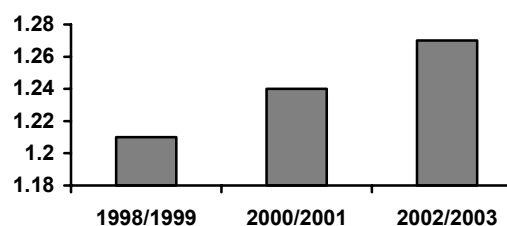


Figure 16: Leverage ratio 1998-2003
(TC vs RB+OB)



Improving administrative support services and keeping operating costs under control

Efficient budgetary control and careful planning has delivered efficiencies within the Division of Administration for each of the last three bienniums. The budget for Buildings Management Services, which provides common services to all VIC-based organizations, was some 17 per cent lower in 2002-2003 than the previous biennium (figure 17). Yet this has not been at a cost to the quality of services that it provides.

Similarly, the costs of Information and Communication Management have also fallen dramatically over the last six years. By investing wisely in modern interactive computer systems UNIDO has reduced its dependency on and the costs of relatively inefficient and expensive mainframe systems. Figure 18 shows that IT operating costs per PC user fell by 8 per cent over the last biennium. And unit costs are expected to fall further over the next biennium as UNIDO plans further improvements to existing systems and will develop new, more efficient systems to complete the mainframe migration.

In spite of the introduction of a number of new systems, the average number of open help desk enquiries also fell, from 13 per day in 2002 to 5 in 2003—a 62 per cent improvement.

Figure 17: BMS and ICM operating costs 1998-2003
(in millions of US\$)

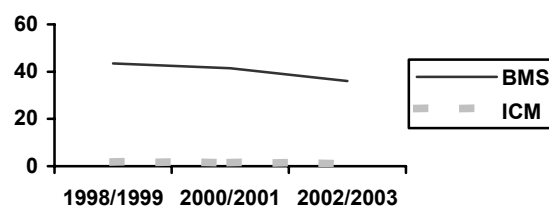
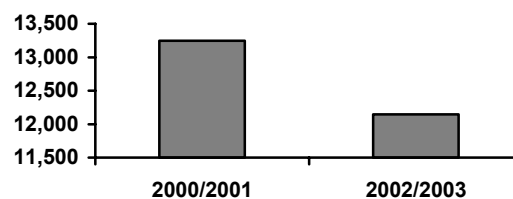


Figure 18: ICM operating costs per PC user, 2000-2003
(in US\$)



Human resources management

UNIDO's Human Resources Management Framework was adopted in June 2001 as a means of developing human resources and contributing to the improvement of the efficiency and effectiveness of the Organization. The Framework is being implemented in three phases. Phase 1, successfully implemented in 2002, focused on recruitment, selection and placement processes. Implementation of phase 2, which focuses on career and staff performance management, began in January 2003. Excellent progress was made in 2003 on implementing phase 2 and its completion is expected in 2004. Implementation of the third and final phase, which will emphasize organizational learning and staff development, will commence in 2004. This will build on the significant advances already made by the Organization in this field of activity, as reported above in the section on innovation and learning.

Major improvements achieved under the umbrella of phase 2 of the Human Resources Management Framework included:

- New merit promotion procedures were introduced and a major post classification exercise was completed which has resulted in the re-categorization of 34 per cent of UNIDO posts over the last three years to the benefit of a significant number of staff;

- ❑ A system for recognizing and rewarding “in-post” responsibility growth was implemented;
- ❑ Procedures for rewarding horizontal career growth were implemented;
- ❑ The policy of open competition for UNIDO posts continued to be emphasized. A total of 42 positions were advertised in 2003. Women filled 45 per cent of these positions; of the posts advertised at D-1 level and above, women including one at ASG level, filled 60 per cent;
- ❑ The 50 per cent performance improvement in the time taken from post advertisement to appointment that was achieved in 2002 was maintained in 2003 despite increased recruitment;
- ❑ The overall male:female Professional staff ratio was 74:26. Major steps have been taken to improve the ratio that should soon take effect. Since 2001, 45 per cent of all recruitments to Professional grades have been women and already the number of senior positions held by women has improved significantly. The representation of women Professionals in UNIDO at the Director level and above has doubled, from 7 per cent in 2001 to 14 per cent in 2003.

Office of the Comptroller General

The establishment of the Office of the Comptroller General (OCG) represented another major step forward for UNIDO in 2003. It has significant implications for all aspects of control and performance and addresses directly and comprehensively concerns expressed by the External Auditors, Member States and other stakeholders. As mentioned above, OCG has overall responsibility for the provision of independent and objective assurances and advice to management on the full range of programmatic and managerial matters including:

- ❑ Adequacy of the Organization’s financial and management control mechanisms;
- ❑ Alignment and deployment of corporate resources in accordance with strategic priorities;
- ❑ Efficiency and effectiveness of organizational structures and procedures;
- ❑ Impact, appropriateness and value for money of service provision;
- ❑ Strategic management issues and policy advice.

It is important that OCG is aware of what is happening both within UNIDO, within the United Nations system and in the wider world of development if it is to fulfil its mandate on a pro-active basis. Systematic and ongoing monitoring of all aspects of performance will be facilitated by the RBM system. To assist in providing the assurances and advice required, OCG also has overall responsibility for the Evaluation Group and the Internal Oversight Group; the independence of each is maintained through an appropriate separation of duties. To help in providing the organizational tools necessary for improved control and performance management, OCG also has responsibility for UNIDO’s Information and Communication Management Unit. The grouping together of each of these functions under OCG enables the Organization to respond much more rapidly than previously to resolve problems. OCG is also in a position to proactively develop systems and procedures to improve future performance as a result of lessons learned.

The establishment of OCG has begun to bear fruit. Six of OCG’s notable achievements are listed in figure 19.

Figure 19: Some notable OCG achievements

Objective	Achievement
Improve the quality of strategic advice available to UNIDO senior management	A number of papers were produced for the Executive Board and Board of Directors on such diverse issues as monitoring of various operations of the Organization, discontinuation of "L" and "ALD" contracts at Headquarters, financial and programmatic matters, as well as planning for the assessment/evaluation of field representation to be carried out in the first quarter of 2004.
Improve analysis of the TC programme	OCG has introduced a range of new reports and analysis that will be improved further in 2004.
Revitalization of IOG	The implementation of an operational charter and the adoption of IIA standards have improved output and quality (see below for more details).
Fully coordinated IOG and EVG work plans	Coordinated work plans for the period of the MTPF is under preparation. This follows the success of two joint IOG/EVG reviews undertaken in 2003
Improve data security	Following a recommendation by the external auditors, arrangements for new off-site back-up arrangements are well advanced and will be completed in 2004.
Complete implementation of the RBM system	Performance indicators are being improved and are being embedded in programme strategies and improved Branch Business Plans. A specification for improving the online system to make available indicator data on an ongoing basis is under development. The RBM project implementation plan is being updated for distribution to the Industrial Development Board in 2004.

Revitalizing the Internal Oversight Group

The improved performance of the Internal Oversight Group (IOG) is worthy of separate mention, as its contribution towards improved performance has not been covered in earlier sections. Integration of IOG into the newly-established OCG in June has given Member States and senior UNIDO management a greater level of assurance on the operation of UNIDO's internal processes. To mark a commitment to increased professionalism within the Group, a charter for IOG was formally adopted. This incorporated the United Nations-specific code of practice and statute of the Institute of Internal Auditors. Fourteen IOG reports making recommendations for operational improvements were issued in 2003. These included:

- ❑ Financial audits of catering operations and the major repair fund;
- ❑ Headquarters compliance audits of Education Grants, Home Leave arrangements and write-offs;
- ❑ UNIDO office audits in Nigeria and Geneva;
- ❑ Fact-finding reviews of areas of concern to senior management.

Looking ahead to 2004, there will be coordinated work programmes for the Internal Oversight Group and the Evaluation Group based on a common risk assessment of UNIDO's activities. The work of IOG will be coordinated with the External Auditor to provide wider coverage. This will further improve the level of assurances provided to senior management and Member States.

Perspective four: consolidation of funding performance

Funds mobilization

Net technical cooperation project and programme approvals from all sources of funds amounted to \$90.2 million in 2003. In addition, the level of future year payments under agreements already signed increased during the year by \$5.3 million, and the amount of available programmable donor resources increased by \$1 million. Taking these amounts together, total net financial resources mobilized in 2003 amounted to \$96.5 million, about the same level as in 2002, and slightly higher than the current delivery level, thereby ensuring that delivery can continue at the same higher level in 2004. Looking ahead, it is expected that total approvals will exceed \$100 million in 2004.

Funding through the Industrial Development Fund and through trust funds (almost all from governmental donors) reached \$47.4 million in 2003, including \$7.2 million in trust funds from “recipient” countries. This represents a healthy 10 per cent increase from the \$43.3 million of 2002, and is the highest level since 1993. Major governmental donors, who contributed or committed one million dollars or more, included Austria, Denmark, Egypt, France, India, Italy, Japan, Nigeria, Norway, Switzerland and the United Kingdom. Several other Member States also made important contributions including China, Colombia, Ecuador, Guatemala and Iran (Islamic Republic of). This resulted in the highest level of developing Member State contributions since 1997. Overall, governmental funding made up well over half of total voluntary contributions to UNIDO in 2003.

A major landmark was achieved in November when the GEF Council approved a direct transfer of GEF project resources to UNIDO in respect of POPs activities. This follows UNIDO’s success in obtaining the status of “Executing agency with expanded opportunities” in 2001 and the approval was clearly based on the good experience of the last two years. UNIDO is now working with the GEF secretariat on the preparation of legal instruments and operational procedures to enable a direct (funds) access modality. This is especially important in the area of POPs as UNIDO is following up the large number of “enabling activity” projects implemented in 2002 and 2003 by the development of large-scale projects. It is anticipated that, subject to continuing good cooperation and results, arrangements may be expanded to cover other operational programmes relevant for UNIDO including energy and international waters where UNIDO has a number of important new projects.

A further major step forward was made in UNIDO’s relations with the European Commission. Following protracted consultation between the United Nations Secretariat in New York and the Commission, a “Financial and Administrative Framework Agreement” was signed in April. UNIDO acceded to this agreement in October. This makes direct cooperation between the European Commission and UNIDO not only possible, but also administratively easier. In addition, UNIDO was selected in 2003 as one of the United Nations candidates for “strategic (EC) partnerships”. Consultations on the exact focus and content of that partnership will start early in 2004. This would further facilitate cooperation and funding in selected specialized areas, including the trade capacity-building initiative launched jointly with the EC during the 2002 International Conference on Financing for Development. The new and closer cooperation is already expected to result in the approval of several larger cooperation projects in 2004.

Another innovative approach was applied in 2003 when bilateral debt under an Italy-Egypt bilateral agreement was converted into local currency funds and made available for technical assistance projects in Egypt. This is possible because UNIDO's programme in Egypt has a significant local currency component. Agreement has already been reached to use part of the converted funds to finance a large project "Trace-ability of agro-industrial products for the European Market", a critical subject for future export of these products. In 2004 efforts will be made to identify other countries where "conversion" arrangements may be possible. Success will depend on the willingness of holders of debt to make it available to fund technical assistance activities. This approach was discussed extensively in the informal consultative group on voluntary contributions and UNIDO membership established in 2003, which itself was another innovation to strengthen the involvement of the permanent missions of Member States in Vienna in the mobilization of funds for technical cooperation.

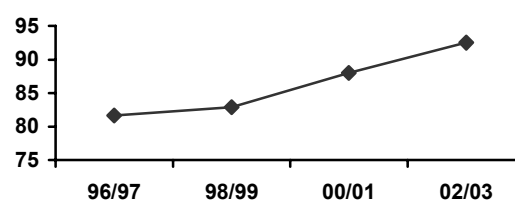
Funds mobilized for country programmes and frameworks saw a considerable increase over previous years, proving the continued validity of the integrated approach. Even without the projects for China and Viet Nam that were for the first time integrated during the year, some \$36 million was mobilized, the highest annual amount ever. Including future payments under signed agreements, and donor funds available but not yet allocated, the total cumulative amount mobilized for the implementation of integrated programmes and country service frameworks until the end of 2003 amounted to \$168 million (excluding support cost).

Net approvals under the Multilateral Fund for the Montreal Protocol amounted to \$28.8 million, slightly more than in 2002. Approvals are stable at around \$30 million per year. As in previous years, net approvals from UNDP remained at a low level (\$2.4 million). It is anticipated that, under the present arrangement, funding from UNDP will remain around this low level, although consultations at the field level continue and good cooperation exists in many countries.

UNIDO continues to actively pursue other funding opportunities. In 2003 the first approval was obtained from the United Nations Trust Fund for Human Security for a project in Sudan: "Revitalization of agriculture productive capacities in post-conflict zones by promoting participation and community building for food security and poverty alleviation Nuba Mountains". It is anticipated that this trust fund, financed until now by the Government of Japan, may approve further projects in the coming years. On this subject of post-conflict activities, UNIDO will establish a trust fund to which donors may contribute once the strategy of the organization in this area has been finalized. In addition, following a resolution adopted by the Conference of African Ministers of Industry it is expected that a trust fund will be established as part of the new African Productive Capacity Initiative. This was also the subject of a GC resolution.

Finally, mobilizing funds, albeit vital, is one part only of the funding equation. It is equally vital that Member States ensure that their assessed contributions are paid promptly. A shortfall could have dire consequences for the TC programme and performance of the Organization. As can be seen from figure 20, the collection rate as at the end of December for the 2002-2003 biennium was 92.5 per cent. This is another indication that Member States are satisfied with UNIDO's performance and provides encouragement to UNIDO's plans for further improvements.

Figure 20: Collection rate of assessed contributions on 31 December
(per cent)



Appendices

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APPENDIX A

OPERATIONAL STATISTICS

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1. Expenditure, 2000 to 2003
2. Technical cooperation programmes: project budget approvals and expenditure, 2000 to 2003
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Table 1
Expenditure, 2000 to 2003

	2000	2001	2002	2003
	(In millions of US\$)			
Technical cooperation programmes ^a				
UNIDO regular budget ^b	1.4	5.9	1.6	4.7
UNDP/core funds ^c	7.0	5.2	3.3	3.0
UNDP-administered trust funds	0.3	3.5	0.1	0.1
IDF	18.3	19.2	18.4	21.2
Montreal Protocol	27.1	31.9	27.8	32.8
Self-financed trust funds	2.2	1.5	2.3	5.3
Third party-financed trust funds	9.7	11.7	15.0	12.0
Global Environment Facility ^d				9.9
Other trust funds ^e	2.6	6.0	13.1	5.6
Total technical cooperation programmes ^a	68.6	84.9	81.6	94.6
	(In millions of US\$)		(In millions of euros) ^f	
Headquarters				
Regular budget (excluding technical cooperation)	51.1	55.7	54.5	61.0
Programme support costs	8.7	8.5	10.9	8.5
Total Headquarters	59.8	64.2	65.4	69.5
GRAND TOTAL	128.4	149.1		

^a Total delivery in 2003 amounts to \$101 million, including IDDA supplementary, SPPD and STS projects.

^b Includes Regular Programme for Technical Cooperation and Industrial Development Decade for Africa.

^c Includes UNIDO-implemented nationally executed projects.

^d Previously reported within other trust funds and UNDP-administered trust funds.

^e Includes UNODC, COMFAR funds, projects financed from other United Nations agencies and funds, EU funds, World Bank loans, CFC and unutilized balances.

^f Since 2002, UNIDO's programme and budgets have been euro based.

Table 2
Technical cooperation programmes: project budget approvals and expenditure, 2000 to 2003
(In millions of US dollars)

	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003
	All sources of funds				UNIDO regular budget				UNDP/core funds ^a				UNDP-administered trust funds ^b			
Residual value of projects brought forward	127.4	135.7	139.2	151.0	0.0	1.8	0.9	1.6	19.7	17.4	14.8	12.2	0.6	9.7	15.2	7.3
Value of project budgets approved in the year (net)	76.9	86.5	93.4	90.2	3.2	5.0	2.3	5.8	4.7	0.7	0.7	2.4	9.4	9.0	0.0	0.0
Total of approved projects under implementation	204.3	222.2	232.6	241.2	3.2	6.8	3.2	7.4	24.4	18.1	15.5	14.6	10.0	18.7	15.2	7.3
Expenditure	68.6	83.0	81.6	94.6	1.4	5.9	1.6	4.7	7.0	3.3	3.3	3.0	0.3	3.5	0.1	0.1
Residual value of projects carried forward	135.7	139.2	151.0	146.6	1.8	0.9	1.6	2.7	17.4	14.8	12.2	11.6	9.7	15.2	15.1	7.2
	IDF				Montreal Protocol				Self-financed trust funds				Third party-financed trust funds			
Residual value of projects brought forward	38.6	31.6	34.0	37.3	49.1	51.5	49.7	49.2	3.7	3.1	3.4	3.7	13.0	15.8	14.9	17.0
Value of project budgets approved in the year (net)	11.3	21.6	21.7	16.9	29.5	30.1	27.3	28.8	1.6	1.8	2.6	7.2	12.5	10.8	17.1	18.0
Total of approved projects under implementation	49.9	53.2	55.7	54.2	78.6	81.6	77.0	78.0	5.3	4.9	6.0	10.9	25.5	26.6	32.0	35.0
Expenditure	18.3	19.2	18.4	21.2	27.1	31.9	27.8	32.8	2.2	1.5	2.3	5.3	9.7	11.7	15.0	12.0
Residual value of projects carried forward	31.6	34.0	37.3	33.0	51.5	49.7	49.2	45.2	3.1	3.4	3.7	5.6	15.8	14.9	17.0	23.0
	Global Environment Facility ^c				Other trust funds ^d											
Residual value of projects brought forward	0.0	0.0	0.0	9.5	2.7	4.8	6.3	13.2								
Value of project budgets approved in the year (net)	0.0	0.0	0.0	5.8	4.7	7.5	21.7	5.3								
Total of approved projects under implementation	0.0	0.0	0.0	15.3	7.4	12.3	28.0	18.5								
Expenditure	0.0	0.0	0.0	9.9	2.6	6.0	13.1	5.6								
Residual value of projects carried forward	0.0	0.0	0.0	5.4	4.8	6.3	14.9	12.9								

^a Includes projects executed by other agencies for which UNIDO is the associated or cooperating agency, formerly reported under non-UNIDO funds.

^b Includes UNDP trust fund for projects financed by the United Nations Development Fund for Women, United Nations Capital Development Fund and third-party trust funds. Adjusted in 2003 for GEF.

^c Previously reported under other trust funds and UNDP-administered trust funds.

^d Includes UNODC, COMFAR funds, projects financed from other United Nations agencies and funds, EU funds, World Bank loans, CFC and unutilized balances. Adjusted in 2003 for GEF.

Table 3A
Technical cooperation activities: project approvals in 2002 and 2003, by source of funds

Source of funds	New projects approved			Existing projects revised			Total net value of approvals/revisions/(\$000)
	Number of projects	Value of projects (\$000)	Average value of projects (\$000)	Number of projects	Value of projects (\$000)	Average value of revisions (\$000)	
2002							
UNIDO regular budget	59	2,894	49	212	(599)	(3)	2,295
UNDP/core funds ^a	11	2,130	194	260	(1,417)	(5)	713
UNDP-administered trust funds	0	0	n.a.	5	34	7	34
IDF	75	15,000	200	365	6,720	18	21,720
Montreal Protocol	64	25,626	400	541	1,633	3	27,259
Self-financed trust funds	15	1,964	131	54	608	11	2,572
Third party-financed trust funds	40	5,600	140	153	11,553	76	17,153
Other trust funds ^b	31	19,359	624	147	2,330	16	21,689
TOTAL	295	72,573	246	1,737	20,862	12	93,435
2003							
UNIDO regular budget	98	6,188	63	271	(352)	(1)	5,836
UNDP/core funds ^a	11	1,658	151	262	717	3	2,375
UNDP-administered trust funds	0	0	n.a.	2	0	0	0
IDF	64	10,657	167	440	6,215	14	16,872
Montreal Protocol	50	30,241	605	605	(1,456)	(2)	28,785
Self-financed trust funds	18	4,387	244	69	2,822	41	7,209
Third party-financed trust funds	34	15,184	447	193	2,804	15	17,988
Global Environment Facility	14	14,877	1,063	49	(9,069)	(185)	5,808
Other trust funds ^c	2	1,241	621	16	4,100	256	5,341
TOTAL	291	84,433	290	1,907	5,781	3	90,214

^a Includes UNIDO-implemented nationally executed projects.

^b Includes UNODC, COMFAR funds, projects financed from other United Nations agencies and funds, EU funds, CFC, unutilized balances and GEF.

^c Excludes GEF.

Table 3B
Technical cooperation activities: value of net project approvals in 2003, by region and source of funds
(In thousands of US dollars)

Source of funds	Africa (excluding Arab States)		Asia and the Pacific (excluding Western Arab States)		Western Asian Arab States		Arab regional		Europe and NIS		Latin America and the Caribbean		Global and interregional		Total
	African Arab States	African Arab States	Asian Arab States	Pacific (excluding Western Arab States)	Western Asian Arab States	Arab regional	Europe and NIS	Latin America and the Caribbean	Global and interregional	Total					
UNIDO regular budget	3,521	577	100	158	0	818	481	181	5,836						
UNDP/core funds ^a	1,281	(70)	444	629	0	12	0	79	2,375						
UNDP-administered trust funds	0	0	0	0	0	0	0	0	0						
IDF	2,329	1,360	2,173	45	1,684	237	4,221	4,823	16,872						
Montreal Protocol	251	2,453	16,527	1,047	0	3,000	5,677	(170)	28,785						
Self-financed trust funds	2,282	294	3,372	(44)	34	25	179	1,067	7,209						
Third party-financed trust funds	1,545	5,598	4,036	0	0	607	219	5,983	17,988						
Global Environment Facility	3,563	377	(67)	0	0	469	470	996	5,808						
Other trust funds ^b	4,924	0	272	0	0	5	0	140	5,341						
TOTAL	19,696	10,589	26,857	1,835	1,718	5,173	11,247	13,099	90,214						
Total Africa	30,285														
Total Arab States	14,142														

^a Includes UNIDO-implemented nationally executed projects.

^b Includes UNODC, COMFAR funds, projects financed from other United Nations agencies and funds, EU funds and CFC.

Table 4
Expenditure on technical cooperation activities in 2002 and 2003, by source of funds and project component

Source of funds	Project personnel							Total \$000
	Number of experts' work-months ^a	\$000	Subcontracts \$000	Fellowships and training \$000	Equipment \$000	Miscellaneous expenses \$000		
2002								
UNIDO regular budget	41.8	709	201	259	382	76	1,627	
UNDP/core funds ^b	93.1	2,096	306	398	273	186	3,259	
UNDP-administered trust funds	0.9	24	0	0	51	(3)	72	
IDF	611.4	12,858	1,205	1,617	1,764	985	18,429	
Montreal Protocol	39.1	1,640	19,491	185	7,817	(1,325)	27,808	
Self-financed trust funds	35.2	1,566	221	146	187	232	2,352	
Third party-financed trust funds	386.3	7,422	2,244	1,172	1,836	2,292	14,966	
Other trust funds ^c	151.2	3,621	4,636	275	4,471	98	13,101	
	TOTAL	1,359.0	29,936	4,052	16,781	2,541	81,614	
2003								
UNIDO regular budget	89.6	1,620	677	566	1,536	285	4,684	
UNDP/core funds ^b	62.7	1,894	450	194	373	101	3,012	
UNDP-administered trust funds	3.1	64	0	24	18	1	107	
IDF	456.8	13,648	2,485	1,714	2,165	1,202	21,214	
Montreal Protocol	31.1	1,874	19,411	228	11,259	62	32,834	
Self-financed trust funds	34.9	1,442	422	132	2,880	366	5,242	
Third party-financed trust funds	246.7	7,658	1,502	1,038	967	865	12,030	
Global Environment Facility	84.9	2,933	7,156	471	(944)	324	9,940	
Other trust funds ^d	119.5	2,468	750	133	2,139	70	5,560	
	TOTAL	1,129.3	33,601	4,500	20,393	3,276	94,623	

^a International experts and consultants ^c Work-months:
1,129.3

^b Includes UNIDO-implemented nationally executed projects.

^c Includes UNODC, COMFAR funds, projects financed from other United Nations agencies and funds, EU funds, CFC, unutilized balances and GEF.

^d Excludes GEF.

Table 5
Expenditure on technical cooperation activities in 2003, by service module and geographical area
(In thousands of US dollars)

Service modules (2002-2005)	Africa (excluding African Arab States)		Asia and the Pacific (excluding Western Asian Arab States)		Western Asian Arab States	Arab regional	Europe and NIS	Latin America and the Caribbean	Global and interregional	Total
	African Arab States	African Arab States	Western Asian Arab States	Western Asian Arab States	Asian Arab States	Arab regional	Europe and NIS	Latin America and the Caribbean	Global and interregional	Total
Industrial governance and statistics (SM1)	977	178	372	372	128	0	6	239	636	2,536
Investment and technology promotion (SM2)	1,882	642	586	586	525	571	602	528	10,450	15,786
Quality and productivity (SM3)	4,271	312	951	951	174	0	94	2,299	143	8,244
Small business development (SM4)	2,992	903	1,341	1,341	167	0	147	460	436	6,446
Agro-industries (SM5)	3,377	606	648	648	147	0	246	728	81	5,833
Industrial energy and Kyoto Protocol (SM6)	970	0	3,500	3,500	47	0	25	104	285	4,931
Montreal Protocol (SM7)	805	1,710	17,385	17,385	1,497	0	3,402	10,044	0	34,843
Environmental management (SM8)	5,140	791	3,741	3,741	40	0	2,294	1,379	2,541	15,926
Other	0	0	0	0	(23)	0	0	36	65	78
TOTAL	20,414	5,142	28,524	28,524	2,702	571	6,816	15,817	14,637	94,623
Total Africa	25,556									
Total Arab States	8,415									

Table 6
Expenditure on technical cooperation activities, by geographical area, 2000 to 2003
(In thousands of US dollars)

Area	2000	2001	2002	2003
Africa (excluding African Arab States)				
Country projects	9,539	11,107	11,274	13,832
Regional projects	1,774	2,491	2,210	6,582
Subtotal	11,313	13,598	13,484	20,414
African Arab States	3,654	5,527	4,924	5,142
Asia and the Pacific (excluding Western Asian Arab States)				
Country projects	21,136	32,381	32,287	27,861
Regional projects	903	1,329	382	663
Subtotal	22,039	33,710	32,669	28,524
Western Asian Arab States	3,594	3,842	3,690	2,702
Arab regional	223	53	2	571
Europe and NIS				
Country projects	4,839	3,709	5,183	5,662
Regional projects	342	1,535	1,091	1,154
Subtotal	5,181	5,244	6,274	6,816
Latin America and the Caribbean				
Country projects	9,326	7,372	7,848	14,753
Regional projects	628	1,082	522	1,064
Subtotal	9,954	8,454	8,370	15,817
Global and interregional projects	12,705	14,476	12,201	14,637
TOTAL	68,663	84,904	81,614	94,623

Table 7
Technical cooperation activities: project expenditure in 2003, by geographical area
(In thousands of US dollars)

	Africa (excluding African Arab States)		Africa Arab States		Asia and the Pacific (excluding Western Asian Arab States)		Western Asian Arab States		Arab regional		Europe and NIS		Latin America and Caribbean		Global and interregional		Total	
	%		%		%		%		%		%		%		%		%	
A. By source of funds																		
UNIDO regular budget	2,607	12.8	324	6.3	210	0.7	136	5.0	47	8.2	647	9.5	285	1.8	428	2.9	4,684	
UNDP/core funds ^a	1,630	8.0	166	3.2	1,007	3.5	143	5.3	0	0.0	(3)	(0.0)	62	0.4	7	0.0	3,012	
UNDP-administered trust funds	0	0.0	0	0.0	107	0.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	107	
IDF	4,389	21.5	1,424	27.7	3,505	12.3	491	18.2	524	91.8	524	7.7	4,218	26.7	6,139	41.9	21,214	
Montreal Protocol	805	3.9	1,538	29.9	16,609	58.2	1,497	55.4	0	0.0	2,342	34.4	10,043	63.5	0	0.0	32,834	
Self-financed trust funds	773	3.8	115	2.2	2,915	10.2	92	3.4	0	0.0	22	0.3	612	3.9	713	4.9	5,242	
Third party-financed trust funds	2,708	13.3	1,041	20.2	2,031	7.1	323	12.0	0	0.0	1,386	20.3	100	0.6	4,441	30.3	12,030	
Global Environment Facility	3,362	16.5	534	10.4	1,719	6.0	0	0.0	0	0.0	1,889	27.7	447	2.8	1,989	13.6	9,940	
Other trust funds ^b	4,140	20.3	0	0.0	421	1.5	20	0.7	0	0.0	9	0.1	50	0.3	920	6.3	5,560	
TOTAL	20,414		5,142		28,524		2,702		571		6,816		15,817		14,637		94,623	
Total Africa	25,556																	
Total Arab States	8,415																	
B. By project component																		
Project personnel	8,982	44.0	2,047	39.8	5,648	19.8	1,048	38.8	457	80.0	1,730	25.4	3,915	24.8	9,774	66.8	33,601	
Subcontracts	4,002	19.6	1,737	33.8	13,773	48.3	742	27.5	0	0.0	3,466	50.9	7,413	46.9	1,720	11.8	32,853	
Fellowships and training	1,831	9.0	400	7.8	555	1.9	157	5.8	21	3.7	258	3.8	425	2.7	853	5.8	4,500	
Equipment	4,650	22.8	768	14.9	8,049	28.2	638	23.6	52	9.1	1,179	17.3	3,771	23.8	1,286	8.8	20,393	
Miscellaneous	949	4.6	190	3.7	499	1.7	117	4.3	41	7.2	183	2.7	293	1.9	1,004	6.9	3,276	
TOTAL	20,414		5,142		28,524		2,702		571		6,816		15,817		14,637		94,623	

^a Includes UNIDO-implemented nationally executed projects.

^b Includes COMFAR funds, projects financed from other United Nations agencies and funds, EU funds and CFC.

Table 8
Support services for policy and programme development and
technical support services at the project level, 2002 and 2003
(In UNIDO staff work-months)

	2002	2003
Africa		
Country ^a	16.3	26.7
Regional	<u>0.0</u>	<u>0.0</u>
Subtotal	16.3	26.7
Arab States		
Country	4.0	0.5
Regional	0.0	0.0
Country (African Arab States) ^b	<u>3.8</u>	<u>5.4</u>
Subtotal	7.8	5.9
Asia and the Pacific		
Country	9.2	11.3
Regional	<u>0.0</u>	<u>0.0</u>
Subtotal	9.2	11.3
Europe and NIS		
Country	6.0	3.7
Regional	<u>0.0</u>	<u>0.0</u>
Subtotal	6.0	3.7
Latin America and the Caribbean		
Country	2.4	0.5
Regional	<u>0.0</u>	<u>0.0</u>
Subtotal	2.4	0.5
Global and interregional		
	0.0	0.0
TOTAL	41.7	48.1

^a Includes African Arab States.

^b Figures deducted (included under "Africa").

Table 9
Regular and operational budget expenditure by programme
and object of expenditure in 2003
(In thousands of euros)

<i>Programme</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	
	<i>Staff costs</i>	<i>Consultants</i>	<i>Meetings</i>	<i>Travel</i>	<i>Regular Programme of TC^a</i>	<i>Other</i>		<i>Total</i>
Expenditure								
A GOVERNING BODIES								
A.1 Meetings of Governing Bodies	53.5					2,196.6		2,250.1
A.2 Secretariat of Governing Bodies and External Relations	602.2	13.5				154.0		769.7
Subtotal	655.7	13.5	-	-	-	2,325.1		3,019.8
B GENERAL MANAGEMENT								
B.1 Executive Direction and Management	2,533.6	409.4	69.0	194.3		59.1		3,265.4
B.2 Internal Oversight	645.5	12.3		3.0		2.8		663.7
B.3 United Nations System Coordination	1,022.8	36.1		41.9		221.0		1,321.8
B.4 Communication and Information	403.2	39.0		1.5		310.2		754.0
Subtotal	4,605.1	496.8	69.0	240.7	-	593.1		6,004.9
C STRENGTHENING OF INDUSTRIAL CAPACITIES								
C.1 Industrial Governance and Statistics	2,910.3	101.2	13.6	39.5	661.2	78.2		3,804.0
C.2 Investment and Technology Promotion	3,215.9	49.7	3.0	68.6	531.6	590.7		4,459.5
C.3 Quality and Productivity	961.8	40.7	17.8	18.2	400.4	217.2		1,656.1
C.4 Small Business Development	2,627.7	25.4	15.5	68.3	782.5	113.2		3,632.6
C.5 Information Networks and Knowledge Management	1,533.1			0.3		3,212.5		4,745.9
C.6 Direction and Management	278.8			17.8		28.0		324.6
Subtotal	11,527.6	217.0	49.9	212.7	2,375.7	2,890.8		18,622.7
D CLEANER AND SUSTAINABLE INDUSTRIAL DEVELOPMENT								
D.1 Agro-industries	2,447.3	16.0		30.5	274.9	1,497.6		4,266.3
D.2 Industrial Energy and Kyoto Protocol	2,366.6	17.2	98.0	76.7	275.0	30.8		2,864.3
D.3 Montreal Protocol	2,610.8	21.2		37.7		678.4		3,348.1
D.4 Environmental Management	2,869.9	74.2	89.7	45.2	222.3	237.5		3,538.8
D.5 Direction and Management	576.3			13.6		0.7		590.6
Subtotal	10,870.9	128.6	187.7	203.7	772.2	561.8		14,608.1
E REGIONAL PROGRAMME MANAGEMENT								
E.1 Regional Bureaux	3,621.8	124.9	170.9	122.9	156.5	67.9		4,264.9
E.2 Field Offices	5,454.8	21.5		188.3	705.0	3,037.1		9,406.7
E.3 Direction and Management	1,641.0	29.8		44.5		24.0		1,739.3
Subtotal	10,717.6	176.2	170.9	355.7	861.5	3,001.6		15,410.9

		1	2	3	4	5	6	7
<i>Programme</i>		<i>Staff costs</i>	<i>Consultants</i>	<i>Meetings</i>	<i>Travel</i>	<i>Regular Programme of TC^a</i>	<i>Other</i>	<i>Total</i>
F	ADMINISTRATION							
F.1	Human Resource Management	2,910.5	36.9		35.1		131.6	3,114.1
F.2	Financial Services	2,846.2			5.5		116.0	2,967.7
F.3	General Services	2,346.4	4.5		2.4		994.5	3,347.8
F.4	Legal Services	379.7	12.5		2.6		1.7	396.5
F.5	Direction and Management	1,337.2	8.0	13.0	22.9		131.2	1,512.3
	Subtotal	9,820.0	61.9	13.0	68.5	-	1,163.3	11,338.4
H.1	Indirect Costs	233.8					5,276.8	5,510.6
	TOTAL expenditure	48,430.7	1,094.0	490.5	1,081.3	4,009.4	15,812.5	74,515.4
Income								
E	REGIONAL PROGRAMME MANAGEMENT							
E.2	Field Offices	-	-	-	-	-	400.6	400.6
	Miscellaneous income	-	-	-	-	-	604.2	604.2
	TOTAL income	-	-	-	-	-	1,004.8	1,004.8
	NET GRAND TOTAL	48,430.7	1,094.0	490.5	1,081.3	4,009.4	14,807.7	73,510.6

BUILDINGS MANAGEMENT**Expenditure**

G	BUILDINGS MANAGEMENT							
G.1	Common Buildings Management	5,427.6			1.6		8,011.8	13,441.0
G.2	Joint Buildings Management	158.5					429.3	587.8
	Total expenditures	5,586.1	-	-	1.6	-	8,441.1	14,028.8

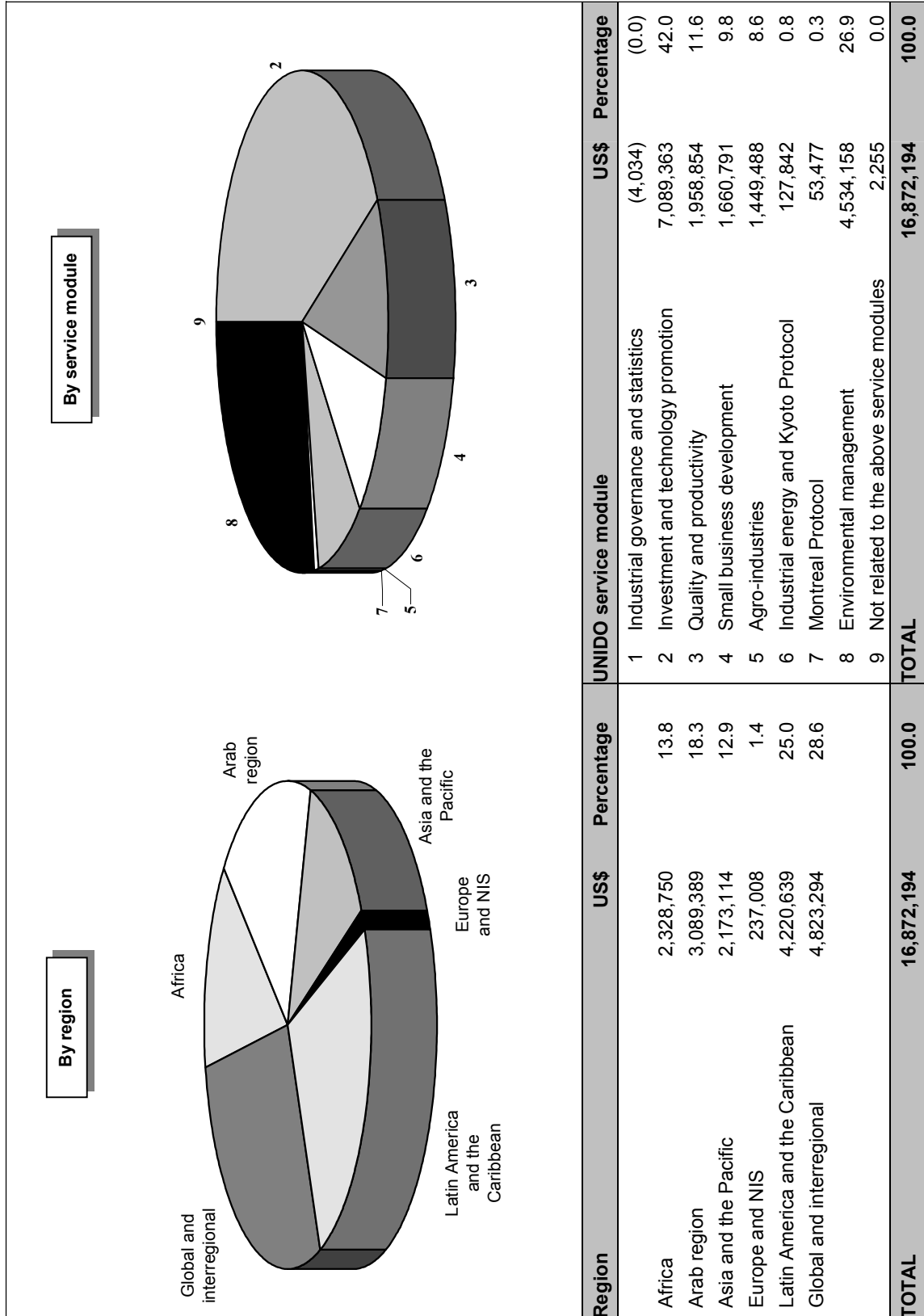
Please note that the total costs of Buildings Management Services are being cost-shared between all users and the above expenditures are being fully recovered. UNIDO's net share is included under programme H above.

^a Represents the full 2003 appropriations which have been transferred to the special account for RPTC.

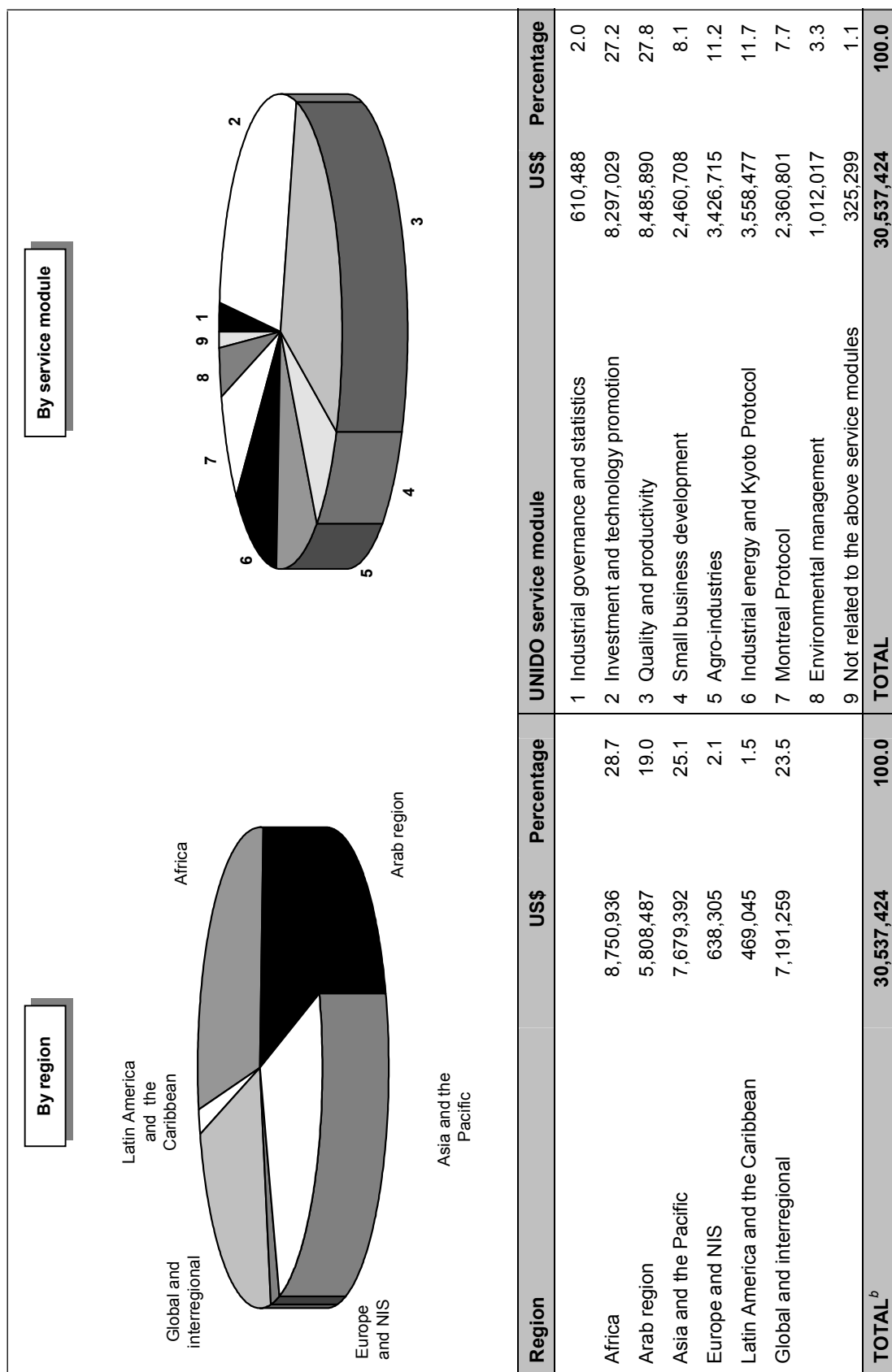
APPENDIX B

PROJECT APPROVALS UNDER VOLUNTARY CONTRIBUTIONS

B.1 INDUSTRIAL DEVELOPMENT FUND: NET APPROVALS IN 2003
(Excluding programme support costs)



B.2 TRUST FUNDS: NET APPROVALS IN 2003^a
(Excluding programme support costs)



^a Includes projects financed from COMFAR funds, the Common Fund for Commodities, European Union, UNFIP, self-financed and third-party trust fund contributions.

^b Includes Associate Expert/JPO programme (\$2,354,654).

APPENDIX C

STATUS OF INTEGRATED PROGRAMMES AND COUNTRY SERVICE FRAMEWORKS

As of 31 December 2003

(In US\$ including support costs)

<i>Region</i>	<i>Planning figures</i>	<i>Funds allocated</i>	<i>Open for funding</i>
AFRICA	Burkina Faso	4,419,667	734,330
	Burundi	4,588,139	4,136,139
	Cameroon	6,605,415	6,026,653
	Côte d'Ivoire	5,359,364	3,735,208
	Eritrea	7,594,730	5,112,394
	Ethiopia	10,506,503	1,412,622
	Ghana	5,669,945	666,200
	Guinea	3,359,603	1,384,647
	Kenya	4,536,385	3,688,045
	Madagascar	4,520,000	3,631,737
	Mali	5,871,655	4,508,748
	Mozambique	9,936,655	4,052,267
	Namibia	1,953,770	1,823,820
	Nigeria	14,325,010	8,345,992
	Rwanda	5,571,917	2,765,835
	Senegal	8,834,340	3,863,251
	South Africa	5,277,100	2,845,651
	Uganda	7,291,325	(42,520)
	United Republic of Tanzania	8,212,681	2,565,530
	Subtotal	124,434,203	63,177,655
AFRICAN ARAB STATES	Algeria	11,442,000	7,504,354
	Egypt	12,448,466	3,503,020
	Morocco	10,550,608	3,430,979
	Sudan	5,813,850	3,674,198
	Tunisia	7,558,510	3,583,086
Subtotal	47,813,434	26,117,797	21,695,637
ASIA AND THE PACIFIC	China*	31,640,000	4,456,594
	Democratic People's Republic of Korea	1,371,820	1,371,820
	India*	13,334,000	6,318,165
	Indonesia	8,528,381	8,029,381
	Iran (Islamic Republic of)	3,187,730	2,373,403
	Lao People's Democratic Republic	1,305,795	3,767
	Nepal	2,328,930	1,914,929
	Pakistan	3,301,964	2,704,013
	Sri Lanka	10,709,826	4,417,221
	Thailand	3,794,879	3,186,717
	Viet Nam	10,034,400	5,073,619
Subtotal	89,537,725	49,688,096	39,849,629

<i>Region</i>		<i>Planning figures</i>	<i>Funds allocated</i>	<i>Open for funding</i>
EUROPE AND CIS	Armenia	1,932,413	411,707	1,520,706
	Russian Federation	17,505,028	1,931,522	15,573,506
	Uzbekistan	2,958,340	417,072	2,541,268
	Subtotal	22,395,781	2,760,301	19,635,480
LATIN AMERICA AND THE CARIBBEAN	Bolivia	4,503,276	482,446	4,020,830
	Brazil	6,300,680	244,483	6,056,197
	Colombia	1,797,830	1,909,292	(111,462)
	Cuba	6,114,430	2,597,377	3,517,053
	Ecuador	4,714,360	1,022,333	3,692,027
	Guatemala	12,870,371	5,344,501	7,525,870
	Honduras	5,541,294	527,039	5,014,255
	Regional Latin America	6,053,410	575,170	5,478,240
Subtotal	47,895,651	12,702,641	35,193,010	
ARAB REGION	Jordan	3,312,878	1,673,500	1,639,378
	Lebanon	6,735,365	1,286,760	5,448,605
	Palestine	4,803,430	1,415,709	3,387,721
	Saudi Arabia	1,504,595	0	1,504,595
	Syrian Arab Republic	3,932,683	694,989	3,237,694
	Yemen	1,820,543	364,829	1,455,714
Subtotal	22,109,493	5,435,787	16,673,706	
GRAND TOTAL		354,186,288	159,882,277	194,304,011

* Adjusted to country service frameworks.

APPENDIX D

TECHNICAL ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES

Table 1
Delivery, by country and source of funds, 2003^a
(In US dollars)

Region/country	Regular budget	UNDP	Trust funds	IDP ^b	Montreal Protocol	Other sources ^c	Total
Africa							
Angola	97,488	0	0	0	0	0	97,488
Benin	0	120,018	0	0	0	0	120,018
Burkina Faso	98,783	0	(7,450)	213,707	0	0	305,040
Burundi	0	0	0	58,749	0	145,220	203,969
Cape Verde	0	0	0	0	0	0	0
Central African Republic	0	0	0	0	0	193,753	193,753
Chad	0	56,550	0	0	0	233,904	290,454
Comoros	0	0	0	0	0	0	0
Democratic Republic of the Congo	0	0	0	0	0	0	0
Equatorial Guinea	0	0	0	0	0	0	0
Eritrea	276,752	75,585	80,703	113,046	0	0	546,086
Ethiopia	26,509	0	96,161	1,391,572	0	192,363	1,706,605
Gambia	0	0	0	0	0	0	0
Guinea	123,251	80	(2)	744	0	0	124,073
Guinea-Bissau	0	0	0	0	0	0	0
Lesotho	0	(14,824)	0	0	0	189,629	174,805
Liberia	0	0	0	0	0	0	0
Madagascar	75,334	207,661	46,564	99,351	0	0	428,910
Malawi	0	0	0	11,817	0	198,670	210,487
Mali	94,641	0	(5,511)	29,687	27,318	0	146,135
Mauritania	0	26,342	0	0	0	0	26,342
Mozambique	78,917	0	445,989	90,792	0	0	615,698
Niger	0	0	0	0	0	189,594	189,594
Rwanda	200,360	0	1,832	13,051	0	155,623	370,866
Sao Tome and Principe	0	0	0	0	0	137,021	137,021
Senegal	29,433	529,079	129,515	192,305	(2,153)	0	878,179
Sierra Leone	0	0	0	0	0	0	0
Togo	0	0	0	0	0	144,608	144,608
Uganda	264,187	0	389,490	289,801	14,840	0	958,318
United Republic of Tanzania	135,429	173,462	205,282	273,311	0	143,077	930,561
Zambia	2,800	(1,320)	(2,743)	0	0	83,324	82,061
Subtotal	1,503,884	1,172,633	1,379,830	2,777,933	40,005	2,006,786	8,881,071

Region/country	Regular budget	UNDP	Trust funds	IDP ^b	Montreal Protocol	Other sources ^c	Total
Asia and the Pacific							
Afghanistan	7,089	0	0	27,868	0	0	34,957
Bangladesh	0	0	0	0	0	0	0
Bhutan	0	0	0	0	0	0	0
Cambodia	6,193	0	0	301,777	0	0	307,970
Kiribati	0	0	0	0	0	0	0
Lao People's Democratic Republic	0	0	0	237,961	0	178,855	416,816
Maldives	0	0	0	0	0	0	0
Myanmar	0	0	0	0	0	0	0
Nepal	0	0	0	36,749	0	230,326	267,075
Samoa	0	0	0	0	0	0	0
Solomon Islands	0	0	0	0	0	0	0
Tuvalu	0	0	0	0	0	0	0
Vanuatu	0	0	0	0	0	0	0
Subtotal	13,282	0	0	604,355	0	409,181	1,026,818
Latin America and the Caribbean							
Haiti	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0
African Arab States							
Djibouti	94,435	0	0	13,068	0	175,656	283,159
Somalia	0	0	0	0	0	0	0
Sudan	0	115,170	2,851	0	57,191	0	175,060
Subtotal	94,435	115,170	2,851	13,068	57,191	175,656	458,219
West Asian Arab States							
Yemen	0	(23,100)	0	0	162,199	0	139,099
Subtotal	0	(23,100)	0	0	162,199	0	139,099
TOTAL	1,611,601	1,264,703	1,382,681	3,395,356	259,395	2,591,623	10,505,207

^a Does not include regional, interregional and global projects or individual fellowships and group training programmes in which LDCs have been involved together with other developing countries.

^b Excluding 13 per cent overhead costs.

^c Includes projects executed by other agencies for which UNIDO is the associated or cooperating agency.

Table 2
New project approvals, by country and source of funds, 2003^a
(In US dollars)

Region/country	Regular budget	UNDP	Trust funds	IDF ^b	Montreal Protocol	Other sources ^c	Total
Africa							
Angola	0	0	0	0	0	0	0
Benin	0	177,628	0	0	0	0	177,628
Burkina Faso	101,000	0	0	0	0	0	101,000
Burundi	0	0	0	400,000	0	180,025	580,025
Cape Verde	0	0	0	0	0	0	0
Central African Republic	0	0	0	0	0	0	0
Chad	0	0	0	0	0	0	0
Comoros	0	0	0	0	0	0	0
Democratic Republic of the Congo	0	0	0	0	0	0	0
Equatorial Guinea	0	0	0	0	0	0	0
Eritrea	283,377	130,972	0	95,000	0	0	509,349
Ethiopia	28,000	0	37,085	0	0	0	65,085
Gambia	0	0	0	0	0	0	0
Guinea	131,127	0	0	0	0	0	131,127
Guinea-Bissau	0	0	0	0	0	0	0
Lesotho	0	0	0	0	0	0	0
Liberia	0	0	0	0	0	0	0
Madagascar	75,508	0	0	63,720	0	0	139,228
Malawi	0	0	0	0	0	212,550	212,550
Mali	94,000	0	0	0	0	0	94,000
Mauritania	0	25,000	0	0	0	0	25,000
Mozambique	83,325	0	0	0	0	0	83,325
Niger	0	0	0	0	0	0	0
Rwanda	203,000	0	0	314	0	178,425	381,739
Sao Tome and Principe	0	0	0	0	0	161,360	161,360
Senegal	30,000	0	0	166,072	0	0	196,072
Sierra Leone	0	0	0	0	0	0	0
Togo	0	0	0	0	0	0	0
Uganda	264,203	0	0	0	0	0	264,203
United Republic of Tanzania	137,540	205,000	33,850	32,000	0	0	408,390
Zambia	2,800	0	0	0	0	0	2,800
Subtotal	1,433,880	538,600	70,935	757,106	0	732,360	3,532,881

Region/country	Regular budget	UNDP	Trust funds	IDF ^b	Montreal Protocol	Other sources ^c	Total
Asia and the Pacific							
Afghanistan	8,000	0	0	0	0	0	8,000
Bangladesh	0	0	0	0	0	0	0
Bhutan	0	0	0	0	0	0	0
Cambodia	7,500	0	0	45,500	0	0	53,000
Kiribati	0	0	0	0	0	0	0
Lao People's Democratic Republic	0	0	0	0	0	0	0
Maldives	0	0	0	0	0	0	0
Myanmar	0	0	0	0	0	0	0
Nepal	0	0	0	0	0	0	0
Samoa	0	0	0	0	0	0	0
Solomon Islands	0	0	0	0	0	0	0
Tuvalu	0	0	0	0	0	0	0
Vanuatu	0	0	0	0	0	0	0
Subtotal	15,500	0	0	45,000	0	0	61,000
Latin America and the Caribbean							
Haiti	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0
African Arab States							
Djibouti	94,435	0	0	174,211	0	177,475	446,121
Somalia	0	0	0	0	0	0	0
Sudan	0	128,250	0	0	20,000	0	148,250
Subtotal	94,435	128,250	0	174,211	20,000	177,475	594,371
West Asian Arab States							
Yemen	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0
TOTAL	1,543,815	666,850	70,935	976,817	20,000	909,835	4,188,252

^a Does not include regional, interregional and global projects or individual fellowships and group training programmes in which LDCs have been involved together with other developing countries.

^b Excluding 13 per cent overhead costs.

^c Includes projects executed by other agencies for which UNIDO is the associated or cooperating agency.

Table 3
Total net project approvals, by country and source of funds, 2003^a
(In US dollars)

Region/country	Regular budget	UNDP	Trust funds	IDP ^b	Montreal Protocol	Other sources ^c	Total
Africa							
Angola	0	0	0	0	0	0	0
Benin	0	101,565	0	0	0	0	101,565
Burkina Faso	131,000	0	0	81	(7,533)	0	123,548
Burundi	0	0	0	400,000	0	401,100	801,100
Cape Verde	0	0	0	0	0	0	0
Central African Republic	0	0	0	0	0	0	0
Chad	0	8,360	0	0	0	0	8,360
Comoros	0	0	0	0	0	0	0
Democratic Republic of the Congo	0	0	0	0	0	0	0
Equatorial Guinea	0	0	0	0	0	0	0
Eritrea	400,972	193,672	82,140	(57,941)	0	0	618,844
Ethiopia	118,000	0	98,254	(42,461)	0	0	173,793
Gambia	0	0	0	0	0	0	0
Guinea	200,547	0	1,426	(48,126)	0	0	153,847
Guinea-Bissau	0	0	0	0	0	0	0
Lesotho	0	2,471	0	0	0	0	2,471
Liberia	0	0	0	0	0	372,000	372,000
Madagascar	75,508	(16,323)	(16,135)	154,716	0	0	197,766
Malawi	0	0	0	0	0	496,500	496,500
Mali	228,000	0	0	(66)	0	0	227,934
Mauritania	0	25,000	0	0	0	0	25,000
Mozambique	135,000	0	405,542	(150)	0	0	540,392
Niger	0	0	0	0	0	0	0
Rwanda	225,800	0	0	31,378	0	371,000	628,178
Sao Tome and Principe	0	0	0	0	0	372,900	372,900
Senegal	30,000	499,104	78,185	349,248	(3,321)	0	953,216
Sierra Leone	0	0	0	0	0	0	0
Togo	0	0	0	0	0	0	0
Uganda	410,000	4,555	0	249,309	0	0	663,864
United Republic of Tanzania	160,712	204,999	118,709	136,646	0	0	621,067
Zambia	253,279	0	0	0	0	0	253,279
Subtotal	2,368,818	1,023,404	768,122	1,172,635	(10,854)	2,013,500	7,335,624

Region/country	Regular budget	UNDP	Trust funds	IDP ^b	Montreal Protocol	Other sources ^c	Total
Asia and the Pacific							
Afghanistan	8,000	0	0	0	0	0	8,000
Bangladesh	0	0	0	0	0	0	0
Bhutan	0	0	0	0	0	0	0
Cambodia	7,500	0	0	898,500	0	0	906,000
Kiribati	0	0	0	0	0	0	0
Lao People's Democratic Republic	0	0	0	(1,286)	0	0	(1,286)
Maldives	0	0	0	0	0	0	0
Myanmar	0	0	0	0	0	0	0
Nepal	0	0	0	(4,643)	0	0	(4,643)
Samoa	0	0	0	0	0	0	0
Solomon Islands	0	0	0	0	0	0	0
Tuvalu	0	0	0	0	0	0	0
Vanuatu	0	0	0	0	0	0	0
Subtotal	15,500	0	0	892,571	0	0	908,071
Latin America and the Caribbean							
Haiti	0	0	(27,664)	0	0	0	(27,664)
Subtotal	0	0	(27,664)	0	0	0	(27,664)
African Arab States							
Djibouti	107,044	0	0	174,211	0	376,500	657,755
Somalia	0	0	0	0	0	0	0
Sudan	0	128,248	1,141,690	0	75,606	0	1,345,544
Subtotal	107,044	128,248	1,141,690	174,211	75,606	376,500	2,003,299
West Asian Arab States							
Yemen	0	0	0	0	(5,656)	0	(5,656)
Subtotal	0	0	0	0	(5,656)	0	(5,656)
TOTAL	2,491,362	1,151,651	1,882,147	2,239,417	59,096	2,390,000	10,213,674

^a Does not include regional, interregional and global projects or individual fellowships and group training programmes in which LDCs have been involved together with other developing countries.

^b Excluding 13 per cent overhead costs.

^c Includes projects executed by other agencies for which UNIDO is the associated or cooperating agency.

APPENDIX E

REGULAR PROGRAMME OF TECHNICAL COOPERATION

Table 1
Delivery by programme, 2002-2003
(In thousands of US dollars)

	<i>UNIDO priorities</i>	<i>IDDA</i>	<i>Total</i>
Programme C.1 Industrial Governance and Statistics	134.3	182.2	316.5
Programme C.2 Investment and Technology Promotion	470.0	71.7	541.7
Programme C.3 Quality and Productivity	118.0	242.4	360.4
Programme C.4 Small Business Development	472.0	766.7	1,238.7
Programme D.1 Agro-industries	408.8	1,717.5	2,126.3
Programme D.2 Industrial Energy and Kyoto Protocol	137.1	296.2	433.3
Programme D.4 Environmental Management	805.0	131.7	936.7
Major Programme E: Regional Programme	58.1	31.9	90.0
Others	243.5	26.3	269.8
TOTAL	2,846.8	3,466.6	6,313.4
Equivalent in euros	2,624.2	3,077.9	5,702.1

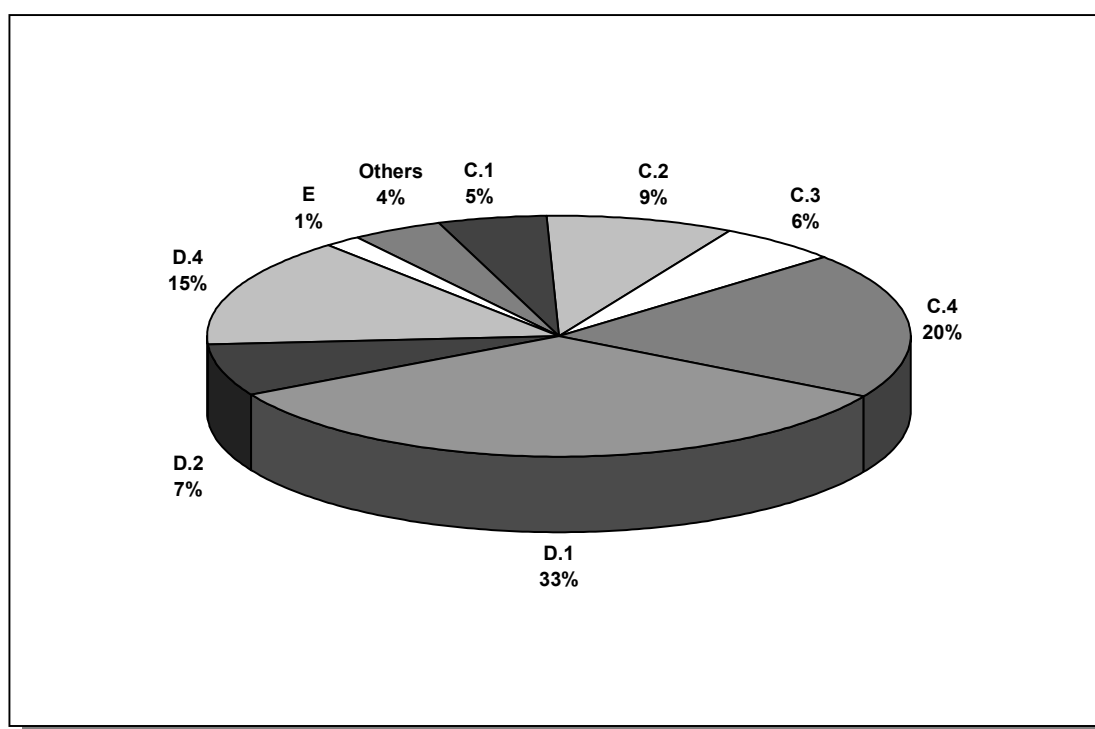
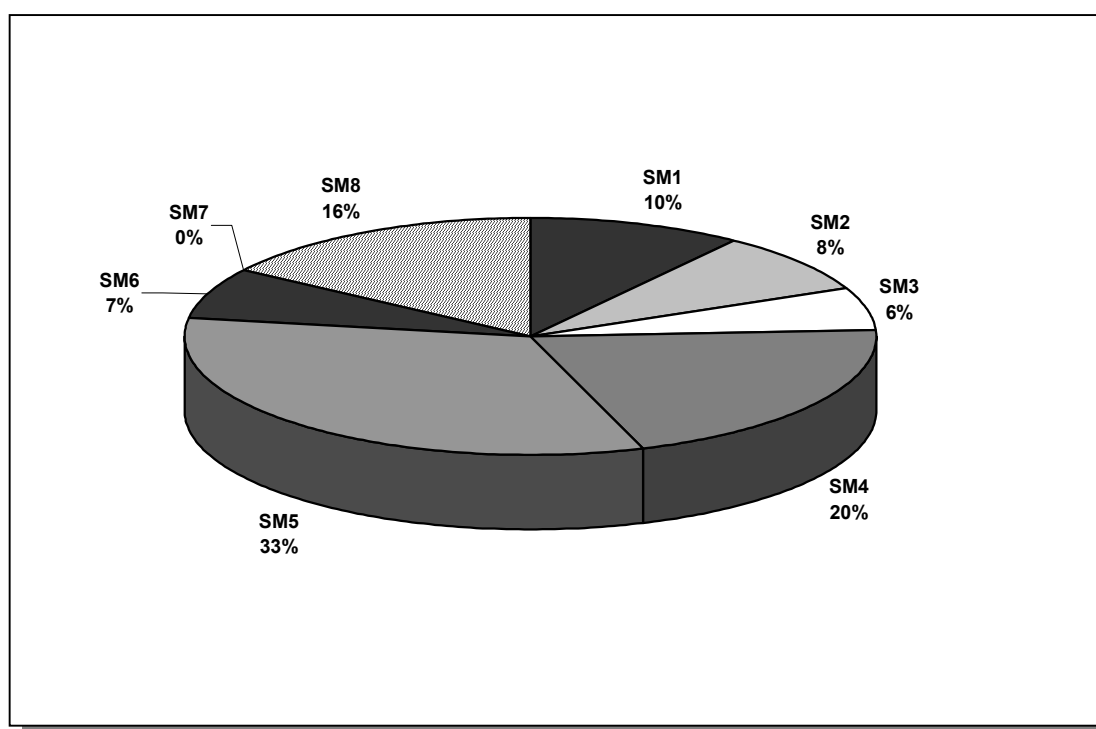


Table 2
Delivery by service module, 2002-2003
(In thousands of US dollars)

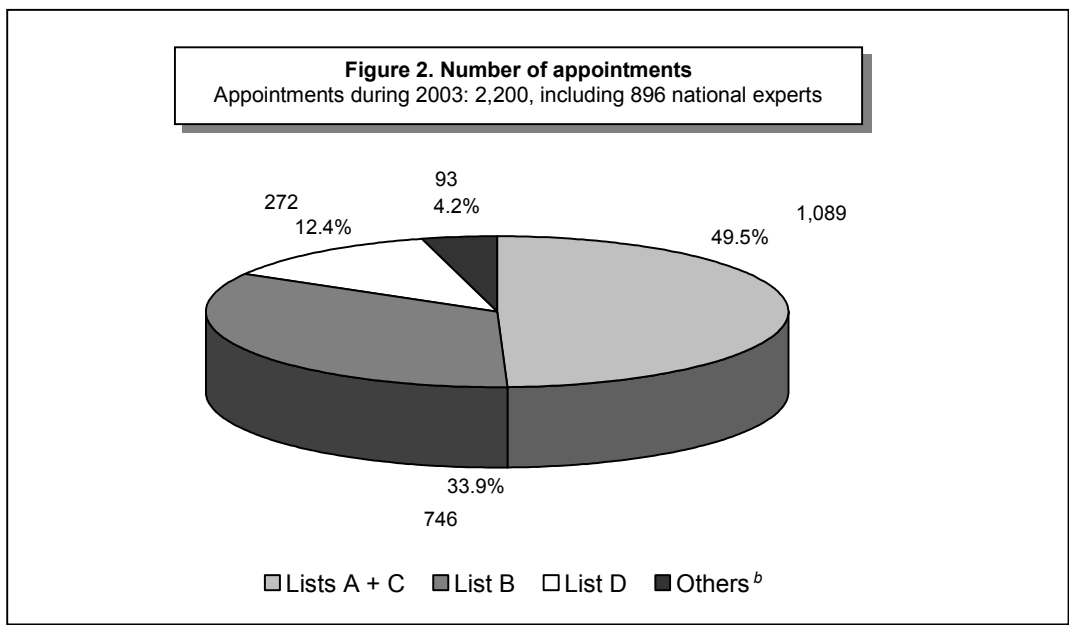
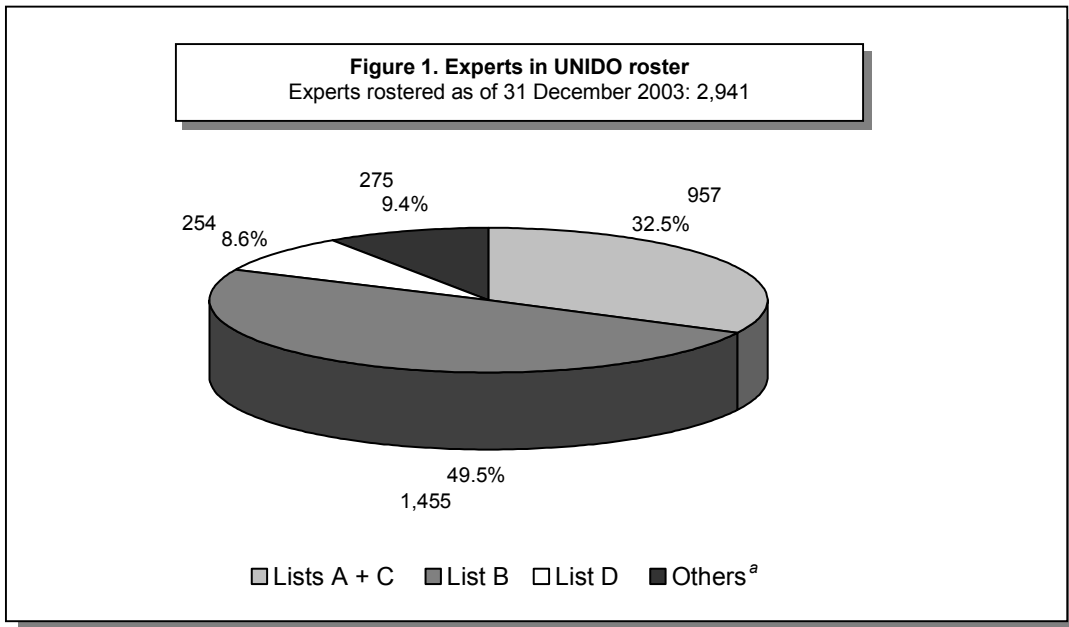
<i>Service modules (2002-2005)</i>	<i>UNIDO priorities</i>	<i>IDDA</i>	<i>Total</i>
Industrial governance and statistics (SM1)	415.4	214.0	629.4
Investment and technology promotion (SM2)	463.4	71.8	535.2
Quality and productivity (SM3)	124.5	242.4	366.9
Small business development (SM4)	458.7	831.0	1,289.7
Agro-industries (SM5)	388.7	1,679.5	2,068.2
Industrial energy and Kyoto Protocol (SM6)	137.0	296.3	433.3
Montreal Protocol (SM7)	-	-	-
Environmental management (SM8)	859.1	131.6	990.7
TOTAL	2,846.8	3,466.6	6,313.4
Equivalent in euros	2,624.2	3,077.9	5,702.1



APPENDIX F

GEOGRAPHICAL DISTRIBUTION OF EXPERTS

Distribution of experts by regional groups of countries



^a Includes candidates without clear indication of nationality and 44 candidates from Australia, 77 from Canada and 122 from USA.

^b Includes 7 appointments of experts from Australia, 19 from Canada and 63 from USA.

Appointment of experts, 2003

<i>Country/area/territory</i>	<i>Number of appointments</i>	<i>Country/area/territory</i>	<i>Number of appointments</i>	<i>Country/area/territory</i>	<i>Number of appointments</i>
France	126	Zimbabwe	12	Uzbekistan	3
United Kingdom	126	Madagascar	11	Angola	2
Italy	114	Togo	11	Chad	2
Austria	101	Denmark	10	Cuba	2
India	99	Armenia	9	El Salvador	2
China	66	Belarus	9	Panama	2
United States of America	63	Rwanda	9	Yemen	2
Russian Federation	53	Iran (Islamic Republic of)	8	Sierra Leone	2
Germany	47	Kyrgyzstan	8	Albania	1
Spain	45	Sweden	8	Bahrain	1
Senegal	42	Uruguay	8	Burundi	1
Morocco	40	Venezuela	8	Congo	1
Switzerland	40	Australia	7	Democratic People's Republic of Korea	1
Sri Lanka	38	Croatia	7	Djibouti	1
Netherlands	37	Jordan	7	Estonia	1
Poland	35	Lao People's Democratic Republic	7	Greece	1
Czech Republic	33	Malawi	7	Lithuania	1
Ethiopia	33	Sudan	7	Mongolia	1
Ghana	32	Syrian Arab Republic	7	Palestine	1
South Africa	32	Bolivia	6	Paraguay	1
Uganda	32	Japan	6	Stateless	1
Nigeria	31	New Zealand	6		
United Republic of Tanzania	31	Pakistan	6	Total	2,200
Argentina	29	Portugal	6	(124 countries)	
Burkina Faso	29	The former Yugoslav Republic of Macedonia	6		
Guinea	29	Zambia	6		
Hungary	28	Afghanistan	5		
Egypt	27	Costa Rica	5		
Lebanon	24	Eritrea	5		
Kenya	23	Indonesia	5		
Belgium	22	Norway	5		
Slovakia	22	Republic of Korea	5		
Turkey	22	Serbia and Montenegro	5		
Tunisia	21	Benin	4		
Ukraine	21	Bulgaria	4		
Algeria	20	Finland	4		
Brazil	19	Israel	4		
Canada	19	Libyan Arab Jamahiriya	4		
Colombia	19	Malaysia	4		
Philippines	19	Mauritius	4		
Ireland	18	Azerbaijan	3		
Peru	18	Chile	3		
Guatemala	17	Cyprus	3		
Mexico	17	Ecuador	3		
Viet Nam	16	Honduras	3		
Bosnia and Herzegovina	15	Mauritania	3		
Cambodia	15	Nepal	3		
Cameroon	14	Nicaragua	3		
Mozambique	14	Republic of Moldova	3		
Romania	14	Slovenia	3		
Mali	13	Thailand	3		
Côte d'Ivoire	12				

APPENDIX G

TRAINING ACTIVITIES

Table 1
Group training programmes

<i>Field of study</i>	<i>Type of programme</i>			<i>Host country/ territory</i>	<i>Number of participants of which</i>			
	<i>National</i>	<i>Regional</i>	<i>Inter- regional</i>		<i>From all countries^a</i>	<i>LDCs</i>	<i>Female</i>	<i>African par- ticipants^b</i>
Marketing of subcontracting services	X			Algeria	10			10
Upgrading	X			Algeria	44		5	44
Inspection and quality control of fish products	X			Angola	67	67	16	67
Food safety—Quality systems and inspections	X			Angola	53	53	16	53
Hazards related to fish processing: Auditing of HACCP systems	X			Angola	13	13	8	13
Food safety regulations	X			Angola	7	7	2	7
National awareness seminars on food safety	X			Angola	46	46	19	46
Food safety, quality assurance and audits	X			Angola	11	11	6	11
Basic COMFAR III Expert (2 activities)			X	Austria	24	1	2	1
Advanced COMFAR III Expert (3 activities)			X	Austria	32	2	4	8
COMFAR III Expert, training of trainers			X	Austria	10		2	
Cleaner production (3 activities)			X	Austria	15		5	7
Application of UNIDO benchmarking and business excellence tools		X		Bahrain	5			
Entrepreneurship development	X			Benin	40	40	13	40
Seminar on TICAD exchange		X		Benin	43	38	1	38
Quality, standardization and accreditation (26 activities)		X		Burkina Faso	400		20	400
Hand-weaving, textile dyeing and dress-making	X			Burkina Faso	60	60	30	60
Standardization	X			Cambodia	44		3	
PHAROS	X			Colombia	6		3	
Update of PHAROS	X			Colombia	64		19	
COMFAR III Expert		X		Costa Rica	15		8	
Technology foresight		X		Czech Republic	30		15	

<i>Field of study</i>	<i>Type of programme</i>			<i>Host country/ territory</i>	<i>Number of participants of which</i>			
	<i>National</i>	<i>Regional</i>	<i>Inter- regional</i>		<i>From all countries^a</i>	<i>LDCs</i>	<i>Female</i>	<i>African par- ticipants^b</i>
Foreign direct investment promotion strategy and operational methodologies	X			China	145			
Bamboo processing (2 activities)	X			China	35		2	
Investment project identification, formulation, review and appraisal	X			Democratic People's Republic of Korea	25		3	
Investment promotion strategy formulation, implementation and investment promotion techniques	X			Democratic People's Republic of Korea	26		2	
Project appraisal, Industrial Investment and Technology Promotion Profile and COMFAR III Expert	X			Ecuador	14		3	
COMFAR III Expert (2 activities)	X			Ecuador	63	17	8	
Industrial competitive analysis	X			Ecuador	16		7	
COMFAR III Expert and project appraisal		X		Egypt	9			
Footwear production in clusters	X			Egypt	28		2	28
COMFAR III Expert	X			Eritrea	10			
Cereal technology/HACCP	X			Eritrea	30	30	6	30
Fish quality assurance programme	X			Eritrea	19	19		19
Leather finishing	X			Eritrea	10	10	1	10
Project appraisal and COMFAR III Expert	X			Ethiopia	20	20	3	20
Business development services	X			Ethiopia	168	168		168
Business consultancy services	X			Ethiopia	427	426		426
Business development services and business consultancy services, training of trainers	X			Ethiopia	140	140		140
Women's entrepreneurship development	X			Ethiopia	18	18	18	18
Entrepreneurship development (especially for handicrafts and food processing)	X			Ethiopia	51	51	17	51

<i>Field of study</i>	<i>Type of programme</i>			<i>Host country/ territory</i>	<i>Number of participants of which</i>			
	<i>National</i>	<i>Regional</i>	<i>Inter- regional</i>		<i>From all countries^a</i>	<i>LDCs</i>	<i>Female</i>	<i>African par- ticipants^b</i>
Food safety, personal hygiene and sanitation	X			Ethiopia	716		233	716
Generic HACCP model for abattoirs	X			Ethiopia	40		4	40
Generic HACCP model, SSOP and GMP	X			Ethiopia	34		2	34
Post-harvest loss reduction for farmers	X			Ethiopia	561		326	561
Effluent treatment plant—Leather garments	X			Ethiopia	30	30		30
Static flying frame in Eastern and Southern Africa Leather Industries Association countries	X			Ethiopia	40	40		40
Leather	X			Ethiopia	2			2
Bamboo plantation development, bamboo processing	X			France	3			
Basic COMFAR III Expert	X			Germany	9			
Introduction to COMFAR III Expert	X			Germany	7		1	
Eco-efficiency analysis	X			Germany	2		1	
COMFAR III Expert	X			Ghana	15		4	15
HACCP implementation in the food industry	X			Ghana	60		28	60
Risk assessment and management	X			Ghana	35		15	35
Determination of shelf life in food	X			Ghana	26		15	26
Fruit processing: Cericote in syrup	X			Guatemala	27		19	
Evaluation of greenhouses for chili habanero production	X			Guatemala	27		14	
Good manufacturing practices	X			Guatemala	20		20	
Good hygiene practices	X			Guatemala	20		20	
Pre- and post-harvest treatment for chili habanero	X			Guatemala	12		9	
Production of various flours	X			Guatemala	27		10	
Assistance in bakery and pastry	X			Guatemala	8		8	
Analysis and evaluation of documents concerning production of chili habanero	X			Guatemala	27		14	
Geometric drawing for carpenters	X			Guatemala	22			

<i>Field of study</i>	<i>Type of programme</i>			<i>Host country/ territory</i>	<i>Number of participants of which</i>			
	<i>National</i>	<i>Regional</i>	<i>Inter- regional</i>		<i>From all countries^a</i>	<i>LDCs</i>	<i>Female</i>	<i>African par- ticipants^b</i>
Wood finishing	X			Guatemala	44		1	
Installation of ironwork, dishwashers and pressed wood products	X			Guatemala	12			
Tool sharpening	X			Guatemala	13			
Furniture production	X			Guatemala	42			
Preventive and corrective equipment, maintenance	X			Guatemala	9			
Production processes	X			Guatemala	8			
Quality control	X			Guatemala	9			
Commercialization, participation in national furniture exhibition	X			Guatemala	16			
Sharpening of manual tools	X			Guatemala	3			
Industry safety	X			Guatemala	10			
Entrepreneurial and technical skills for rural entrepreneurs	X			Guinea	170	170	92	170
Fish processing (2 activities)	X			Guinea	21	21	1	21
HACCP implementation in the food industry		X		Hungary	6			6
Industrial project preparation and appraisal		X		India	19			4
COMFAR III Expert	X			India	20		1	
Technology trends at the International Manufacturing Technology Show, Chicago, USA	X			India	65		5	
E-waste and management policy	X			India	45		3	
Basics of machine tool design	X			India	18		0	
Foundry technology and material engineering	X			India	15		0	
Precision measurement and calibration of dimensional measurement of machine tools (2 activities)	X			India	28		2	
Export promotion of stones	X			India	25		2	
Global market strategic planning for the granite and stone industry	X			India	30		2	
Total quality management system	X			India	16			
Scientific quarrying technology	X			India	57		4	

Field of study	Type of programme			Host country/ territory	Number of participants of which			
	National	Regional	Inter- regional		From all countries ^a	LDCs	Female	African par- ticipants ^b
Machine tool design course (2 activities)	X			India	36		3	
Electronic engineering	X			India	15			
CNC machine tool servicing	X			India	14			
Technology assessment and methodology	X			India	45		3	
Machine tool components and manufacturing processes, jigs and fixtures (2 activities)	X			India	28			
CE certification for toys	X			India	25		2	
Toy design (2 activities)	X			India	16		2	
Quarrying	X			India	60		3	
Export facilitation for lock manufacturers (2 activities)	X			India	43		3	
SME clusters: Technical skills upgrading	X			India	188		35	
SME clusters: Entrepreneurship development including costing and pricing	X			India	94		43	
SME clusters: Know-how for export	X			India	22			
SME clusters: Personality and group building	X			India	142		50	
Machine tools technology: total quality management		X		India	24	20	2	24
Basic COMFAR III Expert	X			Indonesia	20			
COMFAR III Expert	X			Indonesia	27		7	
COMFAR III Expert evaluation	X			Indonesia	25		5	
Feasibility studies	X			Iran (Islamic Republic of)	150		30	
COMFAR III Expert		X		Iran (Islamic Republic of)	20			
Post-harvest systems			X	Italy	5	4		5
Laser-based tools for optical imaging in medicine and biology*			X	Italy	24	4	5	5
Technology road mapping for building materials in developing countries and promotion of related projects*			X	Italy	21		10	
COMFAR III Expert (2 activities)		X		Japan	38		10	
Competitive benchmarking	X			Kenya	23	23	10	23

<i>Field of study</i>	<i>Type of programme</i>			<i>Host country/ territory</i>	<i>Number of participants of which</i>			
	<i>National</i>	<i>Regional</i>	<i>Inter- regional</i>		<i>From all countries^a</i>	<i>LDCs</i>	<i>Female</i>	<i>African par- ticipants^b</i>
Management skills for women's entrepreneurship development support institutions	X			Kenya	26		10	
Women's entrepreneurship development, training of trainers	X			Kenya	17		12	
Women's entrepreneurship development in food processing	X			Kenya	35		35	
GHP/GMP, training of trainers	X			Kenya	27		4	27
HACCP and fish safety	X			Kenya	16		4	16
Information management	X			Kenya	34		12	34
Food microbiology analysis (2 activities)		X		Kenya	5		4	5
New enterprise creation, training of trainers	X			Kuwait	22			
Investment promotion	X			Kyrgyzstan	38			
Entrepreneurship development in handicrafts	X			Lebanon	85		22	
Food inspection methods, HACCP and GMP	X			Lebanon	200		48	
Good manufacturing practices and good hygiene practices	X			Lebanon	40		10	
Introduction to good practices in restaurants	X			Lebanon	109		20	
Good practices, GMP (4 activities)	X			Lebanon	117		17	
Use of instrumentation repair software I	X			Malawi	4	4	1	4
Use of instrumentation repair software II	X			Malawi	3			3
Basic COMFAR III Expert	X			Malawi	7		3	7
Investment	X			Malawi	12	12	7	12
Good hygiene practices	X			Mali	30	30		30
Good cleaner production practices	X			Mali	50	50		50
Preventive maintenance	X			Mali	50	50		50
Methodology for elaborating GMP manuals		X		Mali	10	10	2	10
"OUTSOURCING 2002" software		X		Mexico	20		3	

<i>Field of study</i>	<i>Type of programme</i>			<i>Host country/ territory</i>	<i>Number of participants of which</i>			
	<i>National</i>	<i>Regional</i>	<i>Inter- regional</i>		<i>From all countries^a</i>	<i>LDCs</i>	<i>Female</i>	<i>African par- ticipants^b</i>
Women's entrepreneurship development in food processing and handicrafts	X			Mexico	22		22	
Hygienic handling of food (4 activities)	X			Mexico	106		106	
Handicrafts/cloth: Cut and manufacturing (2 activities)	X			Mexico	36		36	
Management and negotiation for success	X			Mexico	25		25	
Commercialization of handicrafts	X			Mexico	10		10	
Seminar on planning and organization of a programme for rural enterprises	X			Mexico	26		25	
Generic and integrated enterprises	X			Mexico	30		1	
Commercializing regional products	X			Mexico	24		24	
Food production technology in rural micro enterprises	X			Mexico	7		7	
Planning and organization, training of trainers	X			Mexico	13		2	
Introduction to technology in food production, training of trainers	X			Mexico	9		4	
Management and negotiation for success, training of trainers	X			Mexico	22		15	
Formulation of business plans, training of trainers	X			Mexico	16		10	
Commercializing regional products, training of trainers	X			Mexico	15		6	
Commercialization of handicrafts, training of trainers	X			Mexico	3		1	
Technical skills upgrading for women entrepreneurs	X			Morocco	351		351	351
Business management for women entrepreneurs	X			Morocco	285		285	285
Drying of figs and prunes	X			Morocco	296		287	296
Olive oil processing and commercialization	X			Morocco	39		39	39
Machine maintenance (olive oil processing unit)	X			Morocco	5			5
National quality	X			Mozambique	200	199	40	199

<i>Field of study</i>	<i>Type of programme</i>			<i>Host country/ territory</i>	<i>Number of participants of which</i>			
	<i>National</i>	<i>Regional</i>	<i>Inter- regional</i>		<i>From all countries^a</i>	<i>LDCs</i>	<i>Female</i>	<i>African par- ticipants^b</i>
Repair and maintenance of measuring equipment	X			Nigeria	3			3
Preparation of quality manual for laboratories	X			Nigeria	7			7
COMFAR III Expert	X			Nigeria	20		6	20
Competitive benchmarking	X			Nigeria	19	19	8	19
Hides and skins improvement	X			Nigeria	24		3	24
Tannery pollution control		X		Nigeria	30		4	30
Agricultural machinery/ fabrication of agro-processing machinery	X			Nigeria	20			20
COMFAR III Expert (3 activities)		X		Republic of Korea	56		3	
Food safety, HACCP principles, GMP	X			Romania	31		14	
Technology foresight	X			Russian Federation	30			
COMFAR III Expert		X		Rwanda	20		4	20
Enterprise development	X			Saudi Arabia	140		20	
Project identification, formulation and screening	X			Saudi Arabia	18		3	
New enterprise creation, training of trainers	X			Saudi Arabia	18		2	
CDM and industrial energy efficiency for project developers	X			South Africa	20			20
CDM applications to industrial projects	X			South Africa	16			16
South Africa Fashion Week		X		South Africa	4		1	4
COMFAR III Expert (2 activities)	X			Sweden	59		19	
COMFAR III Expert	X			Syrian Arab Republic	22	2		1
Metrology		X		Tunisia	2	2		2
HACCP training (in-plant)	X			Tunisia	54		4	54
Upgrading of leather-based industry	X			Tunisia	18		4	18
Enterprise upgrading	X			Tunisia	2			2
Normalization, accreditation and quality			X	Tunisia	10	8	1	10
Investment promotion	X			Tunisia	4			4
Metrology	X			Tunisia	2	2		2
Textile	X			Tunisia	2	2		2

<i>Field of study</i>	<i>Type of programme</i>			<i>Host country/ territory</i>	<i>Number of participants of which</i>			
	<i>National</i>	<i>Regional</i>	<i>Inter- regional</i>		<i>From all countries^a</i>	<i>LDCs</i>	<i>Female</i>	<i>African par- ticipants^b</i>
Technology foresight		X		Turkey	40		19	1
Fruit and vegetable processing			X	Turkey	8	1	5	1
Youth entrepreneurship development			X	Uganda	18	10	6	17
Fruit and vegetable drying	X			Uganda	24		11	24
Women entrepreneurs	X			Uganda	15		15	15
Hand-weaving, surface design, garment construction, product development, sewing machine maintenance and business management	X			Uganda	100		90	100
COMFAR III Expert	X			Ukraine	25			
Fruit and vegetable drying/dehydration technologies	X			Ukraine	12		8	
Food safety (HACCP and GMP), training of trainers	X			Ukraine	8		5	
Food safety and quality	X			Ukraine	57		26	
Nutrition and cereal technology	X			Ukraine	60		32	
Laboratory accreditation	X			Ukraine	15		12	
COMFAR III Expert		X		United Republic of Tanzania	10	8	2	10
Entrepreneurial skills in food processing	X			United Republic of Tanzania	110	110	98	110
Entrepreneurial skills in food processing, training of trainers	X			United Republic of Tanzania	33	33	27	33
Microbiology	X			United Republic of Tanzania	39		9	39
Risk assessment and management—fisheries	X			United Republic of Tanzania	10		3	10
Information management	X			United Republic of Tanzania	17		4	17
COMFAR III Expert		X		Viet Nam	106		31	
Women's entrepreneurship development: Business management and food technology	X			Viet Nam	369		369	

<i>Field of study</i>	<i>Type of programme</i>			<i>Host country/ territory</i>	<i>Number of participants of which</i>			
	<i>National</i>	<i>Regional</i>	<i>Inter- regional</i>		<i>From all countries^a</i>	<i>LDCs</i>	<i>Female</i>	<i>African par- ticipants^b</i>
Women's entrepreneurship development: Labels/trademarks	X			Viet Nam	68		68	
SME management and food technology, training of trainers	X			Viet Nam	56		45	
ISO 14000 (2 activities)		X		Viet Nam	38			
ISO 9000 (2 activities)		X		Viet Nam	38		1	
Basic COMFAR III Expert	X			Zimbabwe	16		3	

* International Centre for Science and High Technology.

^a Including participants from NIS.

^b Including participants from African Arab States.

Table 2
Fellowships and study tours started in 2003 by
nationality/home area, country or territory
 Number of individuals placed

Nationality/home area, country or territory	UNDP			Regular Programme			Other programmes			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
AFRICA										
Angola	0	0	0	3	1	4	0	2	2	6
Benin	0	0	0	0	0	0	1	0	1	1
Burkina Faso	0	0	0	0	0	0	3	1	4	4
Côte d'Ivoire	0	0	0	0	0	0	5	0	5	5
Eritrea	0	0	0	3	1	4	3	0	3	7
Ethiopia	0	0	0	9	0	9	34	1	35	44
Gabon	0	0	0	0	0	0	1	0	1	1
Ghana	2	2	4	3	0	3	2	0	2	9
Guinea-Bissau	0	0	0	0	0	0	1	0	1	1
Guinea	0	0	0	3	0	3	0	0	0	3
Kenya	0	0	0	3	0	3	1	0	1	4
Madagascar	1	0	1	0	0	0	0	0	0	1
Mali	0	0	0	0	0	0	3	2	5	5
Mozambique	0	0	0	0	0	0	5	0	5	5
Niger	0	0	0	0	0	0	4	0	4	4
Nigeria	0	0	0	5	0	5	11	2	13	18
Rwanda	0	0	0	0	1	1	0	0	0	1
South Africa	0	0	0	1	2	3	3	2	5	8
Senegal	0	0	0	2	0	2	6	1	7	9
Togo	0	0	0	0	0	0	3	0	3	3
Uganda	0	0	0	7	1	8	2	0	2	10
United Republic of Tanzania	1	0	1	4	0	4	5	0	5	10
Zambia	0	0	0	2	0	2	0	0	0	2
TOTAL	4	2	6	45	6	51	93	11	104	161
ARAB REGION										
Algeria	1	0	1	0	0	0	9	2	11	12
Djibouti	0	0	0	0	0	0	2	0	2	2
Egypt	0	0	0	0	0	0	4	2	6	6
Lebanon	0	0	0	0	0	0	6	0	6	6
Morocco	0	0	0	2	1	3	0	15	15	18
Palestine	0	0	0	0	0	0	3	0	3	3
Sudan	0	0	0	9	0	9	1	0	1	10
Syrian Arab Republic	3	1	4	0	0	0	0	1	1	5
Tunisia	0	0	0	1	0	1	12	3	15	16
TOTAL	4	1	5	12	1	13	37	23	60	78
ASIA AND PACIFIC										
Bangladesh	0	0	0	0	0	0	4	0	4	4
Bhutan	0	0	0	0	0	0	1	2	3	3
Cambodia	0	0	0	0	0	0	7	2	9	9
China	8	1	9	0	0	0	9	7	16	25
India	39	2	41	0	0	0	2	0	2	43
Iran (Islamic Republic of)	1	0	1	0	0	0	17	0	17	18
Lao People's Democratic Republic	0	0	0	0	0	0	12	0	12	12
Maldives	0	0	0	0	0	0	1	1	2	2
Mongolia	0	1	1	0	0	0	1	0	1	2
Myanmar	1	1	2	0	0	0	0	0	0	2
Nepal	2	0	2	0	0	0	2	1	3	5
Pakistan	3	0	3	0	0	0	1	0	1	4
Philippines	0	0	0	1	0	1	0	1	1	2
Sri Lanka	2	0	2	0	0	0	9	0	9	11

Nationality/home area, country or territory	UNDP			Regular Programme			Other programmes			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Thailand	0	1	1	0	0	0	0	1	1	2
Viet Nam	2	0	2	0	0	0	6	0	6	8
TOTAL	58	6	64	1	0	1	72	15	87	152
EUROPE AND NIS										
Albania	0	0	0	0	0	0	1	0	1	1
Belarus	0	0	0	0	0	0	4	0	4	4
Kazakhstan	0	0	0	0	0	0	2	2	4	4
Kyrgyzstan	0	0	0	0	0	0	0	2	2	2
Romania	0	0	0	0	0	0	0	1	1	1
Russian Federation	0	0	0	2	0	2	4	0	4	6
Serbia	0	0	0	0	0	0	4	1	5	5
Tajikistan	0	0	0	0	0	0	1	2	3	3
Ukraine	0	0	0	0	0	0	2	0	2	2
Uzbekistan	0	0	0	0	0	0	2	0	2	2
TOTAL	0	0	0	2	0	2	20	8	28	30
LATIN AMERICA AND THE CARIBBEAN										
Argentina	0	0	0	0	1	1	10	0	10	11
Bolivia	0	0	0	0	0	0	1	0	1	1
Brazil	0	0	0	0	0	0	1	3	4	4
Chile	0	0	0	0	0	0	1	0	1	1
Colombia	0	0	0	0	0	0	1	1	2	2
Costa Rica	0	0	0	0	0	0	4	2	6	6
Cuba	0	2	2	0	0	0	5	9	14	16
Dominican Republic	0	0	0	0	0	0	2	0	2	2
Ecuador	0	0	0	0	0	0	1	0	1	1
El Salvador	0	0	0	0	0	0	4	3	7	7
Guatemala	0	0	0	0	0	0	10	8	18	18
Honduras	0	0	0	0	0	0	4	0	4	4
Mexico	0	0	0	0	1	1	10	6	16	17
Nicaragua	0	0	0	0	0	0	1	2	3	3
Panama	0	0	0	0	0	0	1	2	3	3
Paraguay	0	0	0	0	0	0	0	1	1	1
Peru	0	0	0	0	0	0	2	0	2	2
Uruguay	0	0	0	0	0	0	1	0	1	1
TOTAL	0	2	2	0	2	2	59	37	96	100
GRAND TOTAL	66	11	77	60	9	69	281	94	375	521

Table 3
Fellowships and study tours started in 2003 by country, geographical area or territory of study
 Number of individuals placed

Country/geographic area/ territory of study	UNDP			Regular Programme			Other programmes			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Argentina	0	0	0	0	0	0	2	0	2	2
Austria	3	0	3	5	2	7	16	8	24	34
Bahrain	0	0	0	0	0	0	6	0	6	6
Bangladesh	0	0	0	0	0	0	6	4	10	10
Belgium	0	0	0	0	0	0	1	0	1	1
Brazil	0	0	0	0	0	0	2	0	2	2
Brunei Darussalam	0	0	0	0	0	0	1	0	1	1
Canada	0	0	0	0	0	0	11	1	12	12
China	32	3	35	0	0	0	8	0	8	43
Costa Rica	0	0	0	0	0	0	6	5	11	11
Czech Republic	0	0	0	0	0	0	1	0	1	1
Dominican Republic	0	0	0	0	0	0	13	6	19	19
Egypt	0	0	0	7	0	7	5	0	5	12
Ethiopia	0	0	0	0	0	0	1	0	1	1
France	5	1	6	6	0	6	35	6	41	53
Germany	0	0	0	5	0	5	7	1	8	13
Hungary	0	0	0	1	0	1	7	0	7	8
India	4	1	5	29	2	31	13	1	14	50
Israel	0	0	0	0	0	0	2	1	3	3
Italy	6	0	6	11	0	11	66	15	81	98
Japan	0	0	0	2	0	2	1	0	1	3
Jordan	0	0	0	0	0	0	3	0	3	3
Kenya	0	0	0	0	1	1	8	0	8	9
Malaysia	0	0	0	2	1	3	3	0	3	6
Mexico	0	2	2	0	0	0	3	3	6	8
Morocco	0	0	0	1	0	1	6	0	6	7
Myanmar	5	0	5	0	0	0	0	0	0	5
Netherlands	0	0	0	8	2	10	10	2	12	22
Nicaragua	0	0	0	0	0	0	8	8	16	16
Panama	0	0	0	0	0	0	1	0	1	1
Republic of Korea	3	2	5	0	0	0	2	0	2	7
Saudi Arabia	0	0	0	0	0	0	4	0	4	4
Senegal	0	0	0	0	0	0	1	0	1	1
Singapore	0	0	0	0	0	0	1	0	1	1
Slovakia	0	0	0	0	0	0	2	0	2	2
Spain	0	0	0	0	0	0	24	17	41	41
Sweden	0	0	0	0	0	0	1	0	1	1
Switzerland	0	0	0	0	0	0	0	1	1	1
Thailand	10	0	10	0	0	0	3	0	3	13
Tunisia	0	0	0	1	0	1	22	2	24	25
Turkey	1	1	2	0	1	1	14	19	33	36
Uganda	0	0	0	0	1	1	0	0	0	1
United Kingdom	0	0	0	0	0	0	18	1	19	19
United States of America	7	1	8	0	0	0	6	2	8	16
Viet Nam	0	0	0	0	0	0	14	2	16	16
TOTAL	76	11	87	78	10	88	364	105	469	644

APPENDIX H**AGREEMENTS CONCLUDED****Agreements, memorandums of understanding and joint communiqués with States****Argentina**

Memorandum of understanding between the United Nations Industrial Development Organization and the Under Secretariat for Mining of the Argentine Republic, signed on 7 February.

Burundi

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Charles Karikurubu, Minister for Commerce and Industry of the Republic of Burundi, signed on 9 April.

Congo

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Emile Mabonzo, Minister for Industrial Development, Small- and Medium-Scale Enterprises and Craft Industry of the Republic of Congo, signed on 4 December.

Côte d'Ivoire

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Jeannot Ahoussou-Kouadio, Minister for Industry and Development of the Private Sector of Côte d'Ivoire, signed on 4 December.

Ghana

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Alan Kyeremanten, Minister for Trade, Industry and Presidential Special Initiatives of the Republic of Ghana, signed on 2 December.

India

Memorandum of understanding between the United Nations Industrial Development Organization and the Ministry of Small-Scale Industries of the Government of the Republic of India, signed on 6 February.

Madagascar

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Marc Ravalomanana, President of the Republic of Madagascar, signed on 1 December.

Niger

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Seyni Oumarou, Minister for Commerce and Promotion of Private Sector of Niger, signed on 3 December.

Sierra Leone

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Solomon E. Berewa, Vice-President of Sierra Leone, signed on 2 December.

Timor-Leste

Memorandum of understanding between the United Nations Industrial Development Organization and the Government of Timor-Leste on the establishment of a framework for cooperation on sustainable industrial development, signed on 2 December.

Togo

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mrs. Maria Larba Apoudjak, Delegate Minister to the Prime Minister responsible for the Private Sector of the Republic of Togo, signed on 3 December.

Uganda

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Yoweri Kaguta Museveni, President of the Republic of Uganda, signed on 3 December.

United Republic of Tanzania

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Frederick T. Sumaye, Prime Minister of the United Republic of Tanzania, signed on 2 December.

Agreements with intergovernmental organizations**Central American Economic Integration Bank (BCIE)**

Cooperation framework agreement between the United Nations Industrial Development Organization and the Central American Economic Integration Bank on “Alliance to improve the industrial capacity and productivity in Central America”, signed on 16 June.

World Trade Organization (WTO)

Memorandum of understanding between the United Nations Industrial Development Organization and the World Trade Organization, signed on 10 September.

Agreements with other entities**D-8 Grouping (D-8)**

Joint communiqué between the Director-General of the United Nations Industrial Development Organization and H.E. Mr. Ayhan Kamel, Executive Director of the D-8 Grouping, signed on 8 July.

Dubai Development and Investment Authority (DDIA)

Memorandum of understanding between the United Nations Industrial Development Organization and the Dubai Development and Investment Authority, signed on 18 February and 3 March.

Federation of Egyptian Industries (FEI)

Memorandum of understanding between the United Nations Industrial Development Organization and the Federation of Egyptian Industries, signed on 22 July.

International Organization for Standardization (ISO)

Memorandum of understanding between the United Nations Industrial Development Organization and the International Organization for Standardization, signed on 2 December.

APPENDIX I
COUNTRY PROMOTION PRESENTATIONS

<i>Country/region promoted</i>	<i>Venue</i>	<i>Number of presentations</i>
Argentina	China (1), France (1)	2
Bahrain	Dubai (1), Egypt (1), India (1), Jordan (2), Kuwait (1), Syrian Arab Republic (1), Turkey (1)	8
Brazil	France (2)	2
Bulgaria	Japan (3)	3
China	Australia (3), Cambodia (1), China (2), France (5), Greece (4), Japan (2), Kenya (1), New Zealand (1), Russian Federation (1), Sweden (1), Uganda (1)	22
Czech Republic	Japan (1)	1
Democratic Republic of the Congo	Belgium (3)	3
Egypt	Italy (2)	2
Ethiopia	Japan (1)	1
Ghana	Belgium (2), France (3), Germany (1), Republic of Korea (1), United Kingdom (2)	9
Honduras	France (1)	1
Hungary	Hungary (1)	1
Jordan	Jordan (1)	1
Malaysia	Malaysia (1)	1
Mali	France (1)	1
Morocco	Italy (1), Morocco (2)	3
Mozambique	Mozambique (1), Namibia (1)	2
Nicaragua	France (1)	1
Niger	France (1)	1
Romania	Japan (2)	2
Russian Federation	Bahrain (1), Russian Federation (2)	3
Saudi Arabia	Saudi Arabia (1)	1
Senegal	Belgium (1), France (1), Republic of Korea (1)	3
South Africa	France (1)	1
Tunisia	Belgium (1), Tunisia (1)	2
Uganda	Belgium (1), Italy (3)	4
Viet Nam	Japan (1), Viet Nam (2)	3
Africa	France (2)	2
Latin America	France (2)	2
South-East Europe	Japan (2)	2
	TOTAL	90

Total: 30 countries/regions promoted at 90 presentations held in 32 countries.

APPENDIX J

PURCHASES AND CONTRACTS

Purchase of equipment, materials and supplies

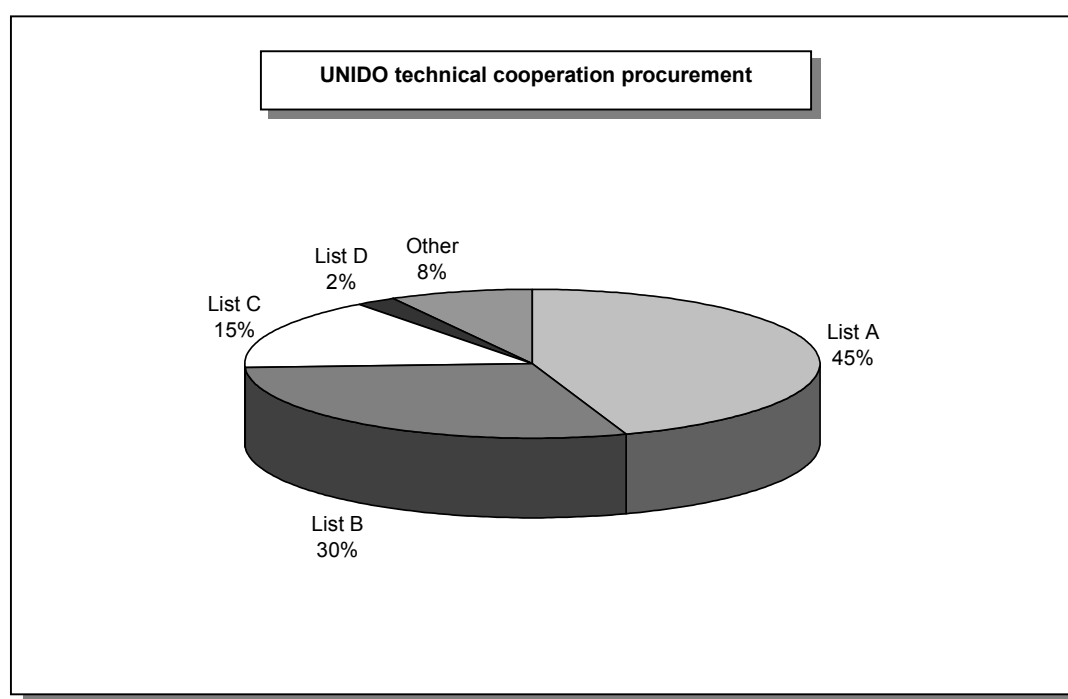
<i>a. Technical cooperation</i>	<i>Purchase orders place</i>	<i>US\$ equivalent^b</i>	<i>Euros</i>
^a List A	24	3,034,929	2,620,454
List B	233	10,505,137	9,141,336
List C	9	564,520	493,077
List D	10	200,658	175,999
Other	19	523,095	451,858
TOTAL	295	14,828,339	12,882,724
<i>b. Headquarters</i>			
TOTAL	841	2,474,273	2,148,216
Total Purchases	1,136	17,302,612	15,030,940

Contracts for services and work

<i>a. Technical cooperation</i>	<i>Contracts awarded</i>	<i>US\$ equivalent^b</i>	<i>Euros</i>
^a List A	110	19,393,910	16,982,653
List B	53	4,315,840	3,787,279
List C	32	7,150,471	6,241,409
List D	21	972,301	849,830
Other	5	3,515,103	3,075,274
TOTAL	221	35,347,625	30,936,445
<i>b. Headquarters</i>			
TOTAL	115	8,436,017	7,648,998
Total contracts	336	43,783,642	38,585,443
UNIDO total	1,472	61,086,254	53,616,383

^a Refers to the Lists of States in Annex I to the Constitution of UNIDO (GC.10/18).

^b On basis of monthly United Nations rate of exchange.



APPENDIX K

FIELD REPRESENTATION

(As of 31 December 2003)

	UR	STA/IDO	UND	UNFP	NPO/APO	AE	JPO	GS	Total
AFRICA									
Cameroon	1	0	0	0	0	0	0	2	3
Côte d'Ivoire	1	0	0	0	0	0	0	2	3
Eritrea*	0	0	0	0	0	0	1	0	1
Ethiopia	0	0	0	0	0	1	1	1	3
Ghana	1	0	0	0	0	0	0	2	3
Guinea	1	0	0	0	0	0	0	2	3
Kenya	0	0	0	0	0	0	1	2	3
Madagascar	0	0	0	0	0	0	0	1	1
Mozambique*	0	0	0	1	0	0	1	2	4
Nigeria	0	3	0	0	1	0	0	5	9
Senegal	1	0	0	0	0	0	1	2	4
Togo*	0	0	0	1	0	0	0	0	1
Uganda*	0	0	0	1	0	0	0	0	1
United Republic of Tanzania	1	0	0	0	0	0	1	2	4
Zimbabwe	1	0	0	0	0	0	0	2	3
TOTAL	7	3	0	3	1	1	6	25	46
ARAB STATES									
Algeria	1	0	0	0	0	0	0	1	2
Egypt	1	0	0	0	0	0	1	3	5
Lebanon	1	0	0	0	0	0	0	2	3
Morocco	0	0	0	0	0	1	1	0	2
Sudan	1	0	0	0	0	0	0	2	3
Tunisia	1	0	0	0	0	0	1	0	2
TOTAL	5	0	0	0	0	1	3	8	17
ASIA AND PACIFIC									
China	1	1	0	0	1	0	1	2	6
India	1	1	0	0	0	2	0	3	7
Indonesia	1	0	0	0	0	0	0	3	4
Iran (Islamic Republic of)	1	0	0	0	0	0	0	2	3
Pakistan	1	0	0	0	0	0	0	2	3
Philippines	1	0	0	0	0	0	0	2	3
Sri Lanka*	0	0	0	1	0	0	0	0	1
Thailand	1	1	0	0	0	0	0	2	4
Viet Nam	1	0	0	0	0	0	1	2	4
TOTAL	8	3	0	1	1	2	2	18	35
EUROPE AND NIS									
Turkey*	0	0	1	0	0	0	0	2	3
Ukraine*	0	0	0	1	1	0	0	1	3
TOTAL	0	0	1	1	1	0	0	3	6
LATIN AMERICA AND CARIBBEAN									
Argentina*	0	0	0	0	0	0	0	1	1
Bolivia	0	0	0	0	0	0	0	1	1
Colombia	1	0	0	0	0	0	1	2	4
Guatemala*	0	0	0	0	0	0	1	0	1
Mexico	1	0	0	0	1	0	0	2	4
Uruguay	1	0	0	0	0	0	0	3	4
TOTAL	3	0	0	0	1	0	2	8	15

	<i>UR</i>	<i>STA/IDO</i>	<i>UND</i>	<i>UNFP</i>	<i>NPO/APO</i>	<i>AE</i>	<i>JPO</i>	<i>GS</i>	<i>Total</i>
UNIDO HEADQUARTERS									
Austria	0	0	0	0	0	8	1	0	9
TOTAL	0	0	0	0	0	8	1	0	9
GRAND TOTAL	23	6	1	5	4	12	14	62	128

* Countries where the Organization does not maintain a country or a regional office but has field presence.

AE	Associate Expert	NPO	National Programme Officer
APO	Associate Programme Officer	STA	Special Technical Adviser
GS	General Service	UND	UNIDO National Director
IDO	Industrial Development Officer	UNFP	UNIDO National Focal Point
JPO	Junior Professional Officer	UR	UNIDO Representative

APPENDIX L

PERSONNEL-RELATED INFORMATION

Table 1
Composition of Headquarters staff,^a 31 December 2003

(Including Geneva and New York Offices)

<i>Grade</i>	<i>Male</i>	<i>%</i>	<i>Female</i>	<i>%</i>	<i>Total</i>
D-2	4		1		5
D-1	17		4		21
Subtotal	21	81	5	19	26
P-5	49		7		56
P-4	45		16		61
P-3	32		21		53
P-2/1	4		4		8
Subtotal	130	66	48	34	178
Professional and	151	74	53	26	204
General Service	130	40	198	60	328
TOTAL	281	53	251	47	532

^a Includes staff members serving under the 200 series of staff rules.

Table 2
**Recruitment for advertised vacancies since introduction
of HRM Framework (5 June 2001)**

	<i>Male</i>	<i>%</i>	<i>Female</i>	<i>%</i>
Professional-level post at D-1 level and above	4	40	6	60
Total number of Professional-level posts	23	55	19	45

Table 3
Promotion of staff since introduction of HRM Framework (5 June 2001)

	D2		D1		P5		P4		P3		P2		G6		G5		G4		G3		No.	%
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F		
2001	-	-	-	-	-	-	-	-	-	1	1	-	3	11	5	26	2	1	5	-	55	
2002	-	-	-	-	-	-	1	5	3	4	-	-	-	9	5	26	7	-	3	-	63	
2003	2	-	1	1	9	1	4	2	1	-	-	-	3	15	6	27	3	1	16	-	92	
TOTAL	2	-	1	1	9	1	5	7	4	5	1	-	6	35	16	79	12	2	24	-	210	34

Table 4
**Composition of staff at Headquarters and other established offices,
31 December 2003**

	Headquarters	Geneva/ New York	Field	Mission assignments	ITPOs ^a	Total
Professional	201	3	29	1	21	255
National Officer	-	-	2	-	3	5
General Service	325	3	56	-	1	385
TOTAL	526	6	87	1	25	645

^a Investment and Technology Promotion Offices.

Table 5
**Composition of staff in posts subject to geographical distribution,
31 December 2003**

Grade	Male	%	Female	%	Total
D-2	3		1		4
D-1	20		3		23
Subtotal	23	85	4	15	27
P-5	56		8		64
P-4	43		16		59
P-3	33		20		53
P-2/1	2		3		5
Subtotal	134	67	47	33	181
TOTAL	157	75	51	25	208

APPENDIX M
SELECTED PUBLICATIONS^a

<i>Title</i>	<i>Reference</i>	<i>Co-publisher</i>	<i>Language</i>
A blueprint for the African leather industry		CFC, ITC, FAO	E
A guide to export consortia		FederExport, Italy	E
A path out of poverty—Developing rural and women’s entrepreneurship	V.03-81817		E, F, S
Africa foreign investor survey 2003: Motivations, operations, perceptions and future plans—Implications for investment promotion	V.03-89406		E
Annual Report of UNIDO, 2002, and	ISSN 1020-7651		A, C, E, F, R, S
List of UNIDO technical cooperation activities, 2002	ISSN 1020-7716		
Bamboo industries, turning “poor man’s timber” into a cash crop (CD)	V.03-89103		E
Brief guide to investing in Ghana	V.03-85456		E
Capacity-building for business information networking	V.03-86294		E
China in the WTO: The birth of a new catching-up strategy	ISBN 0-333-99930-4	Palgrave Macmillan	E
Clean Development Mechanism (CDM) investor guide—Brazil	V.03-85800		E
Clean Development Mechanism (CDM) investor guide—South Africa	V.03-87238		E
Cluster and network development, monitoring and evaluation issues: Report of an expert group meeting held at New Delhi from 9 to 14 December 2002			E
Combating marginalization and poverty through industrial development (COMPID)—Progress report	V.03-90142		E
Compendium of used oil regeneration technologies*			E
Compilation of toy designs (ICAMT)			E
Create your business or what an entrepreneur should know			R
Credit guarantee schemes for small enterprises: An effective instrument to promote private sector-led growth? (Small and Medium Enterprises Branch, Technical working paper series No. 10)	V.03-87181		E
Debt swaps—A new opportunity to finance trade capacity-building: The project UNIDO-Italy-Egypt (Working paper No. 1)	V.03-89710		E
Desarrollo de conglomerados y redes de pequeñas y medianas empresas	V.03-89196		S

<i>Title</i>	<i>Reference</i>	<i>Co-publisher</i>	<i>Language</i>
Developing industry: Productivity enhancement for social advance—UNIDO's corporate strategy	V.03-87010		E
Environmentally degradable polymeric materials and plastics—Brief guidelines*			E
Eritrea: Capacity-building for policy development and industrial governance			E
Eritrea: Human resources for sustainable industrial development—Part I "Situation analysis and policy recommendations"			E
Eritrea: Human resources for sustainable industrial development—Part II "Programme concepts for industrial human resource development"			E
Global mercury newsletter (published in January, June and November)			E
Guide pratique pour la création de consortia d'exportation en Tunisie			A, F
Guidelines for investment promotion agencies: Foreign direct investment flows to developing countries	V.03-84746		E
High-tech incubation systems as drivers of innovation: The case of Central European transition countries (Small and Medium Enterprises Branch, Technical working paper series No. 9)	V.03-82798		E
"How to start agro-food industries" (CD)	UNEX1		E, F, S
Identification, assessment and prioritization of pollution hot spots	V.03-88475		E
Increasing productivity and environmental performance: An integrated approach	V.03-86690		E
Industrial utilization of medicinal and aromatic plants* (CD)			E
International subcontracting versus delocalization? A survey of the literature and case-studies from the SPX network	V.03-87210		E
International Yearbook of Industrial Statistics 2003	1 84376 281 1	Edward Elgar Publishing Ltd., Cheltenham, UK	E
Introducing environmental management accounting at enterprise level	V.03-88226		E
L'artisanat au Maroc			F
Laboratory accreditation in developing countries Tested once—Accepted everywhere (also available on CD)		International Laboratory Accreditation Cooperation (ILAC)	E

<i>Title</i>	<i>Reference</i>	<i>Co-publisher</i>	<i>Language</i>
Manuel technique de sériculture, Vol. 1 : Culture de mûrier	ISBN 92-1-206179-6	CITE/SAHA	F
Manuel technique de sériculture, Vol. 2 : Elevage des vers à soie	ISBN 92-1-206181-8	CITE/SAHA	F
Medicinal plants and their utilization*			E
ONUDI en México; ONUDI en Chiapas			S
Ozone-friendly industrial development—Impact and lessons learned. UNIDO in the Montreal Protocol—Technology transfer to developing countries			
Overview	V.03-89091		E
Refrigeration and alternative technologies for domestic appliances	V.03-89095		E
Refrigerant management plans	V.03-89093		E
Plastic foams	V.03-89092		E
Solvents (including process agents) and aerosols	V.03-89096		E
Fumigants	V.03-89094		E
Proceedings of expert group meeting on perspective on cleaner technologies for sustainable chemistry*			E
Proceedings of workshop on industrial development in coastal areas of South-East Asia*			E
Project profiles Ghana	V.03-87208		E
Promoting the diffusion of environmentally sound technologies: Selected success stories in technology assessments, technology transfer and diffusion and introduction of new products and processes			E
Reforming state-owned enterprises: Lessons of international experience, especially for the LDCs (Small and Medium Enterprises Branch, Technical working paper series No. 11)	V.03-88000		E
Restructuring, upgrading and industrial competitiveness	V. 02-59595		E
Strategic Guidelines towards improved UNIDO programme delivery	V.03-81608		E
Strategies for regional innovation systems: Learning transfer and applications	V.03-83610		E
Study to promote the industrial exploitation of green tea polyphenols in India*			E
Subcontracting and Partnership Exchange Network (SPX) News Volumes 1 to 3			E, F, S

<i>Title</i>	<i>Reference</i>	<i>Co-publisher</i>	<i>Language</i>
Teaching materials on investment project preparation and appraisal (seven modules)			E
The global apparel value chain: What prospects for upgrading by developing countries?	V.03-83606		E
The global automotive industry value chain: What prospects for upgrading by developing countries?	V.03-83607		E
The global wood furniture value chain: What prospects for upgrading by developing countries?	V.03-83608		E
The role of the Trieste system in the global initiatives of the United Nations and other international organizations*			E
UNIDO at work—Selected stories from the field	V.03-89000		E
UNIDO partnerships with civil society organizations (CSOs)	V.03-88340		E
UNIDO second international study tour and workshop on food safety and preservation of fruits and vegetables			E
UNIDO special issue: Manufacturing, Journal of African Economies, Volume 12, Number 1, March 2003	ISSN 0963-8024	Oxford University Press	E
Updating and fleshing out the developing agenda—Papers and proceedings of the Venice II meeting, 3-4 October 2002	ISBN 92-1-106424-4		E

* International Centre for Science and High Technology (ICS).

^a Includes publications prepared jointly with other organizations. A more complete list can be accessed from the UNIDO web site (www.unido.org/doc/6397).

APPENDIX N

EXPERT GROUP MEETINGS, SYMPOSIUMS, SEMINARS
AND OTHER MEETINGS^a

<i>Date</i>		<i>Place</i>
18 January	National programme for the development of the machine tool industry*	Rajkot India
6-10 February	Buyer seller meet at Stonemart 2003*	Jaipur India
6-10 February	Shilpgram at Stonemart 2003*	Jaipur India
6-10 February	Architects conference at Stonemart 2003*	Jaipur India
10 February	Workshop on product and market development of sisal and henequen products	Tanga United Republic of Tanzania
14-15 February	International seminar on machining technology*	New Delhi India
14-15 February	Design sensitization clinic for lock SMEs*	Noida India
26-27 February	Business forum on building bridges between Austria and Ethiopia/United Republic of Tanzania	Vienna Austria
26-27 February	International workshop on evaluation and adjustment of China's sustainable industrial planning and policies	Beijing China
1-2 March	Toy Biz 2003*	Mumbai India
3 March	Seminar on investment opportunities in Ghana and Senegal and opportunities under the Generalized System of Preferences and the African Growth and Opportunity Act	New Delhi India
3-4 March	Seminar on technology foresight practices and methods for the Russian Federation	Vienna Austria
3-5 March	NEPAD—ECOWAS business forum	Abuja Nigeria
5 March	Seminar on investment opportunities in Ghana and Senegal and opportunities under the Generalized System of Preferences and the African Growth and Opportunity Act	Mumbai India
6 March	Seminar on investment opportunities in Ghana and Senegal and opportunities under the Generalized System of Preferences and the African Growth and Opportunity Act	Chennai India
11 March	Seminar on investment opportunities in Ghana and Senegal	Kuala Lumpur Malaysia

^a Includes meetings sponsored jointly with other organizations.

<i>Date</i>		<i>Place</i>
11-13 March	Seminar on bamboo technology (BAMTECH 2003)	Guwahati India
17-19 March	Central African subregional industrial cooperation meeting	Yaoundé Cameroon
18-20 March	Constituent meeting for the creation of the UNIDO regional cleaner production programme for Latin America and the Caribbean	Havana Cuba
19-21 March	Subregional meeting of West African Ministers of Industry	Dakar Senegal
20-23 March	Regional consultative meeting on biotechnology	Nairobi Kenya
24 March	Seminar on investment opportunities in Ghana and the United Republic of Tanzania	Shanghai China
25 March	Seminar on investment opportunities in Ghana and the United Republic of Tanzania	Hangzhou China
27-29 March	Technology Foresight Summit 2003	Budapest Hungary
28 March	Seminar on investment opportunities in Ghana and Senegal	Seoul Republic of Korea
9-10 April	Workshop on halon management	Skopje The former Yugoslav Republic of Macedonia
15-17 April	Consultative forum on gender mainstreaming in industrial development	Accra Ghana
23-24 April	Meeting of the Joint Committee of Coordination on Assistance to Developing Countries in Metrology, Accreditation and Standardization	Vienna Austria
23-24 April	OSCE/UNIDO business incubator workshop	Baku Azerbaijan
28 April	Workshop on building sustainable linkages through subcontracting and cluster building	Spisska Nova Ves Slovakia
28-30 April	Programme and Budget Committee, nineteenth session	Vienna Austria
5 May	Meeting of heads of UNIDO Investment and Technology Promotion Offices and directors of National Cleaner Production Centres	Vienna Austria
5-6 May	Expert group meeting on remediation technologies and promotion of related projects**	Trieste Italy
7-8 May	Workshop on UNIDO's strategic research programme: combating marginalization and poverty through industrial development (COMPID)	Vienna Austria
7-9 May	Seventh annual meeting of UNIDO/UNEP National Cleaner Production Centres on productivity increase and competitive market access	Mayrhofen Austria

<i>Date</i>		<i>Place</i>
14 May	National workshop on medium-term strategy and action plan for industrial development	Vientiane Lao PDR
20 May	Workshop on intellectual property rights for the toy industry*	Mumbai India
23 May	Workshop on intellectual property rights for the toy industry*	New Delhi India
26-27 May	Workshop on strengthening cooperation of medicinal and aromatic plants national focal points**	Trieste Italy
26-27 May	Expert group meeting on cleaner technologies for green chemistry and promotion of related projects**	Trieste Italy
30-31 May	Workshop on enabling activities in the Central and Eastern European region	Brno Czech Republic
3 June	Workshop on harmonization of strategies for biodiversity conservation and regional sustainable development**	Budapest Hungary
9-11 June	North African subregional industrial cooperation meeting	Rabat Morocco
9-13 June	Food safety week	Accra Ghana
11-13 June	Regional workshop on integrating LDCs in global trade: Challenges and opportunities of the Doha development agenda (East Africa)	Addis Ababa Ethiopia
16 June	Workshop on lock standardization and quality upgrading*	Aligarh India
21-25 June	Mechatronic and its application for enhanced industrial productivity and competitiveness	Stuttgart Germany
30 June-1 July	Mediterranean final workshop on pollutant release and transfer register**	Alexandria Egypt
3-4 July	Expert group meeting on molecular design and combinatorial chemistry and promotion of related projects**	Trieste Italy
10-11 July	Expert group meeting on environmentally degradable plastics and promotion of related projects**	Trieste Italy
11-12 July	Board of Investment strategic plan workshop	Colombo Sri Lanka
22-25 July	Regional consultative meeting on biotechnology	Brasilia Brazil
29 July-3 August	Expofurniture trade fair and exhibition	Guatemala City Guatemala
7 August	Export preparedness workshop for the toy industry*	New Delhi India
11-15 August	Seminar on technology innovation for Indonesia	Jakarta Indonesia

<i>Date</i>		<i>Place</i>
11-15 August	Workshop on technology management and innovation**	Jakarta Indonesia
14-15 August	Expert group meeting on background papers for the Industrial Development Report 2004	Vienna Austria
22 August	Steering committee meeting of the national programme for the development of the machine tool industry*	Bangalore India
26-28 August	Industrial Development Board, twenty-seventh session	Vienna Austria
29 August	National convention on small-scale machine tool industries*	New Delhi India
1-5 September	Seminar on machine tools and manufacturing for Syrian experts	Punjab India
9 September	Export preparedness workshop for the toy industry*	Mumbai India
14-16 September	Enhancing competitiveness of the Jordanian pharmaceutical sector	Amman Jordan
17-19 September	GEF and energy workshop	Managua Nicaragua
25-26 September	Second meeting of the technical advisory group on a GEF-supported project to demonstrate non-combustion technologies for POPs destruction	Manila Philippines
29-30 September	Workshop on application of remediation technologies for heavily polluted sites, with focus on water and promotion of projects for the Mediterranean region**	Fez Morocco
29 September-1 October	Regional workshop on integrating LDCs in global trade: Challenges and opportunities of the Doha development agenda (West Africa)	Dakar Senegal
7-10 October	Twelfth meeting of the Association of Latin American Subcontracting and Partnership Exchanges (ALABSUB)	Santo Domingo Dominican Republic
13-14 October	Conference on efficiency improvement through implementation of total quality management/environment management systems	Moscow Russia
13-15 October	Seminar for the development of a prospective international certified reference materials network***	Taejon Republic of Korea
13-16 October	SPOT 2003—toy buyer seller meet (including international exhibition)*	New Delhi India
20 October	Seminar on export consortia	Casablanca Morocco
20-21 October	Promoting information technology and trade facilitation in the Arab region	Damascus Syrian Arab Republic
23 October	EMO 2003: “India Day”*	Milan Italy

<i>Date</i>		<i>Place</i>
27-31 October	Climate change meetings for Eastern Europe and Central Asia	Vienna Austria
28-29 October	Industry joint seminar on technology diffusion in Eastern Europe and Central Asia	Vienna Austria
29-31 October	FAO/UNIDO national workshop on food control system and strengthening of the National Codex Committee	Kampala Uganda
30-31 October	Expert group meeting on industrial energy efficiency and carbon financing	Vienna Austria
30-31 October	Workshop on materials design and production processes for low-cost building materials**	Maputo Mozambique
6-7 November	Workshop on policy tools for the promotion of industrial clusters in Latin America	Monterrey Mexico
10-11 November	Expert group meeting on nanotechnology****	Minsk Belarus
10-17 November	Second national food safety week	Addis Ababa Ethiopia
11-15 November	Regional seminar on small hydropower	Kerala India
12 November	National workshop on sustainable industrial development and competitiveness	Addis Ababa Ethiopia
13 November	Workshop on investments under the Clean Development Mechanism	Johannesburg South Africa
13-14 November	Workshop on technical barriers to trade	Dhaka Bangladesh
15-17 November	Regional meeting for directors of UNIDO National Cleaner Production Centres and Programmes in Latin America and the Caribbean	San Salvador El Salvador
17-18 November	Technology foresight retreat for decision makers	Moscow Russian Federation
17-18 November	Workshop preparing for the launching of the regional programme for West Africa	Conakry Guinea
17-18 November	Expert group meeting on emerging trends and techniques in pharmacological screening of natural products and related projects****	Eskisehir Turkey
17-21 November	SPX Forum 2003	Paris and Auxerre France
18-20 November	Ghana Investment Forum	Accra Ghana
21-23 November	Regional forum on e-productivity and quality: Making industry in Central and Eastern Europe and the Newly Independent States fit for the e-economy	Warsaw Poland

<i>Date</i>		<i>Place</i>
26-28 November	Workshop on new technologies for used oil and lubricants reprocessing and regeneration**	Moscow Russian Federation
27 November	Fourth meeting of the Bureau of CAMI-15	Vienna Austria
28 November	Sixteenth meeting of the Conference of African Ministers of Industry (CAMI-16)	Vienna Austria
1-5 December	General Conference, tenth session	Vienna Austria
1 December	Industrial Development Forum: The role of industrial development in the achievement of the Millennium Development Goals	Vienna Austria
1 December	Round table 1: The role of industrial development in the achievement of the Millennium Development Goals	Vienna Austria
2 December	Round table 2: Industry and environment—the need for a new industrial revolution	Vienna Austria
2 December	Round table 3: Making trade work for the poor—stimulating the real economy's response	Vienna Austria
2 December	Round table 4: Post-crisis industrial rehabilitation and reconstruction	Vienna Austria
2-3 December	Workshop on background papers for the Industrial Development Report 2004	Vienna Austria
2-4 December	UNIDO-Africa Investment Promotion Agency Network (AfrIPANet) Conference	Vienna Austria
2-5 December	Expert group meeting on mutual recognition agreements: Their role in the implementation of UNIDO programmes and projects	Vienna Austria
3 December	Round table 5: Promoting investment in developing countries (with special reference to Africa)—challenges, opportunities and experiences	Vienna Austria
3 December	Round table 6: Transition in Eastern Europe—15 years after	Vienna Austria
3 December	Special Round Table: Poverty reduction in Latin America and the Caribbean within the framework of sustainable development	Vienna Austria
7 December	Cluster development in Egypt	Cairo Egypt
9-12 December	European regional consultative meeting on biotechnology	Vienna Austria
10 December	Workshop on review of MSME involvement in soya bean processing in Malawi	Lilongwe Malawi
11-13 December	Round table on biomass gasification technologies	Bangalore India
11-13 December	Workshop on strengthening technology capacities of SMEs in Venezuela**	Caracas Venezuela

<i>Date</i>		<i>Place</i>
15 December	National seminar on private financing of infrastructure—a retreat for decision makers	Phnom Penh Cambodia
15-16 December	Subregional CAMI meeting for Southern Africa	Gaborone Botswana
16-17 December	Regional expert group meeting on cassava and palm oil sector development	Akosombo Ghana
16-17 December	Asia Pacific industrial development forum on biotechnology	Chengdu China
19 December	Round table on the potential for South-South cooperation on renewable energies	Marrakech Morocco

* ICAMT meeting (International Centre for Advancement of Manufacturing Technology).

** ICS meeting (International Centre for Science and High Technology).

*** ICMET meeting (International Centre for Materials Evaluation Technology).

**** IMAAC meeting (International Materials Assessment and Application Centre).

APPENDIX O

INDUSTRIAL STATISTICS, 2003

<i>Title</i>	<i>Description</i>
The International Yearbook of Industrial Statistics 2003	Provides worldwide statistics on current performance and trends in the manufacturing sector and facilitates detailed international comparisons relating to the manufacturing sector.
UNIDO Industrial Statistics Database at the 3-digit level of ISIC (Revision 2) (INDSTAT3), 2003 edition	CD-ROM sales version of the UNIDO database on selected key industrial statistics at the 3-digit level of revision 3 of ISIC (comprising 28 industrial branches) with user-friendly interfaces for data search, exporting and manipulation. For a summary description please consult the UNIDO web site.
UNIDO Industrial Statistics Database at the 4-digit level of ISIC (Revisions 2 and 3) (INDSTAT4), 2003 edition	CD-ROM sales version of the UNIDO database on selected key industrial statistics at the most detailed level of ISIC (comprising 128 industries) with user-friendly interfaces for metadata reference, data search, exporting and manipulation. For a summary description please consult the UNIDO web site.
UNIDO Industrial Demand-Supply Balance Database at the 4-digit level of ISIC (Revisions 2 and 3) (IDSB), 2003 edition	CD-ROM sales version of the UNIDO database on production, trade and consumption, in United States dollars, at the most detailed level of ISIC (comprising 128 industries) with user-friendly interfaces for data search, exporting and manipulation. For a summary description please consult the UNIDO web site.

ABBREVIATIONS

A

AACC	Asia Africa Chamber of Commerce
AAITPC	Asia-Africa Investment and Technology Promotion Centre
ABR	African Business Round Table
AE	Associate Expert
AfrIPANet	Africa Investment Promotion Agency Network
ALABSUB	Association of Latin American Subcontracting and Partnership Exchanges
ALD	appointment of limited duration
APCI	African Productive Capacity Initiative
APO	Associate Programme Officer
ASG	Assistant Secretary-General

B

BAMTECH	bamboo technology and awareness
BCIE	Central American Economic Integration Bank
BMS	Buildings Management Services

C

CAD	computer aided design
CAM	computer aided manufacturing
CAMI	Conference of African Ministers of Industry
CAMI XV	Fifteenth Conference of African Ministers of Industry
CAMI XVI	Sixteenth Conference of African Ministers of Industry
CBTC	Cane and Bamboo Technology Centre
CD	compact disk
CDM	Clean Development Mechanism
CE	Conformité Européenne
CEE	Central and Eastern Europe
CFC	Common Fund for Commodities
CFC	chlorofluorocarbon
CITE	Technical and Economic Information Centre
CNC	computer numerical control
COMESA	Common Market of Eastern and Southern Africa
COMFAR	Computer Model for Feasibility Analysis and Reporting
COMPID	combating marginalization and poverty through industrial development
CP	cleaner production
CSAE	Centre for the Study of African Economies (University of Oxford)
CSER	corporate social and environmental responsibility
CSF	country service framework
CSO	civil society organization
CSR	corporate social responsibility

D

D	Director
DDIA	Dubai Development and Investment Authority
DFID	Department for International Development (United Kingdom)

E

EC	European Community
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ECOSOC	United Nations Economic and Social Council
ECOWAS	Economic Community of Western African States
EDM	executive development and management
EMS	environment management systems
ESALIA	Eastern and Southern Africa Leather Industries Association
ESCWA	United Nations Economic and Social Commission for Western Asia
EU	European Union
EVG	Evaluation Group (UNIDO)

F

FAFA	Financial and Administrative Framework Agreement
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FEI	Federation of Egyptian Industries

G

GDP	gross domestic product
GEF	Global Environment Facility
GHP	good hygiene practices
GMP	good manufacturing practices
GNP	gross national product
GOIC	Gulf Organization for Industrial Cooperation
GS	General Service

H

HACCP	hazard analysis and critical control point
HQ	headquarters
HRM	human resources management

I

ICAMT	International Centre for Advancement of Manufacturing Technology
ICM	Information and Communication Management (UNIDO)
ICMET	International Centre for Materials Evaluation Technology
ICS	International Centre for Science and High Technology
ICSHP	International Centre for Small Hydropower
ICT	information and communication technology
IDDA	Industrial Development Decade for Africa
IDF	Industrial Development Fund
IDO	Industrial Development Officer
IDR	Industrial Development Report
IDSB	industrial demand-supply balance
IIA	Institute of Internal Auditors

I *(continued)*

IITPP	Industrial Investment and Technology Promotion Profile
ILAC	International Laboratory Accreditation Cooperation
ILO	International Labour Organization
IMAAC	International Materials Assessment and Application Centre
IMF	International Monetary Fund
IMTS	International Manufacturing Technology Show
INDSTAT	industrial statistics
IOG	Internal Oversight Group (UNIDO)
IP	integrated programme
IPU	Investment Promotion Unit
ISIC	international standard industrial classification of all economic activities
ISO	International Organization for Standardization
IT	information technology
ITC	International Trade Centre (UNCTAD/WTO)
ITPO	Investment and Technology Promotion Office

J

JPO	Junior Professional Officer
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L

LDC	least developed country
LDC III	Third United Nations Conference on the Least Developed Countries

M

MDG	Millennium Development Goal
MERCOSUR	Mercado Común del Sur
MP	Montreal Protocol
MSME	micro, small and medium enterprise
MTPF	medium-term programme framework

N

NCPC	National Cleaner Production Centre
NEPAD	New Partnership for Africa's Development
NGO	non-governmental organization
NIR	Nigeria Instrument Registry
NIS	Newly Independent State
NORAD	Norwegian Development Agency
NP	Nordic Partnership
NPO	National Programme Officer

O

OB	operational budget
OCG	Office of the Comptroller General (UNIDO)
ODA	official development assistance
ODP	ozone depletion potential
ODS	ozone-depleting substance
OHCHR	Office of the United Nations High Commissioner for Human Rights
OIC	Organization of the Islamic Conference
OSCE	Organization for Security and Co-operation in Europe

P

P	Professional
PC	personal computer
POP	persistent organic pollutant
PREPAO	regional programme for West Africa
PTC	Programme Development and Technical Cooperation Division (UNIDO)

R

RB	regular budget
RBM	results-based management
RIDC	UNIDO Regional Industrial Development Centre
RPTC	Regular Programme of Technical Cooperation

S

SADC	Southern African Development Community
SAHA	Swiss Development Cooperation
SECO	Swiss State Secretariat for Economic Affairs
SHP	small hydropower
SM	service module
SME	small and medium enterprise
SPPD	support services for policy and programme development
SPX	subcontracting and partnership exchange
SSOP	sanitation standard operating procedures
STA	Special Technical Adviser
STS	support for technical services

T

TC	technical cooperation
TF	trust fund
TICAD	Tokyo International Conference on African Development
TICAD II	Second Tokyo International Conference on African Development
TICAD III	Third Tokyo International Conference on African Development
TQM	total quality management

U

UEMOA	West African Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development
UND	UNIDO National Director
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFIP	United Nations Fund for International Partnerships
UNFP	UNIDO National Focal Point
UNODC	United Nations Office on Drugs and Crime
UR	UNIDO Representative
USA	United States of America

V

VNCPC	Viet Nam National Cleaner Production Centre
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W

WSSD World Summit on Sustainable Development
WTO World Trade Organization

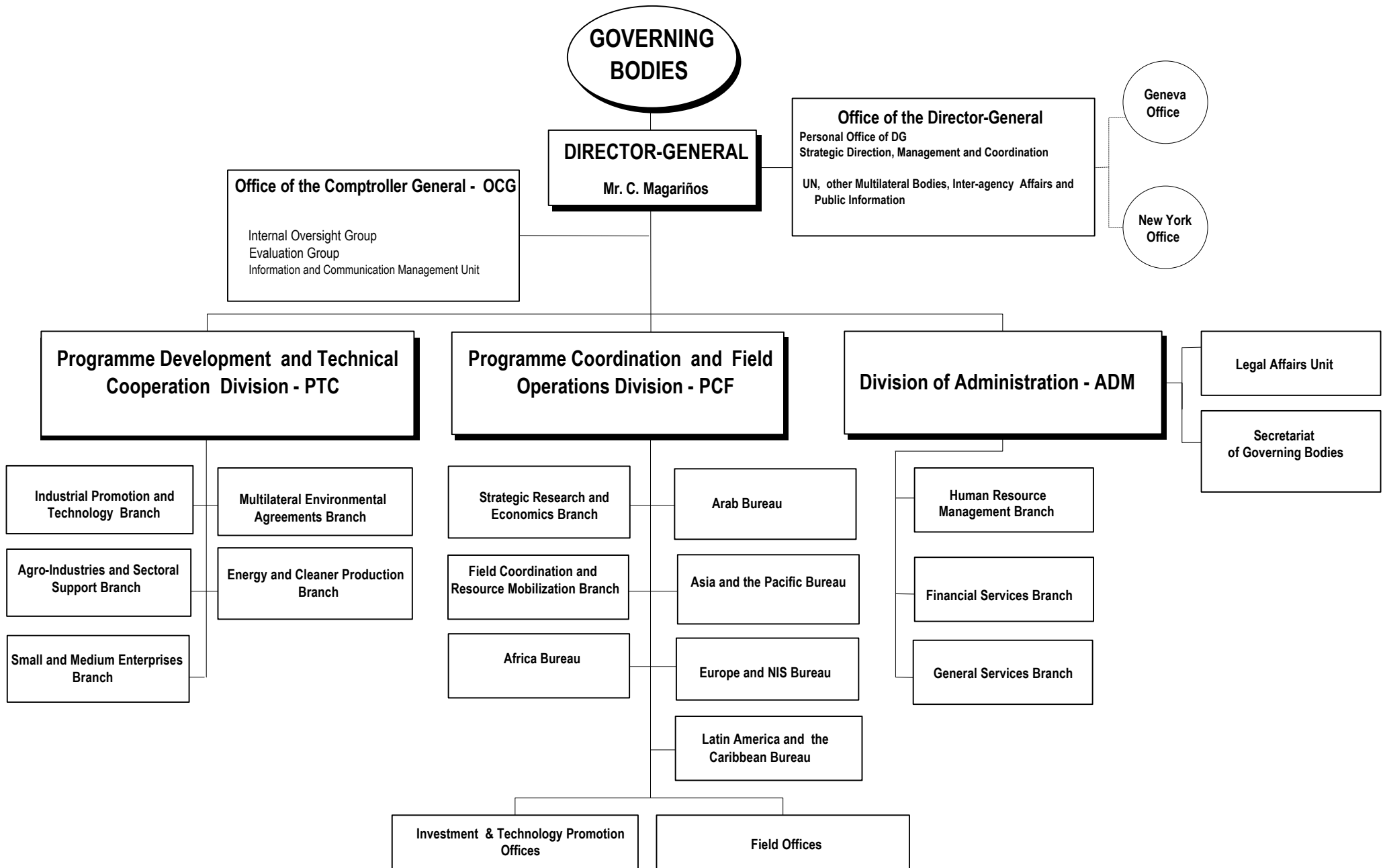
Y

YA IDDA supplementary (funding code)

Z

ZIAP Zakarpatsky Institute of Agro-industrial Production

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION





UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna International Centre, P.O. Box 300, A-1400 Vienna, Austria

Telephone: (+43-1) 26026-0, Fax: (+43-1) 26926-69

E-mail: unido@unido.org, Internet: <http://www.unido.org>