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# Annual Report 2007



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



# ANNUAL REPORT 2007

Industrial Development Board,  
thirty-fourth session

Programme and Budget Committee,  
twenty-fourth session



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION  
Vienna, 2008



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## Message from the Director-General

The year 2007 has been an exciting one for UNIDO, with the Organization building upon its past strengths and pressing forward into new areas of activity.

At the core of UNIDO's work remains the resolve to reduce poverty through productive activities. We cannot and must not resign ourselves to the fact that half of the world's population continues to live in abject poverty. I remain convinced that industry can play a vital role in achieving real long-term poverty reduction for the developing countries. Through a robust economic transformation and rapid growth driven by industrial diversification and trade, developing nations may ultimately enjoy the higher standards of living they are aspiring to achieve. In this respect, UNIDO's mandate to advance sustainable industrial development and international industrial cooperation retains its crucial importance.

However, UNIDO cannot bring about this transformation on its own, and it is for this reason that the Organization has continued to participate actively in the United Nations reform process, working closely with other UN organizations in finding ways to advance system-wide coherence at the global, regional and national levels. It is my sincere belief that the major development challenges we face today can only be addressed successfully with

all the UN organizations acting together in harmony. If we can combine our individual strengths, and genuinely 'Deliver as One', we will be doing justice to those we aim to assist.

Following the lead of the UN Secretary-General, UNIDO strongly supports the efforts to combat climate change, promote industrial energy efficiency, support cleaner production techniques and promote renewable sources of energy. In this respect, I feel privileged to have been appointed Chair of UN-Energy for the biennium 2008-2009. In this capacity, I intend to bring together all forces of the United Nations in an effort to achieve these goals. I am aware of a shared sense of urgency throughout the world. We have to act now to ensure the sustainable future of our planet and the global community. The issue brooks no delay. Following the 2007 UN Climate Change Conference in Bali, negotiations will soon commence under the Bali Road Map, which will address the issue of how to respond to climate change after the current emission targets set by the Kyoto Protocol expire in 2012. UNIDO looks forward to playing an active role in this endeavour.

Through careful management, we have avoided change for the sake of change, and have thus ensured that the Organization's positive achievements of previous years have been consolidated. At the same time, we have continued to streamline our working practices and to introduce the principles of results-based management into all aspects of the Organization's work, with a view to improving decision-making, transparency and accountability. The overall results have been encouraging, with UNIDO's technical cooperation maintaining its strong upward trend. The figures speak for themselves: delivery achieved in 2007 was \$117.3 million; the total volume available for future implementation reached \$280.1 million; and funds mobilized in 2007 amounted to \$172.7 million - the last two figures representing unprecedented levels in UNIDO's history.

The year culminated in the very successful and well-attended twelfth session of the UNIDO General Conference - indeed the largest in the Organization's history. The event combined the legislative sessions with dynamic and interactive events highlighting substantive aspects of UNIDO's work, in the form of an Industrial Development Forum, high-level thematic panel discussions, and regional round tables, as well as a number of exhibitions on UNIDO activities.

I trust that having read the *Annual Report 2007*, you will agree that UNIDO is indeed an Organization forging ahead in helping our beneficiaries meet the challenges of growth and development.

A handwritten signature in black ink, appearing to be 'A. A. A.', located at the bottom right of the page.





# 1

## The year in review



## A. The twelfth session of the UNIDO General Conference

The twelfth session of the UNIDO General Conference, the Organization's supreme policymaking organ, took place in Vienna from 3 to 7 December 2007. The General Conference drew about 1,500 participants from around the world, and more than 130 Member States were represented. Participants included five heads of State and Government, and more than 70 Ministers from the developed and developing world. The presence of the executive heads of several major partner organizations of UNIDO, including the World Trade Organization (WTO), the United Nations Environment Programme (UNEP) and the International Trade Centre (ITC), underlined the importance UNIDO attaches to close links with agencies whose activities complement its own, to ensure coherence of development efforts for maximum impact.

The General Conference was officially opened by Her Excellency, Ms. Ursula Plassnik, Federal Minister for European and International Affairs, on behalf of the host country, Austria. She commended the unique role UNIDO played in dealing with the challenges of the future and noted the Organization's broad scope of responsibilities ranging from development and transfer of technology to support for small and medium enterprises (SMEs), creation of productive employment opportunities, energy efficiency and environmental management.



The General Conference Forum attracted prominent panelists. From left to right: Mr. Luiz Carlos C. Carvalho, Director, CANAPLAN; Mr. Mansour Cama, Chairman, National Confederation of Employers, Senegal; Ms. Patricia R. Francis, Executive Director, International Trade Centre; Mr. Todd Benjamin, Financial Editor, CNN – Moderator; H.E. Ambassador Sawako Takeuchi, Special Advisor to the Minister of Foreign Affairs, Japan; Mr. Karel Bláha, Deputy Minister, Ministry of Environment, Czech Republic; Mr. Ali A. Mufuruki, Chairman and CEO, Infotech Investment Group, United Republic of Tanzania; Mr. Miguel A. Centeno, Professor, Department of Sociology, Princeton University.

The schedule of events of the General Conference (see figure 1) included meetings of the Plenary as well as the Main Committee during which Member States debated and finalized a number of important draft decisions and resolutions. In addition, a high-level Industrial Development Forum on the thematic priorities underlying the work of UNIDO was the starting point for discussions in three high-level panels on issues related to each of the priorities, and five regional round tables. Presentations and exhibitions provided further opportunities to share information and knowledge.

Figure 1: The schedule of events of the twelfth session of the General Conference

Monday, 3 December	Tuesday, 4 December	Wednesday, 5 December	Thursday, 6 December	Friday, 7 December
<p><b>1st plenary meeting</b> Opening of the session Statements by Heads of State and Government Opening of General debate</p>	<p><b>3rd plenary meeting</b> General Committee General debate (ministers) Main Committee – 1st meeting Brazil biofuels presentation Regional round table Arab countries High-level panel on wealth creation for poverty reduction: the role of industry Presentation China</p>	<p><b>5th plenary meeting</b> Credentials Committee General debate Main Committee – 3rd meeting High-level panel on Economic Partnership Agreements Presentation flagship publication Agence Française de Développement</p>	<p><b>7th plenary meeting</b> Appointment of an External Auditor Main Committee – 5th meeting High-level panel on green industry Presentation International Centre for Hydrogen Energy Technologies – Hydrogen activities around the world</p>	<p><b>9th plenary meeting</b> Consideration and adoption of decisions and resolutions</p>
<p><b>2nd plenary meeting</b> General debate (ministers) Industrial Development Forum (three priority themes)</p>	<p><b>4th plenary meeting</b> General debate Main Committee – 2nd meeting Regional round table Asia and the Pacific Mano River Union round table</p>	<p><b>6th plenary meeting</b> General debate Main Committee – 4th meeting Regional round table Latin America and the Caribbean Regional round table Europe and NIS</p>	<p><b>8th plenary meeting</b> General debate Main Committee – 6th meeting</p>	
<p><b>Exhibitions</b></p>				
<p><b>Poverty reduction through productive activities</b></p> <ul style="list-style-type: none"> <li>• Cane and bamboo technology centre</li> <li>• Federal Ministry for Economic Cooperation and Development (Germany) – cooperation with UNIDO</li> <li>• AfrIPAnet</li> <li>• Madagascar silk programme</li> <li>• Mano River Union Youth Employment</li> <li>• Poverty reduction in Burkina Faso</li> <li>• Private sector development publications: PSD Toolbox</li> <li>• Rural energy development: mini hydro demonstration projects</li> <li>• Taytu leather bags and accessories</li> <li>• UNIDO-Iran industry</li> <li>• Women entrepreneurship development</li> <li>• Youth entrepreneurship development</li> </ul>				
<p><b>Trade capacity-building</b></p> <ul style="list-style-type: none"> <li>• Food processing pilot centres</li> <li>• India business exhibition</li> <li>• Investment and Technology Promotion Centre Bahrain</li> <li>• ITP Network of University Chairs</li> <li>• Private sector development publications: <ul style="list-style-type: none"> <li>- Guide to Export Consortia</li> <li>- Responsible Entrepreneurship Achievement Programme</li> </ul> </li> <li>• UNIDO-Egyptian Traceability Centre</li> <li>• UNIDO-Microsoft partnership</li> </ul>				
<p><b>Environment and energy</b></p> <ul style="list-style-type: none"> <li>• Chemical leasing and National Cleaner Production Centre publications</li> <li>• Compliance with the Montreal Protocol</li> <li>• Energy kiosk</li> <li>• European Water Partnership</li> <li>• International Centre for Hydrogen Energy Technology Turkey</li> <li>• Observatory on renewable energy</li> <li>• Obsolete pesticides</li> <li>• Regards sur la Terre' – sustainable development</li> <li>• State Environment Protection Agency China</li> </ul>				

The Industrial Development Forum examined key industrial development issues in the context of rapidly changing patterns of global production, consumption and trade. It paid special attention to the complementarities and trade-offs among the three thematic priorities of UNIDO – poverty reduction through productive activities, trade capacity-building, and environment and energy.

Each of the high-level panels took up one of these themes. The panel on “Wealth creation for poverty reduction: the role of industry” debated the different yet complementary roles of the private and public sectors in private sector-led development and innovative ways of fighting poverty. “Building productive capacities for trade competitiveness: Economic Partnership Agreements” discussed the opportunities and challenges of the Economic Partnership Agreements, which the European Union and the African, Caribbean and Pacific countries are negotiating. “Green industry: promoting growth and protection”, finally, focused on greater resource efficiency in industry, markets for industrial services and the policies needed to encourage innovative approaches to the “greening” of industry.

The regional round tables dealt with the industrial development challenges of the individual regions. The round table for Africa addressed the problems of youth unemployment and insecurity in the Mano River Union (MRU) countries and Côte d’Ivoire. For the Arab countries, the main topic was the role of the industrial sector in the diversification of their economies away from mineral resources (oil, in particular). The round table for Asia and the Pacific focused on the global impact of the rapidly developing economies of China and India. “Zero discharge” of industrial effluents for environmental sustainability was the main concern of Europe and the Newly Independent States. For Latin America and the Caribbean, the main issues were social equity and the role of SMEs.

The programme also included several presentations on environment-related topics and a series of exhibitions covering UNIDO’s thematic priorities (see figure 1).

The General Conference adopted an important resolution dealing with UNIDO participation in the process of United Nations system-wide coherence. At the country level, the “One UN” initiative has been launched in eight pilot countries and the United Nations is devoting great efforts to the Four Ones – One Programme, One Budgetary Framework, One Leader and One Office. The resolution noted that this process was enhancing the UNIDO role in developing countries and economies in transition, and requested the Director-General to continue the coordination and promotion of UNIDO activities at the global, regional and country level. More information about UNIDO’s role in improving the coherence of the United Nations system may be found in section I of this chapter.

Elections were held to decide which Member States would fill the seats on the Organization’s other two policymaking organs: the Industrial Development Board and the Programme and Budget Committee. In addition, an election took place for the External Auditor, which resulted in the appointment of the Auditor General of Pakistan for two years commencing on 1 July 2008.



During the General Conference, the Organization demonstrated its financial stability and prudent fiscal management. The Director-General noted that for ten years, UNIDO had been asked to tighten its belt and to accept zero nominal growth budgets. This had stretched the Organization to the limit. He pointed out that UNIDO would find it difficult to continue to deliver as it did and to meet new demands unless there was additional investment in the Organization.



## B. Technical cooperation management

### Consolidation of the programme and project review and approval mechanism

In 2006 a single Programme Approval Committee (PAC), supported by a Quality Advisory Group (QAG), was set up for the review and in-house approval of almost all technical cooperation activities. PAC is mandated to review and approve UNIDO programmes and projects, and where needed can allocate UNIDO programmable resources to technical cooperation proposals within parameters set by the Executive Board.

During 2007, this review and approval mechanism was further consolidated; it operated with unchanged modalities, albeit with biannual changes in the composition of PAC and QAG in accordance with the established rotation system in April and October. This practice of rotational membership ensures a harmonized and balanced representation of organizational units concerned with programme development and implementation.

The Technical Cooperation Guidelines, which were issued in August 2006, remained the basis for the approval process of the proposals developed in the Organization. Accordingly, intense training activities were conducted to familiarize newly recruited staff members with the Guidelines and other applicable operational procedures and administrative

instructions, to ensure further improvements in aligning technical cooperation proposals with the thematic priorities of the Organization.

## Activities of the Programme Approval Committee and the Quality Advisory Group

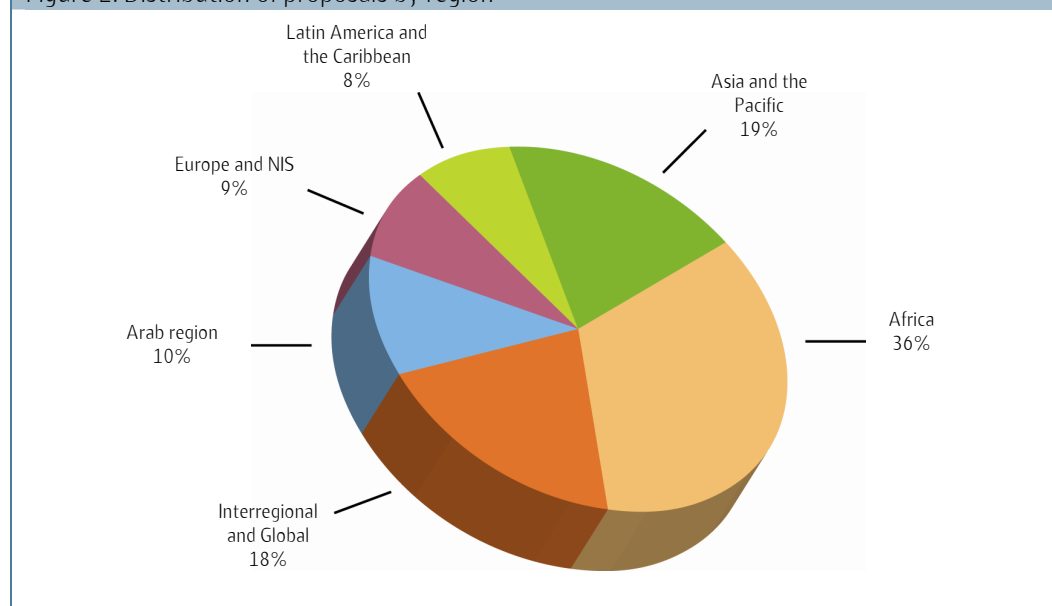
### Programme Approval Committee

Following the practice established in the previous year, PAC continued to meet on a fixed, two-weekly schedule, as well as on an ad hoc basis when required, under the chairmanship of the Managing Director (PCF), with two permanent members and three representatives from each of the three thematic priority areas as well as a representative of the Evaluation Group to review service summary sheets (SSS), project concepts, full-fledged project documents, integrated programme documents and various requests for project and budget revisions. In total, 35 meetings were held during 2007; 307 different proposals were reviewed, with an overall approval rate of 85 per cent. Table 1 gives a breakdown of PAC decisions; figure 2 shows the regional distribution of the proposals.

Table 1. PAC action on proposals received during 2007, as per January 2008

<i>Decision</i>	<i>Number</i>	<i>Percentage</i>
Approved	261	85
Decision postponed	19	6
Resubmission requested	21	7
Not approved	6	2
<b>Total</b>	<b>307</b>	<b>100</b>

Figure 2. Distribution of proposals by region





## Quality Advisory Group

QAG's composition is similar to that of PAC: a chair, two permanent staff members and representatives for each of the three thematic priority areas – poverty reduction through productive activities, trade capacity-building, energy and environment – plus a representative of the Evaluation Group. QAG also consolidated its operations during 2007.

The Group reviewed a total of 235 proposals, including SSSs and project and programme documents, during its weekly meetings. Most of the submissions were subsequently discussed with the submitters of the proposals to clarify questions and to advise on possible improvements in the documentation, before the proposals were submitted to PAC and to donors for consideration of funding.

The high approval rate by PAC shows that the Group contributes to the continuous improvement of the Organization's technical cooperation activities, particularly with regard to the design of programme and project documents and their implementation modalities, including the incorporation of monitoring, reporting and evaluation mechanisms.

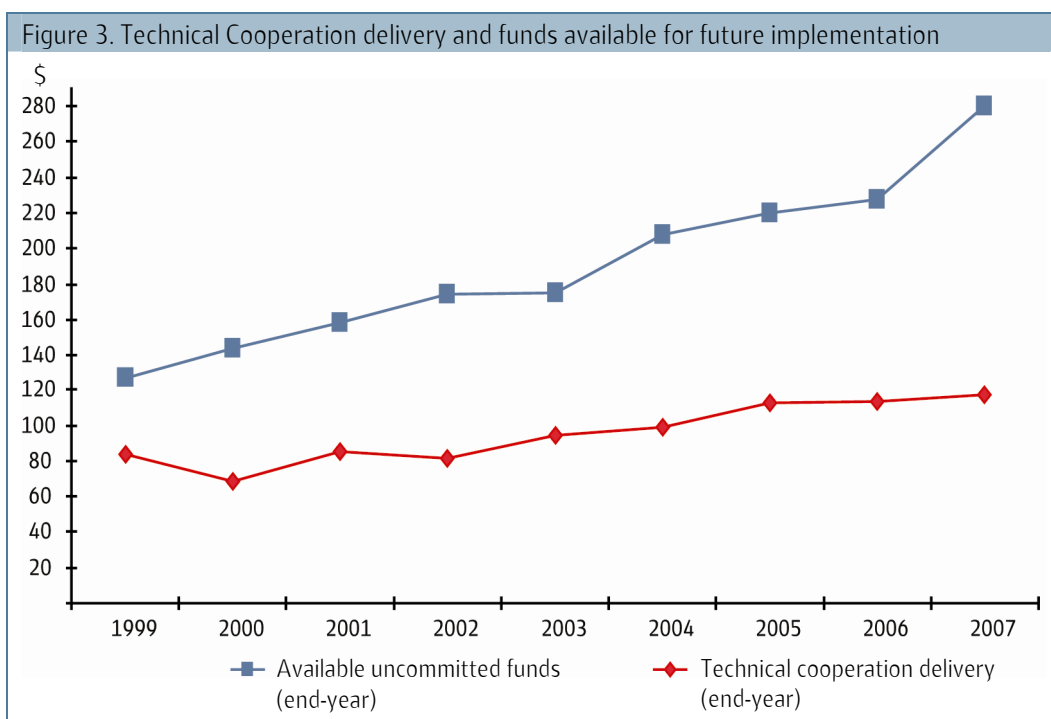
## C. Funds mobilization and technical cooperation (net approvals and delivery)

### Technical cooperation: net approvals and delivery

A number of developments with regard to funds mobilization in recent years came to fruition in 2007: the focus on thematic priorities has met with strong approval from governmental donors, UNIDO now has direct access to GEF funds, and the Organization has become involved in the new Economic Partnership Agreements of the European Union (EU).

The total of net technical cooperation project and programme approvals from all sources of funds mobilized during 2007 amounted to \$172.7 million. This is more than \$50 million higher than in 2006 and represents the highest level in the history of UNIDO. The record total is composed of net increases of current project budgets of \$151 million, an increase in the volume of future payments due under already signed agreements of \$18.8 million and an increase in the programmable donor contributions received by UNIDO of \$2.9 million. Given also the actual volume of projects delivered during the year, \$117.3 million, the total portfolio of ongoing projects and programmes for future implementation increased by \$52.5 million to \$280.1 million (see figure 3.). This is a record in the history of UNIDO as well.

This high level of funding will enable UNIDO to increase delivery considerably in the coming years.



### Funds mobilization

The strong focus by UNIDO on the three thematic priorities that respond directly to the development priorities of the international community has resulted in an increased recognition of UNIDO strengths in these areas, especially by governmental donors. This is now starting to deliver results in terms of funds mobilized. This trend is expected to continue in 2008, with closer cooperation on thematic priorities with individual donors.

The breakdown of funding results by thematic priority revealed that environment and energy attracted the largest share: \$71.5 million. Trade capacity-building attracted \$42.8 million and poverty reduction through productive activities, including most of the activities related to human security, \$35.8 million. Funding mobilized for integrated programmes and country service frameworks, in which UNIDO services are provided as a package, amounted to \$26.1 million (excluding support costs). This is \$5 million higher than in 2006. An additional \$4.8 million approved by donors will be transferred in the coming years.

The major sources of funding for environment and energy were the Multilateral Fund for the Implementation of the Montreal Protocol and the Global Environmental Facility (GEF). Funds from the former amounted to \$24.5 million and approvals from the latter to \$30.1 million. The level of GEF approvals has benefited from the decision to increase direct access to funding for UNIDO. Indeed, 90 per cent of the total funds mobilized under GEF related to such direct access projects, with a large share being earmarked for projects to eliminate persistent organic pollutants (POPs). An important challenge for the coming

years is the GEF requirement for co-funding for their projects, especially for projects in least developed countries (LDCs), which UNIDO intends to meet with the help of donors.

UNIDO funding from governmental sources reached \$93.2 million (including support costs), an increase of about \$38 million. The largest contributors in 2007 are shown in table 2.

Table 2. Funds provided by major governmental donors, millions of \$

<i>Donor</i>	<i>Amount (\$ million)</i>
European Commission	21.6
Italy	16.6
Turkey*	12.2
France	6.8
Norway	5.8
Japan**	2.9
Austria	1.5
United Kingdom	1.1

\* For the International Centre for Hydrogen Energy Technologies

\*\* Of which \$1.2 million through the United Nations Trust Fund for Human Security

Various United Nations multi-donor trust funds provided post-emergency funding for projects in Iraq, Lebanon, Sudan and the United Republic of Tanzania. Appendix B shows the distribution of industrial development fund and trust fund approvals by region and thematic priority.

Under the EU's new Economic Partnership Agreements (EPAs) with the African, Caribbean and Pacific Group of States, major technical cooperation programmes are being developed to strengthen the capacity of developing countries to compete in international markets. The thematic priority trade capacity-building is directly relevant to these, and in 2007 UNIDO has been involved, with the Regional Economic Commissions of the United Nations and the European Commission (EC), in the formulation of six major programmes. It is anticipated that the first programmes will be approved in 2008.

## D. A more effective and efficient organization

After the major improvements of 2006, efforts to make the Organization more effective and efficient continued during 2007. Administrative improvements included:

- Measures to achieve compliance with GEF fiduciary standards, which is a condition for direct access to GEF funds; it is anticipated that full compliance with all standards will be achieved during 2008;

- First steps towards the adoption of International Public Sector Accounting Standards (IPSAS) which will be compulsory standards for the United Nations system as from 2010;
- Increase in the number of imprest accounts for field offices to thirty, to provide them with increased independence and enhance the efficiency of UNIDO operations in the field;
- Improved procurement services through staff training and better procedures (including the issuance of a new procurement manual), which have resulted in a more efficient use of limited resources;
- Better property management and oversight of support services;
- Faster processing of staff appointments.

Stronger ICT capabilities made an important contribution to the administrative improvements of the past year. These included:

- Electronic processing of accounts;
- A more accessible, better managed UNIDO website;
- Improved ICT capabilities at Headquarters, facilitating more effective internal and global communication, human resource management, results-based management (RBM), and financial management;
- Improved ICT capabilities in the field, facilitating improved administration and intra-organizational communication.

A staff training programme ensured optimal use of the new ICT capabilities.

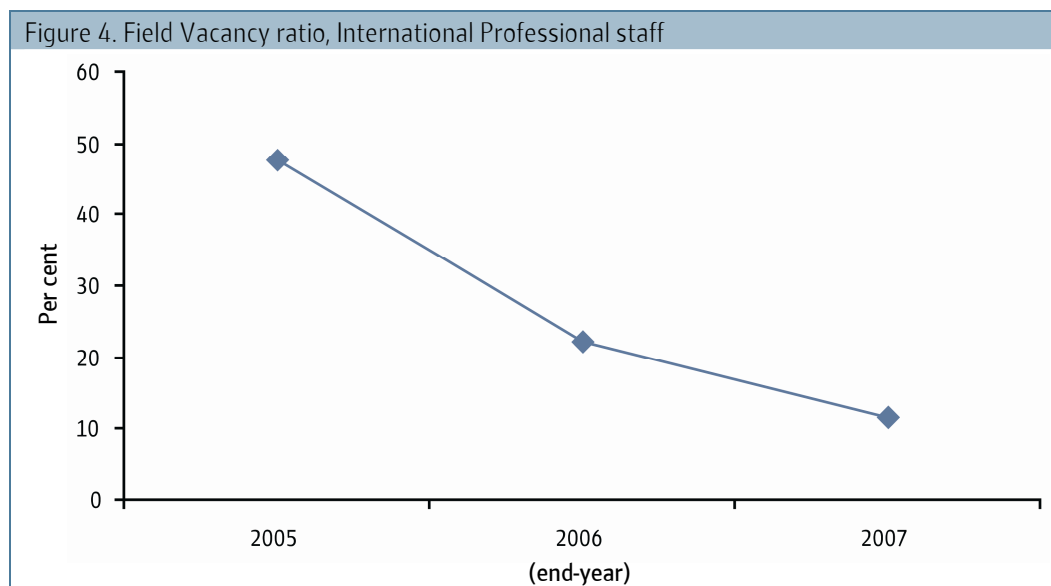
Substantial progress was also made with the long-term project to integrate RBM principles in all the Organization's activities. As part of these efforts, evaluation capacities were strengthened. More details on RBM can be found in chapter 2B.

## **E. Human resource management**

### **Recruitment**

In 2007, the Organization undertook a major recruitment drive which resulted in the appointment of 48 staff in the Professional and General Service categories for Headquarters and field duty stations. The Organization continued to use the more comprehensive selection method introduced in 2006, which relies on assessment centre techniques, including written tests, presentations, and panel interviews. Of those recruited, 33 per cent were under the age of 35. This is important because the Organization is facing the retirement of a significant number of staff and needs to rejuvenate its workforce through the recruitment of young talent. The effort to increase female representation at the Professional level was also successful: 36 per cent of the staff recruited was female. The ratio of Professional level vacancies in field offices was reduced further (see figure 4). Since December 2005, the percentage of Professional staff in the field has increased by 45 per

cent. Another positive development was the recruitment of staff into the Secretariat from six countries previously not represented.



### Performance-based management culture

Further actions were taken during the year to reinforce the performance-based management culture in the Organization. Accompanying the institutionalization of a results-based management system (which is discussed in chapter 2B), staff compacts were introduced at the beginning of 2007 in the Programme Development and Technical Cooperation Division (PTC). The compacts are mutual commitments between project managers and the Managing Director of the division in the form of agreed quarterly targets set over one calendar year. Project managers confirm their contribution in terms of technical cooperation delivery, global forum activities (conferences, publications) and project development, while the Managing Director makes a commitment to provide essential resources and managerial support. Performance indicators were also introduced for field offices.

### Career development

The Organization continued to recognize performance and to reward deserving staff members through promotion. In 2007, for example, a total of 57 staff members were promoted; this figure includes 17 merit promotions. Under the field mobility policy launched in 2006, opportunities were also provided for a number of Professional staff from Headquarters to be reassigned to field offices and vice versa. These reassignments are meant to ensure the professional development of staff and facilitate cross-fertilization between Headquarters and field duty stations.

## Learning and development

The Organization invested much in developing the technical and general competencies of all categories of staff. A total of 100 training events were organized, covering a wide variety of areas, such as integrated project management, results-based management, upgrading of negotiation and other skills, time management, presentation skills, report writing and conflict management. For the first time ever, General Service staff of field duty stations were given comprehensive training at Headquarters on a range of topics covering financial and administrative matters relevant for the daily functioning of their offices. Opportunities for external training at various institutions increased strongly, and were used by many staff members.



General Service staff from field offices on a training course at UNIDO Headquarters.

The Organization also took a major step in strengthening the competencies of its managers. Unit Chiefs and Directors participated in a customized leadership and management development programme organized in Baden, near UNIDO Headquarters in Vienna. Managers received training in such areas as strategic thinking, analysis and problem solving, team leadership, communication and performance management.

As a further measure to strengthen the culture of continuous learning and knowledge sharing, regular technical seminars were organized for all PTC Professional staff members which provided opportunities to share knowledge on topical technical issues, such as design for sustainability, optimal development paths for technological followers and UNIDO's poverty reduction strategy.

A comprehensive training needs survey was carried out with the objective of identifying training priorities at Headquarters and field duty stations. On this basis, training activities will be designed for the next biennium.



## Communication

The Organization continued to emphasize communication at all levels. A group of selected staff from Headquarters visited three field duty stations to ascertain the needs of field offices as well as their training requirements. The Director-General also continued the tradition introduced by him of meeting with staff at various levels, holding meetings with all staff, including newly recruited staff, interns and retiring staff members, and with the Staff Council. A management retreat in February included middle-level managers and Staff Council representatives, and provided an opportunity for a broad discussion of the various challenges facing the Organization. The ideas generated at the retreat have resulted in changes in some organizational practices such as streamlining the administrative procedures for the recruitment of consultants for technical cooperation activities.

The Organization has also taken steps to strengthen and facilitate informal conflict prevention and resolution. A Staff Counsellor has been appointed to provide counselling, information and other assistance to staff members on issues that may have an impact on their welfare and productivity, such as stress and conflict situations. The Joint Advisory Committee – a joint staff/management body for consultations on staff welfare – is reviewing a proposal for the appointment of an ombudsperson.

In addition, the Staff Council and the Administration collaborate on issues relevant to staff welfare through periodic meetings between representatives of the Staff Council and various levels of management of the Organization.

## F. Cooperation and partnerships with other agencies and actors

The Organization works closely with other agencies and actors in a wide variety of fields. Many examples can be found in section I, which discusses the “One UN” initiative, and in the following chapters. In addition:

- Cooperation with the United Nations Environmental Programme (UNEP) was intensified through the Enhanced Cooperation Agreement which was signed in May. The Director-General addressed the UNEP Governing Council and the Global Environmental Ministerial Forum in Dubai in May, and the Executive Director of UNEP addressed the UNIDO General Conference in December.
- As an outcome of the new Memorandum of Understanding between UNIDO and the Food and Agriculture Organization of the United Nations (FAO), signed in November 2006, a UNIDO staff member has been selected for secondment to FAO as the Organization’s representative to the Rome-based organizations.
- UNIDO and the International Fund for Agricultural Development (IFAD) have identified areas for joint action. Similarly, areas of possible cooperation with the International Atomic Energy Agency (IAEA) have been identified.

Following the recommendations of the Joint Assessment of the Cooperation Agreement carried out by UNIDO and the United Nations Development Programme (UNDP) in 2006, a joint task force was established to draw up the operational modalities for the future implementation of the Agreement, including those relating to financial, management, evaluation and monitoring issues. In August, a UNIDO-UNDP meeting on private sector development and joint programming took place at UNIDO Headquarters, with participation of the Partnerships Bureau of UNDP New York, and the Bratislava Regional Centre of UNDP. In Benin, UNIDO and UNDP held a joint regional seminar on agri-entrepreneurship. The partnership with Microsoft was actively pursued with projects in Africa (see section H and chapter 7A).



The UNIDO Director-General with the Director-General of the World Trade Organization, Mr. Pascal Lamy. UNIDO and the World Trade Organization cooperate at various levels to promote developing country exports.

## G. Advocacy

UNIDO has been very active in raising its profile and strengthening advocacy. The appointment of the Director-General as chairman of UN-Energy (see chapter 1I) confirmed the high international standing of the Organization in the field of environment and energy.

The quality of UNIDO publications is being improved. The Annual Report, the Industrial Development Report and technical publications are now being written with a wider readership in mind. Ad-hoc publications such as UNIDO Forging Ahead – Milestones Achieved 2006-2007 inform Member States and the public about specific achievements. Much has been done in 2007 to make the UNIDO website more accessible and attractive, and work on the presentation and quality of information continues.

Major international events are ideal platforms for drawing attention to the Organization and its work. The following chapters briefly discuss events related to the different thematic priorities which UNIDO organized or in which UNIDO was a leading participant. The General Conference was of course the key event of 2007. In addition to the varied programme of side events and exhibitions highlighting the Organization's contributions to

industrial development there were displays of country-level success stories, and a library containing new technical publications and project descriptions as well as innovative online facilities was available to participants. Global mass media attention was ensured through a partnership with a communications consultant. The General Conference was covered in the international media, including airline news programmes and the CNBC news channel of the United States of America.

Advocacy by means of major international events will be intensified in 2008. The programme of events, which UNIDO will be involved in includes the Summit of the African Union, with industrial development as the main theme, the First Global Agro-Industries Forum, which will be co-organized with the Government of India and FAO; the International Conference on Renewable Energy in Africa, to be held in Senegal; the Global Conference on Traceability and Food Security in Egypt; and the Global Renewable Energy Forum in Brazil.

## H. Field representation

In 2007, UNIDO maintained a field network of 12 regional offices and 16 country offices, some of which cover more than one country. In addition, there are offices in Brussels to liaise with the European Union, and Geneva and New York to liaise with the United Nations. Since the Cooperation Agreement with UNDP was signed in September 2004, 13 UNIDO Desks have become operational. Most of the UNIDO Desks ended their two-year pilot phase in 2007; UNIDO has provided them with regular budget resources until the end of the year and beyond. Three additional UNIDO Desks are under consideration with UNDP. In seven countries UNIDO has focal points where the host Government provides staff and offices and contributes to the operational expenses. Figure 5 gives an overview of UNIDO's presence in the field.

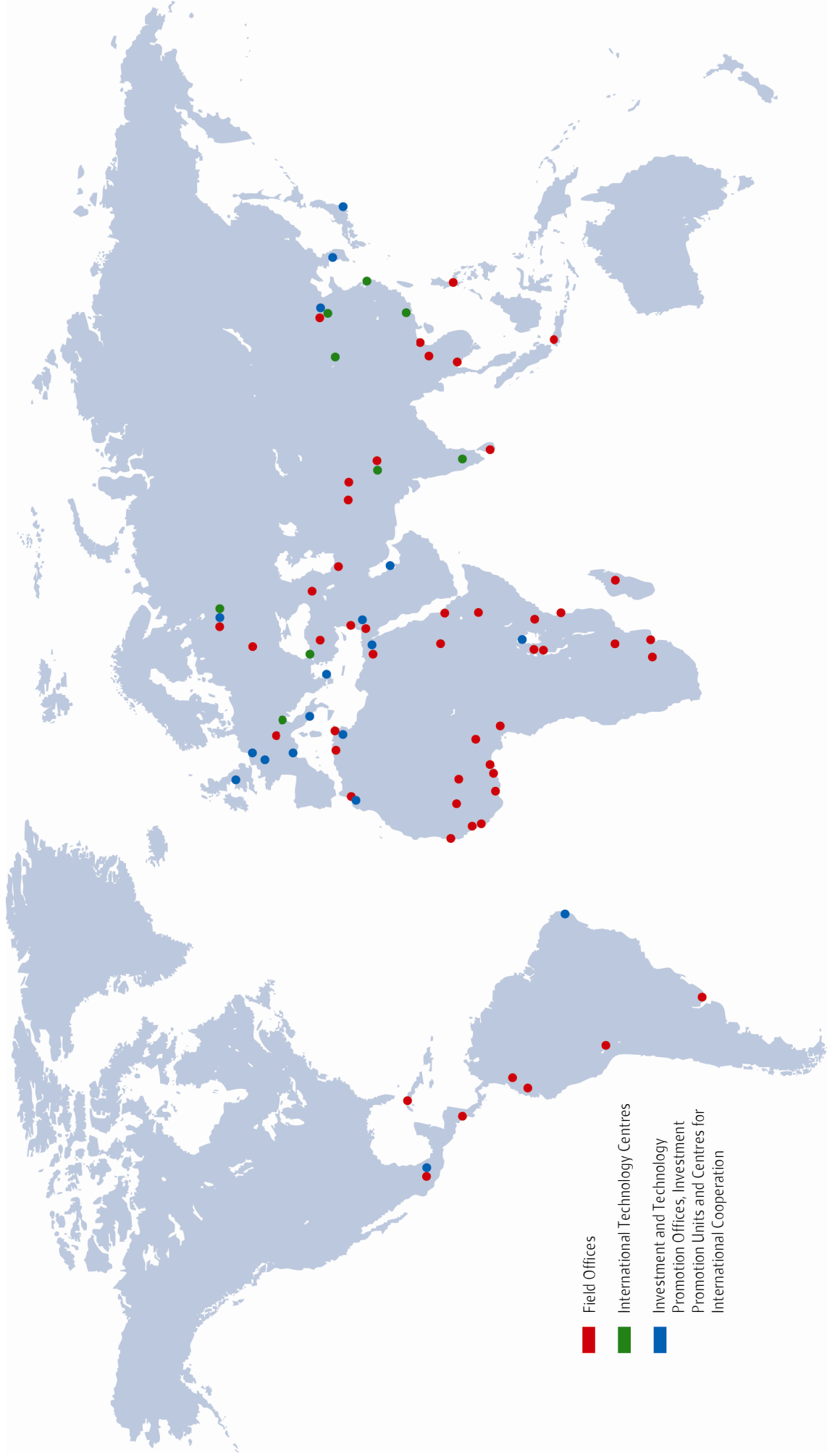
The network of 14 Investment and Technology Promotion Offices (ITPOs) and four Investment Promotion Units (IPUs) continues to promote investment and technology flows through:

- Professional support for partnership and business negotiations, from project identification to implementation;
- The Investment/Technology Promotion Delegate programme, which offers hands-on training in promotion techniques to officials and entrepreneurs.

Nine International Technology Centres (ITCs) act as catalysts for technology upgrading and help to manage technology change.

UNIDO has over the years set up 38 National Cleaner Production Centres (NCPCs) and Programmes in cooperation with UNEP.

Figure 5. UNIDO's Worldwide Presence



Information exchange, communication and coordination between Headquarters and the field and between field representatives have increased both in frequency and intensity, particularly in the context of UNIDO's engagement in the eight "One UN" pilot countries (see section I of this chapter).

The industrial Subcontracting and Partnership Exchange (SPX) programme, which facilitates production linkages between small, medium and large manufacturing firms as well as links with global markets and supply chain networks, had 44 member offices in 30 countries in 2007. Over the past twenty-five years, it has helped SMEs in over 30 countries to find business partners. An expert group meeting (EGM) in September reviewed the accomplishments and current status of the programme and discussed how the approach needed to be revised to align it with current conditions and globalization trends.

The recommendations of the EGM included a proposal to establish strategic partnerships with major buyers and contractors by linking them directly to the SPX network. Some large corporations have already expressed their intention to become partners in the new SPX programme.

The EGM also proposed the development of a new digital tool allowing suppliers to benchmark their performance against regional and global averages in their business and against the requirements of buyers. Work on this tool is now under way with the involvement of South African firms; it is to be made available in Africa in the context of an Africa Investment Monitoring Platform, which is being developed in cooperation with Microsoft Corporation.

## **I. UNIDO and United Nations reform**

### **Responding effectively to global challenges**

The United Nations system must overcome its fragmentation to achieve the Millennium Development Goals and respond effectively to major global challenges – including armed conflicts, climate change and environmental degradation, pandemics, illiteracy and food insecurity. In the 2006 report "Delivering as One", the High-level Panel on System-wide Coherence established by the then Secretary-General addressed the reforms that would be needed for the United Nations to be able to cope with these challenges. Its main recommendation for the development-related work of the United Nations at the country level is known as the Four Ones – One Programme, One Budgetary Framework, One Leader and One Office. The report also recommended creating a global partnership for humanitarian aid, a unified system for global environmental protection, one strong entity for women's empowerment and one clear framework for human rights protection. The "One UN" approach at country level is being tested in eight pilot countries: Albania, Cape Verde, Mozambique, Pakistan, Rwanda, the United Republic of Tanzania, Uruguay and Viet Nam.

From the beginning, UNIDO has vigorously promoted the United Nations reform initiative. The Organization contributes actively to system-wide coherence at the global, regional and country levels. Its operations are increasingly being brought into line with the recommendations of “Delivering as One”:

- The focus of the Organization’s work has been sharpened and aligned with internationally agreed development goals;
- Alliances have been forged with development partners to increase synergies;
- The volume, quality and efficiency of programme delivery are continuously increasing;
- UNIDO activities at the country level are being strengthened and better integrated.

### Enhancing inter-agency coordination

At the October session of the United Nations System Chief Executives Board for Coordination (CEB), the Director-General joined the other executive heads in supporting a quick initial evaluation of the “One UN” pilot countries while preparations are made for a three-stage in-depth evaluation spread over 2008-2011. UNIDO’s involvement in the initial evaluation is described below. UNIDO also took part in consultations on the progress of the “Delivering as One” initiative and in consultations that led to a CEB decision to integrate the United Nations Development Group (UNDG), which brings together member agencies working on development, into the CEB framework, further strengthening the coherence of country-level operations.

The October session of CEB appointed the Director-General as the Chairman of UN-Energy for 2008-2009. UN-Energy brings together senior officials and experts from many organizations of the United Nations system to ensure a coordinated response to energy-related aspects of the Johannesburg Plan of Implementation adopted at the 2002 World Summit on Sustainable Development. As Chairman of UN-Energy, the Director-General will be in a unique position to drive forward the work of the United Nations system on an issue that has a decisive impact on climate change and sustainable development.

A thematic cluster covering another major concern of UNIDO, trade promotion and productive capacity-building, has been created within CEB at the request of the United Nations Conference on Trade and Development (UNCTAD) and UNIDO. It includes WTO, ITC, FAO, UNDP and the Regional Commissions of the United Nations. Since they started in June, the cluster meetings have resulted in agreements to promote joint programming in the “One UN” pilot countries of Cape Verde, Mozambique, Uruguay and Viet Nam. In addition, the cluster has helped to inform and train Resident Coordinators on the role of United Nations agencies in developing trade and productive capacity.

Under the auspices of CEB’s High-level Committee on Programmes (HLCP), a UNIDO-led inter-agency working group has prepared and published a comprehensive trade capacity-building resource guide. Based on inputs from UNIDO, WTO, the World Bank, UNCTAD, ITC, UNDP, the Regional Commissions, FAO, the United Nations Department of Economic and Social Affairs (UN-DESA) and others, it describes the specific trade-related



services offered by these organizations, identifies areas of complementarity and outlines joint programmes.

UNIDO has been coordinating closely with other specialized agencies, particularly with FAO, the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Health Organization (WHO), to frame joint responses to inter-agency issues of common interest, including issues related to “Delivering as One”, the UNDP Strategic Plan and the Triennial Comprehensive Policy Review of Operational Activities.

### **Advancing the “One UN” Initiative**

UNIDO undertook a series of missions to the eight “One UN” pilot countries to establish a framework for its contributions to this new initiative. In the countries where the Organization has a field office, the representatives have worked with the Resident Coordinators and representatives of other agencies on a common approach to the “Four Ones”, taking account of host Government priorities. They have also taken part in United Nations country team retreats, thematic groups and clusters as well as joint programme consultations. In countries where UNIDO has no representative – Albania, Cape Verde and Mozambique – staff from Headquarters or offices in neighbouring countries have contributed to such activities. Table 3 gives an overview of UNIDO’s contributions to the pilot project.

At a general level, progress has been made in terms of government ownership and leadership, donor cooperation with governments and country teams, and interaction among organizations. The Director-General has offered to host a high-level consultation in Vienna in 2008 to review the outcome of the initial stocktaking exercise.

### **Promoting coherence in the African region**

UNIDO has continued to improve the coherence of its work in the different regions, with a focus on Africa.

A high-level consultative meeting was held in Ghana in February to better coordinate the efforts of various stakeholders in addressing the challenges of youth unemployment in the Mano River Union (MRU) countries (Liberia, Guinea and Sierra Leone) and Côte d’Ivoire. This was an outcome of the youth employment initiative launched by the Director-General in 2006. The meeting was followed by a joint mission of UNIDO, ILO, UNDP, the United Nations Office for West Africa and the Youth Employment Network to these countries in May-June 2007, resulting in the formulation of a draft subregional programme for youth employment in the countries. More information is provided in chapter 6B.

At the request of the United Nations Economic Commission for Africa (UNECA) and the African Union’s New Partnership for Africa’s Development (NEPAD), UNIDO assumed leadership of the Industry, Trade and Market Access Cluster of the Regional Consultation

Table 3. UNIDO activities in the eight "Delivering as One" pilot countries

<i>Albania</i>	<i>Cape Verde</i>	<i>Mozambique</i>	<i>Pakistan</i>	<i>Rwanda</i>	<i>United Republic of Tanzania</i>	<i>Uruguay</i>	<i>Viet Nam</i>
Country Programme (CP) developed; CP inclusion in the One Programme (OP) foreseen for mid-2008.	Participation in two retreats. Lead agency for Joint Programme (JP) on MSME/private sector development; participation in a JP on environment.	HQ missions to support participation in "One UN". UNIDO involvement in One Budgetary Framework (OB): \$8,591,400 Inclusion in JPs with projects on renewable energy, agro-industries, new enterprise creation and entrepreneurship training, and capacity-building for effective trade policies.	UNIDO to chair Thematic Working Groups on agriculture, rural development, poverty reduction and environment. Initiated first JP exercise on gender (focus on economic empowerment of women). Other JPs to be formulated on poverty reduction through manufacturing, trade capacity-building and environment.	Contribution to OP through CP: nine out of 87 outputs. Contribution to OB: \$14.8 million; contribution to OF: \$13.5 million. MoU and LoA for above reviewed by UNIDO Headquarters.	Active in three JPs: wealth creation, employment and capacity-building for Zanzibar; human security, humanitarian transition and disaster preparedness. Participation foreseen in capacity strengthening for development management and reduction/prevention of HIV/AIDS	Ongoing activities included in OP (focus on sustainable growth). Participation in the elaboration of JPs on environment and climate change, culture and development, and youth, employment and migration.	Integrated Programme Phase II and follow-up proposals for existing projects submitted for consolidation into the OP 2. Submissions OB 2: \$35.9 million; OF 2: \$18.1 million
Mission fielded to ensure synchronization with OP.	Preparing the launching of the Regional EU/ECOWAS/UNIDO programme on quality. Participated in joint proposal for youth, employment and migration.	Request from UNIDO to be given the convening role for the JP on trade facilitation. Contributions to concept notes on environment and climate change, gender equality and women empowerment, rural ICT business centres and youth employment.	Participation in the inter-agency joint mission on OB and One Fund (OF).		Participation foreseen in capacity strengthening for development management and reduction/prevention of HIV/AIDS	Participation in the north-eastern region. Participation in elaboration of a JP to promote production in the north-eastern region.	Elaboration of a JP for trade development as part of OP2 and OB2. Participation in the elaboration of a gender JP, in working groups on youth and gender, and in the elaboration of OP2, OB2, OF2.
	Inter-agency Memorandum of Understanding (MoU) for Multi-Donor Trust Fund (MDTF) signed and awaiting Letter of Agreement (LoA) and MoU of the One UN Fund.				MoUs for three additional JPs to be submitted for clearance shortly.	Participation in elaboration of OB and OF.	

Meetings. In May, it organized the inaugural meeting of the Cluster in Vienna, which defined and coordinated the contributions of various African regional organizations and agencies of the United Nations system to NEPAD. The Director-General, the Under Secretary-General and Executive Secretary of UNECA and the Chief Executive Officer of NEPAD jointly presided over the meeting, which commended UNIDO's commitment to coordinated efforts for Africa's development. The Organization presented the first report on its chairmanship to the Eighth Regional Consultation Meeting in Addis Ababa in November.

The Director-General headed a large UNIDO delegation to the Extraordinary Session of the Conference of African Ministers of Industry (CAMI) in Midrand, South Africa, in September. High-level officials and experts on trade and industry from African countries discussed major industrial development issues with the objective of developing a common industrial strategy for submission to the African Union Summit in January 2008. UNIDO played a key role in preparing the drafts of three important documents adopted by the Extraordinary Session: the Action Plan for the Accelerated Industrial Development of Africa, the Resolution of the First Extraordinary Session and the African Union Declaration on Africa's Industrial Development.



Participants at the Extraordinary Session of the Conference of African Ministers of Industry.

### Supporting the country coordination process

At the country level, UNIDO continued to support coordination efforts through its participation in the work of United Nations country teams, theme groups and clusters, and in joint programmes and activities. UNIDO has been particularly active in partnerships with United Nations agencies holding complementary mandates. The new field mobility policy and the partnership with UNDP (see above) also contribute to country-level coherence.

## Challenges ahead

Further progress towards “One UN” faces challenges at the intergovernmental, inter-agency and country levels. At the intergovernmental level, consensus on realizing the main recommendations of the High-level Panel has yet to be achieved; differences of a procedural and substantive nature remain. In addition, the complex approach involves various decision-making bodies and consultative processes, which operate at different speeds. At the inter-agency level, the coordination mechanisms need streamlining to eliminate duplication of efforts, especially as regards UNDG and the high-level committees of CEB. At the country level, the challenges are:

- Ensuring that United Nations system interventions fully reflect national development priorities and the capacities of the relevant specialized agencies;
- Better funding of the efforts in the pilot countries;
- Minimizing transaction costs in joint programmes and projects;
- Increasing coherence of activities at the regional and country level;
- Harmonizing the business practices of funds, programmes and agencies;
- Ensuring that the United Nations Resident Coordinators are independent and impartial.

UNIDO remains firmly committed to the United Nations reform process. The Organization will respond to the challenges and help to realize the objectives of “Delivering as One”.





# 2

## Special themes: climate change and results-based management



## A. Climate change

### United Nations efforts to combat global warming

The 2007 United Nations Climate Change Conference in Bali has provided a road map and a negotiating framework for participation by all countries in the preparation of a strategy to address climate change after 2012, when the Kyoto Protocol on greenhouse gas (GHG) reductions expires. The political response of the Bali conference matches the urgency of the message of the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), which stated that deep cuts in GHG emissions are needed to avoid major negative impacts of climate change.

The post-Kyoto targets and instruments to achieve them are to be developed in the next two years. Meanwhile, market-based mechanisms such as the Clean Development Mechanism (CDM) and Joint Implementation (JI) are likely to remain important for meeting emission reduction goals. Through these instruments, developed countries can fulfil emission reduction commitments by initiating climate mitigation projects in developing countries (in the case of CDM) or transition economies with emission reduction targets (in the case of JI).

### Climate change and industry

The industrial sector is a major contributor to GHG emissions. It is responsible for 37 per cent of total CO<sub>2</sub> emissions. The sources are energy and non-energy uses of fossil fuels as well as industrial process emissions in, among others, the cement and chemical industries. About 85 per cent of the sector's energy use occurs in the energy intensive industries such as iron and steel, non-ferrous metals, chemicals and fertilizers, petroleum refining, glass and ceramics, and pulp and paper. The sector also emits large quantities of non-CO<sub>2</sub> GHG gases, such as hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>).

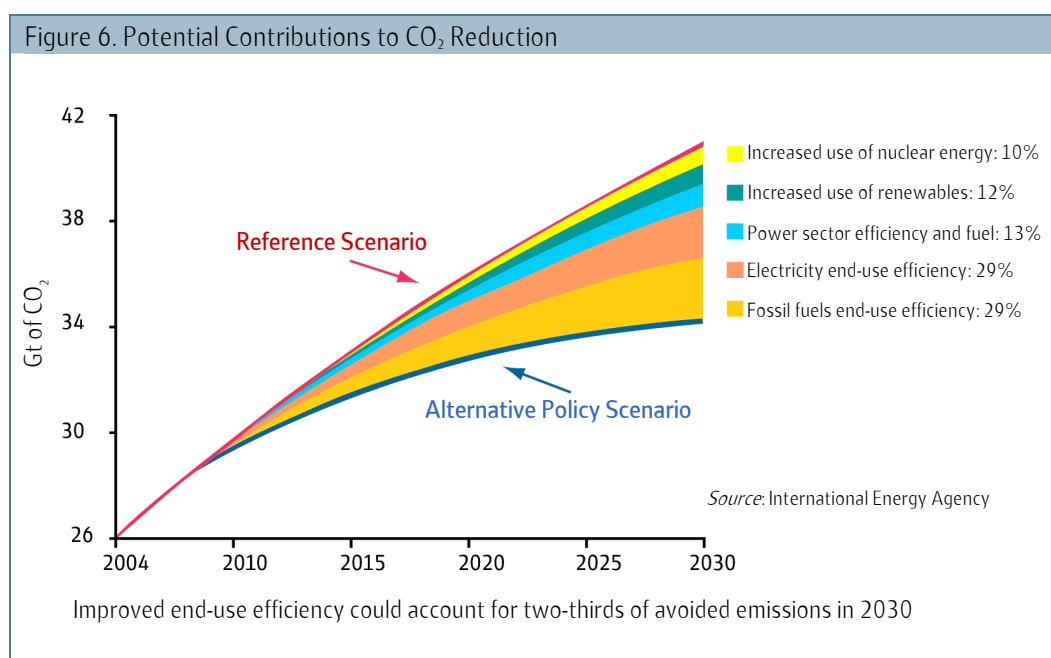
At the same time, industry is also the predominant source of technological solutions to mitigate climate change. Many of these technologies, such as more efficient engines and heat recovery, are already widely available and their introduction in developing countries poses no great problems. The development of others is stimulated both by the recognition of the dangers of climate change and the rapid price increases for oil and gas. In addition, the promotion of energy management standards and systems approaches to energy management in industry increases the range of effective instruments for reducing energy needs.

### UNIDO response

UNIDO has a mandate to promote environmentally sustainable industrialization. A full overview of its various fields of work in this context is given in chapter 5, while some activities are discussed in more detail in chapter 7C. The Organization makes a major

contribution to the United Nation's system's efforts to address climate change through its programmes for:

- Industrial energy efficiency;
- Cleaner production;
- The Montreal Protocol; and
- Renewable energy.



The specific instruments used by UNIDO to reduce the impact of manufacturing on climate change are:

- Capacity-building for CDM (preparation of project proposals and documentation, workshops and training);
- Development and implementation of industrial CDM demonstration projects;
- Modification of industrial activities to reduce emissions and their implications for climate change;
- Global and regional meetings to promote technology transfer and provide policy advice; and
- Analytical and methodological studies.

UNIDO projects contribute not only to sustainable industrialization but also to technological advances in industry, helping the sector to reduce its contribution to global warming challenges as it meets the demands of competing in international markets. Assistance also has an equity aspect, insofar as the creation of non-polluting energy



generation capacities at the local level removes a major barrier to development in LDCs. While projects are implemented in all regions, Africa receives special support through an industry forum for CDM and participation in CDM negotiations, and through the creation of national capacities to address climate change.

What makes these activities particularly important is that the industrial sector in developing countries has received little attention under CDM. Most of the work by international organizations, international financial institutions and bilateral institutions has focused on governments and civil society. Currently, industrial energy efficiency projects under CDM represent only 7.6 per cent of the emission reductions expected by 2012. Therefore, UNIDO rightly focuses on the industrial sector.

Examples of activities in 2007 include:

- Training workshops in Mexico and South Africa to create or strengthen national capacities for the development and implementation of CDM projects, as part of a project executed in cooperation with the Austrian Government and the Austrian business community. Participants included not only manufacturing firms, but also mining, transport, waste disposal and consultancy firms. Proposals for projects are being developed in both countries. The industries targeted range from basic metals to breweries, and the activities range from solar power generation to cogeneration of energy.
- A forum on energy efficiency projects and carbon finance, held at the Vienna International Centre in March and organized in cooperation with the Climate Technology Initiative and UK Trade and Investment. This attracted participants from 37 countries who represented carbon trading and carbon asset management, national authorities and focal points for CDM. It was followed by an EGM on the practical aspects of optimizing industrial energy systems.
- The publication of the training manual *Sustainable Energy and Policymaking for Africa* for the energy-related regulatory and policymaking bodies in the region by UNIDO and the Renewable Energy and Energy Efficiency Partnership (REEEP).

UNIDO also heavily promoted the introduction of a systems approach to energy management in enterprises, working closely with the ISO in the preparation of an international energy management standard, and organized a series of conferences on renewable energy. These are discussed in chapters 5 and 7C.

In “Delivering as One”, climate change was identified as one of the areas where better country-level coordination among United Nations agencies is needed. UNIDO ensures complementarity with the efforts of other agencies and programmes in the United Nations system through collaboration with the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat, the Climate Technology Initiative and the UNFCCC Expert Group on Technology Transfer. The key role of UNIDO in addressing climate change within the UN system was underlined by the appointment of the Director-General as the Chairman of UN-Energy for 2008-2009 by the meeting of the CEB in October (see

chapter II). Recent CEB consultations identified the mitigation of global warming and the adaptation of societies and economies to cope with its effects through the provision of technology and finance as the areas in which the UN system should focus its future response to climate change. As the above shows, UNIDO is already making major contributions to some of these areas.

### **Towards a climate neutral UNIDO**

The operations of the United Nations system are themselves a source of greenhouse gas emissions. Reducing the climate footprint of the United Nations will increase the credibility of its efforts to reduce global warming, and individual agencies have in recent years made great progress towards climate neutral operations. A major step forward for the United Nations system as a whole is the statement on “Moving towards a Climate Neutral UN”, endorsed by UNIDO and thirty other agencies, at the October meeting of the CEB. The statement is a commitment by the agencies to:

- Estimate their greenhouse gas emissions;
- Undertake efforts to reduce these emissions; and
- Analyse the cost implications and explore the possibilities of purchasing carbon offsets to reach climate neutrality.

These activities are to be in place by the end of 2009.

In response to the statement, UNIDO has set up a climate team with members from each division of the Organization and from the field. The team will investigate how UNIDO can avoid generating just over 2,300 tonnes of CO<sub>2</sub> equivalent per year, virtually all of which results from travel and energy consumption at Headquarters and in field offices. The intention is to submit a strategy for making UNIDO climate neutral by the end of 2008. An Intranet platform will give all staff members the opportunity to learn about and to post suggestions for practical steps that can be taken to reduce emissions resulting from everyday work.

### **Scaling up the activities**

Member States would like to see a greater role of UNIDO in reducing the climate impact of manufacturing and in encouraging the participation of the sector in the discourse on climate change. If the Organization is to scale up its activities in these areas in the next biennium, a corresponding increase in financial support will be needed. Since the goals of the Kyoto Protocol must be achieved through market mechanisms and not through a dedicated fund, as in the case with the Montreal Protocol, new sources of funding are needed. The creation of a thematic fund, a UNIDO climate change fund, would be particularly desirable. UNIDO intends to hold a donor consultations meeting in Vienna, with the participation of major donors and countries with commitments under the Kyoto Protocol, in order to:

- Provide donors with up-to-date technical information on activities to reduce the climate impact of developing country industries through CDM;
- Discuss the scope of the funding needed to support these activities;
- Propose a special fund for activities related to climate change and CDM; and
- Obtain donor approval for and financial commitment to the development of such a fund.

## B. Results-based management

### What is results-based management?

Results-based management (RBM) aims to improve management effectiveness and accountability by defining realistic expected results, monitoring progress towards their achievement, integrating the lessons learned into management decisions and reporting on performance. It focuses on the achievement of results, including outputs, outcomes and impacts. It is therefore a move away from input or activity-based management. RBM can be applied at project, programme, country and organizational levels.

The introduction of RBM is a long-term organizational change process. It is also costly and labour intensive. Nevertheless, it should be seen as an investment in the future, since there is ample evidence of the positive longer-term impact – lower costs and better results – on the operations of governments and international organizations that have introduced RBM. In 2004, the United Nations General Assembly approved nine benchmarks or success factors developed by the United Nation's Joint Inspection Unit (JIU) to measure the progress of an organization towards effective implementation of RBM, which UNIDO now applies as well:

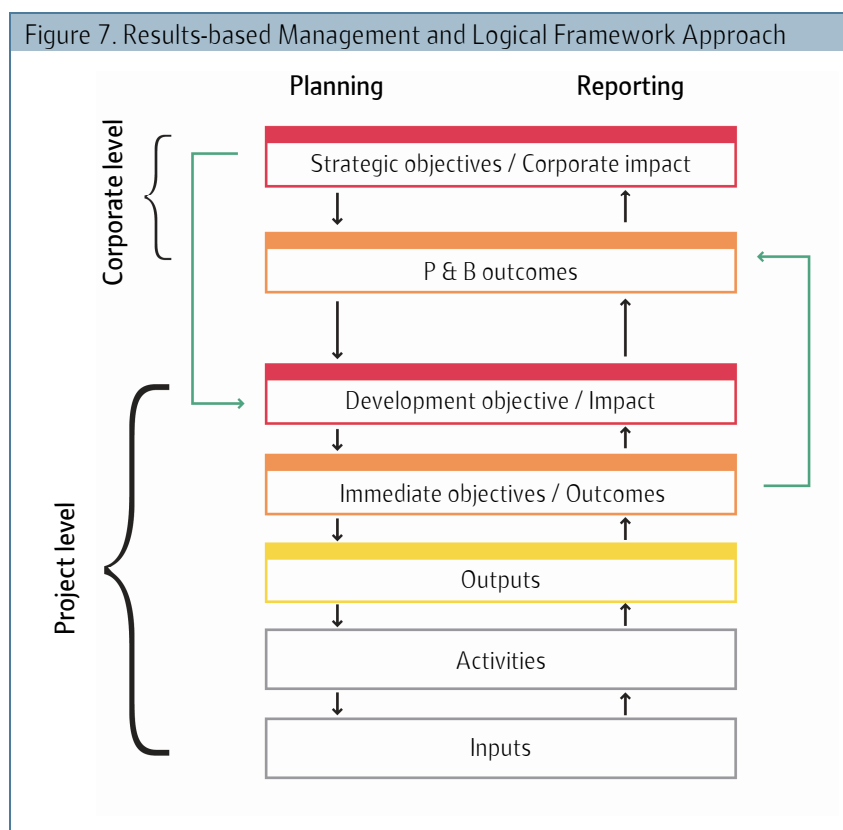
1. A clear conceptual framework for RBM exists as a broad management strategy.
2. The respective responsibilities of the organization's main parties are clearly defined.
3. Long-term objectives have been clearly formulated for the organization.
4. The organization's programmes are well aligned with its long-term objectives.
5. The organization's resources are well aligned with its long-term objectives.
6. An effective performance monitoring system is in place.
7. Evaluation findings are used effectively.
8. RBM is effectively internalized throughout the organization.
9. A knowledge management strategy is developed to support RBM.

## The introduction of results-based management in UNIDO

Starting in 2004, with financial support from the Department for International Development of the United Kingdom, the initial elements of the Organization's RBM system were put in place. The current mainstreaming of RBM throughout the Organization is also supported by DFID.

The programme and budgets, 2006-2007, was the first programmatic document within UNIDO to be entirely developed on the basis of RBM, and the Annual Report 2006 was aligned to its structure. In its efforts to incorporate RBM principles in the programme and budgets, UNIDO was leading the way in the United Nations system, and in October 2006 the Finance Unit of the United Nations System Staff College requested UNIDO advice on the preparation of its own RBM-oriented budget. However, the full integration of RBM, as indicated, is a long-term change process. It requires additional staff capacities, the development of a comprehensive training programme, additional budget resources and organizational adjustments for sustained application.

A key instrument for RBM is the Logical Framework Approach (LFA). This describes the different elements of an activity in terms of causal relationships, underlying assumptions and risks involved in the activity, indicators for achievements and ways of verifying the results. How LFA works to link the corporate and project levels in the case of UNIDO, using feedback mechanisms, can be seen in figure 7.



## Activities and achievements during 2007

The recruitment of a new professional staff member and two consultants for the Evaluation Group in the Bureau of Organizational Strategy and Learning (OSL/EVA) resulted in great progress towards the adoption of RBM in 2007.

A Results Reporting System (RRS) was developed and made available on the Organization's Intranet. These Intranet pages do not only provide access to all of UNIDO's RBM documents but also to selected manuals and RBM documents of other organizations. RRS was tested on a representative sample of 40 projects and then further developed and adapted to the structure of the programme and budgets, 2008-2009. RBM-based workplans were introduced in all field offices.

In June, the Director-General issued a wide-ranging policy memorandum with concrete targets for the further implementation of RBM principles in UNIDO. To ensure that staff members become fully familiar with and committed to RBM, this memorandum gave particular emphasis to training. A training programme was carried out, with more than 20 brief training sessions organized during the period September-December 2007. The programme had five modules:

1. RBM and LFA basics and principles for rigorous project design.
2. Using LFA in managing for results and introduction to the Intranet-based RRS.
3. Preparing good SSS and project documents.
4. Consensus-building workshops at PTC branch level.
5. RBM training for field staff.

The first three modules helped Headquarters staff to improve project design and management. Module 4 aimed to build consensus among staff on the most effective use of the programme and budgets, 2008-2009, as a practical tool for project planning, implementation and monitoring. Module 5 specifically targeted field staff, helping them with the adoption of RBM principles in their day-to-day work.

The Director-General appointed an RBM steering committee with representatives from all parts of the Organization, under the chairmanship of the Chief of Cabinet, which he requested to take stock of the achievements and to carry out a base-line self-assessment of the adoption of RBM in UNIDO. Using the JIU benchmarks mentioned above, this self-assessment took place in July and August. In September the Executive Board endorsed the results, which are shown in Table 4.

At the time of the RBM self-assessment, UNIDO had achieved full implementation for two out of the nine JIU benchmarks. This achievement is in line with the findings of other United Nations organizations applying the JIU framework, which indicates that an organization typically needs between eight and ten years for full implementation of RBM

principles. Reaching the stage where RBM will permeate the whole Organization, reinforced through continuous feedback, will be a long-term process.

Table 4. Adopting RBM: current base line and expected improvements

	<i>Awareness</i>	<i>Exploration</i>	<i>Transition</i>	<i>Full implementation</i>	<i>Continuous learning</i>
1. A clear conceptual framework for RBM			2007	2008	2009
2. Responsibilities of main parties clearly defined			2007	2008	2009
3. Strategic objectives formulated				2007	2009
4. Programmes aligned with strategic objectives			2007	2009	
5. Resources aligned with strategic objectives		2007	2009		
6. Effective performance monitoring and reporting		2007	2009		
7. Effective use of evaluation findings				2007	2009
8. RBM internalized throughout UNIDO		2007	2009		
9. Knowledge management supports RBM		2007	2009		

### The implementation plan 2008-2009

On the basis of the self-assessment, the RBM Steering Committee developed UNIDO's RBM implementation plan for 2008-2009. Action will be taken at various levels.

Quality assurance and results monitoring will be improved. Human resource management will be fully aligned to RBM principles. Middle managers will be made accountable for implementing RBM in their respective areas of responsibility. Communication with staff members, Member States and other stakeholders on RBM will be made more effective. The RBM training programme will be further improved. Strategy documents will be made fully compatible to reflect a unified vision cascading down from the corporate to the project level. Efforts will be made to convince donors to actively and fully adopt RBM as part of their funding policy. Last but not least, the Organization will intensify its exchange of experiences and lessons learned with other United Nations organizations that have embarked on RBM as a vehicle for organizational change and improvement.

During this biennium the Organization is expected to reach a point where the full benefits of RBM can be reaped for a number of benchmarks. A process of continuous learning will ensure periodical adjustment of the methods and processes of RBM to new requirements.

For other benchmarks, the Organization will still be at the transitional stage by the end of the biennium.

UNIDO Member States fully endorse UNIDO's long-term efforts related to RBM. The 2007 General Conference recognized the importance of the issue, adopting a resolution<sup>1</sup> that requested the Director-General to continue giving the integration of RBM principles priority, and to continue working with other United Nations bodies to ensure a harmonized approach.

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<sup>1</sup>"Resolution GC.12/Res.3".





3

Poverty reduction through productive activities



## **A. The importance of complementary efforts**

As a partner in wider international efforts, UNIDO helps developing Member States to achieve the Millennium Development Goals, in particular the target of halving the number of the world's poor by 2015. The pace and path of poverty reduction may differ among regions and countries, and even within countries, but the industrial sector will be the key factor in reaching that target.

While private enterprise is the key dynamic factor in manufacturing, the public sector plays a major role in creating the right conditions for the sector's development through industrial policies and support institutions. This includes measures that safeguard the environment and stimulate SMEs. UNIDO assistance therefore targets both the private as well as the public sector. During 2007, UNIDO continued to support enterprise development through complementary services focusing on:

- The improvement of the business, policy and institutional environment;
- The promotion of investment, business networking and entrepreneurship;
- The adoption of new and clean production technologies.

The sectoral focus remains on the agro-processing industries, which offer the greatest opportunities for the poor to play an active part in economic development.

## **B. Improving the business environment**

In 2007, UNIDO has provided policy advice to the governments of China, Lesotho, Rwanda, Saudi Arabia, Sudan and Uganda. The new industrial policy prepared with UNIDO support in Uganda was nationally discussed and then submitted to the President for approval. In southern Sudan, UNIDO is working with the Ministry of Energy, Mining and Industry to train officials in drafting regulations and in evaluating applications by foreign companies for industrial and mining licenses, which is a key requirement in an economy dominated by oil and minerals. UNIDO is also working with the local Chambers of Commerce to train staff, organize their membership and help them engage more effectively with policymakers.

In Viet Nam, UNIDO joined with the Ministry of Planning and Investment to complete a detailed implementation plan for the nationwide Viet Nam Business Registration Reform, which aims to establish, in all provinces, a fully computerized and consolidated business, tax and statistics registration system where formalities can be completed at one single point. The business register will greatly lower the costs and risks of doing business in Viet Nam and contribute to the growth of the private sector.

## C. Business networking and investment

Private sector firms can complement their individual strengths and improve their access to resources and markets by developing vertical networks within the industrial value chain and horizontal networks within clusters. Such networking is a particularly effective strategy for SMEs with their limited individual capacities.

In many countries, UNIDO is helping to develop industrial value chains by strengthening linkages between agriculture, industry and markets. In the African region, for example, projects were implemented in Burkina Faso, Cameroon, Ghana, Madagascar, Mali, Morocco, Mozambique, Niger, Nigeria, Sierra Leone, Uganda and the United Republic of Tanzania. Activities included the transfer of food-processing technology, the upgrading of food-processing skills, the promotion of hygienic food processing and interventions to improve competitiveness and productivity.

Other agro-based and forest industries were targeted by UNIDO as well:

- With WTO, multilateral and bilateral partners, the Cotton Initiative for African Countries was initiated. It covers Bénin, Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Nigeria, Senegal and Togo and intends to raise both the value of raw cotton exports and the share of higher value-added products in exports.
- The well established programme for the African leather and footwear industry continued, resulting in orders for Kenyan sandals from Japanese, Italian, Swiss and South African firms.
- In Lao PDR, a three-year joint UNODC-UNIDO programme began in early 2007, with \$2 million funding provided by the Japan-funded UN Trust Fund for Human Security. The immediate objective is to provide drug addicts, their dependants and the wider community in northern Lao PDR with community-based treatment and agro-based income generation opportunities emphasizing an integrated development approach linking social, technical and economical aspects.
- In Mexico, the preparations for a bamboo industry development project building on the experiences gained by UNIDO in countries such as Cuba, Ghana and India were finalized focusing on the setup of a Bamboo Skills Development Center and the promotion of sustainable bamboo management.

The successful SME cluster development programmes are continuing with projects in Colombia, Ecuador, Ethiopia, India, the Islamic Republic of Iran, Morocco, Nicaragua, Pakistan and Senegal. The programmes have promoted joint activities such as the establishment of technical schools, common service centres and showrooms; the improvement of local physical infrastructure; joint product innovation; and the creation of a market presence. In Argentina, a cluster development programme has successfully increased the competitiveness of clusters for animal husbandry and in the provinces of



Santa Fe and Córdoba. Worldwide, nearly 150 institutions – mainly consultancy firms, SME associations and NGOs – are promoting cluster development using UNIDO methodologies and training tools. Cluster-to-cluster cooperation programmes have been developed in India and Viet Nam, contributing to UNIDO's efforts to enhance South-South cooperation.

Global and regional training programmes for clusters have been conducted for government institutions, private sector associations and policymakers. At the workshop on “Competitiveness of Small Enterprises: Clusters and Local Development” organized jointly with the Inter-American Development Bank (IADB) in Washington, D.C., in October, the Internet-based Private Sector Development Toolbox (PSD – see section F) was presented to about 250 delegates from technical cooperation agencies, academics, researchers and international experts. This event was an important milestone in the relations between the two agencies, opening the way for mutual learning, stronger cooperation in the field and joint global forum activities. An example of training at the regional level was the cluster development workshop organized jointly with the Caribbean Development Bank in November, in which representatives from nine Caribbean states participated.



In the cluster of Masaya, Nicaragua, joint product upgrading has helped makers of wooden furniture to capture higher-end markets.

The latest edition of the FDI survey of Africa, launched at the Organization's African Investment Promotion Agency Network (AfrIPANet) meeting in June 2006, was used to prepare a regional investment programme for Africa. This was presented to a meeting of African public and private sector stakeholders in Addis Ababa in March, where the programme was endorsed for submission to the Conference of African Ministers of Industry (CAMI) and the Summit of African Union (AU) Heads of State. Survey data will be part of the investment monitoring and governance system which is to be developed in cooperation with Microsoft Corporation.

UNIDO's efforts to promote investment and cooperation among enterprises through the network of ITPOs and the SPX programme are described in chapter 1F.

## D. Entrepreneurship development

Local enterprise is a major precondition for human security. Key target groups for UNIDO activities in the field of human security are women and young people in rural areas and post-crisis situations. These vulnerable people are helped to use their assets productively, gain new skills and seize market opportunities to secure a decent income.

During the year, the rural and women's entrepreneurship development programme strengthened and diversified its activities. Assistance to women's entrepreneurship development in Eritrea, the Islamic Republic of Iran, Kenya, Morocco, Uganda and Viet Nam improved entrepreneurial, technical and organizational skills, as well as access to business services. In Namibia, UNIDO focused on strengthening the ability of trainers and advisers of small business to support self-help groups in rural areas and to advise on productivity improvements. Rural women's cooperatives in Ghana were helped to gain footholds in local and foreign markets for fish and palm oil.

A culture of entrepreneurship can be stimulated through schools and vocational training. The entrepreneurship development curriculum, developed and tested in eight pilot schools in Mozambique, is being introduced throughout the country at the request of the Government. A similar curriculum was introduced in 134 schools in Timor-Leste. Other initiatives were launched in the Islamic Republic of Iran, Namibia and Sudan. In Sudan, youth entrepreneurship is being integrated into the vocational technical training system through a €10 million project funded by the European Union. In cooperation with the Governor's office for Khartoum State, four vocational technical training centres will be established and another one will be rehabilitated. More information on UNIDO's entrepreneurship development activities in Sudan can be found in chapter 7A.

UNIDO conducted an EGM on Entrepreneurship Education in Secondary Schools at UNIDO Headquarters in November 2007. A vision for an entrepreneurial society, country experiences and a review of methodologies were presented to participants who included representatives from education authorities in Angola, Cameroon, Côte d'Ivoire, Ghana, Mozambique, Namibia, Sudan, Timor-Leste, Uganda and the United Republic of Tanzania, as well as from the European Commission, the Federal Reserve Bank of Dallas, Microsoft, UNDP, UNESCO, and universities in Denmark, Norway and the United Kingdom. The initiative on youth employment launched by UNIDO in 2006 has evolved into a United Nations system-wide collaborative effort for the Mano River countries, as noted in chapter 1I. Chapter 6B gives additional details of this programme.

Agro-processing is usually the basis for industrial recovery in a post-crisis situation, and is therefore the focus of UNIDO's poverty reduction efforts in countries such as Afghanistan, Burundi, Guinea, Haiti, Iraq and Uganda. In Iraq, for example, UNIDO led the effort to re-establish a viable dairy supply chain in which up-to-date, well-organized plants produce high-quality, safe dairy products for local consumption. UNIDO's engagement in countries emerging from crisis also focused on specific target groups; the project for the reintegration of ex-combatants in Uganda described in chapter 7D is an example.

## E. Eco-friendly technologies for community development

To maximize welfare effects, industrial activities that increase incomes in poor communities require technologies with a minimal environmental impact. UNIDO's primary focus is on renewable energy, as the lack of reliable, affordable energy for rural production is a major obstacle to local development in many countries. Renewable energy is discussed in more detail in chapter 5. In the specific context of poverty reduction, project activities included:

- The establishment of small hydro-power plants in Rwanda;
- Construction of mini-grids to distribute renewable energy in Zambia;
- Introduction of biofuels for power generation in Cuba;
- The provision of solar energy-based information and communication technology services in Mozambique;
- Hybrid renewable energy projects in the Maldives and India's Laccadive Islands.

Under a programme to promote energy-efficient and eco-friendly technologies for manufacturing low-cost housing materials in Africa, Asia and Latin America, the first demonstration centre was set up in Mozambique at the end of 2006. This was followed by the formulation of programmes for Sierra Leone and Sudan and requests for assistance from Namibia and Nigeria in 2007. The International Centre for Materials Technology Promotion, established by UNIDO in cooperation with the Government of China, provided training to 45 technology specialists from Afghanistan, Colombia, Mozambique and Sudan.



Thanks to a UNIDO project, power supply in rural Rwanda is improving.

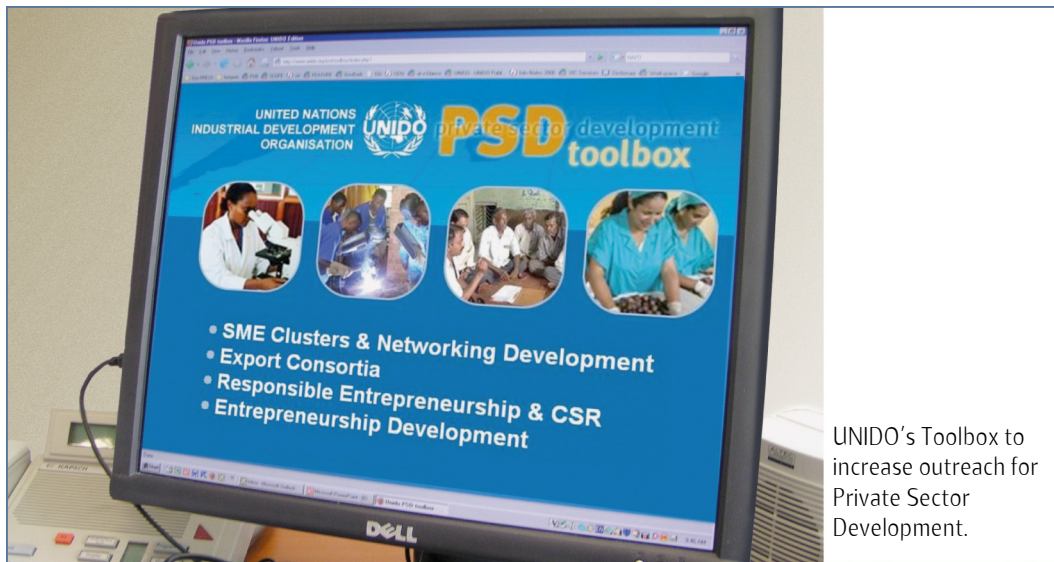
The Organization has also reduced the effects of pollution on poor communities, in particular through the GEF-funded global mercury project, which promotes the use of cleaner technologies in artisanal gold mines. More details can be found in chapter 7C. Finally, a project was launched to remove arsenic from the drinking water of poor

communities in Bangladesh through the distribution of household filters and the creation of community-level arsenic removal units.

## F. New ways of delivering UNIDO services

The most important new service made available in 2007 to increase the outreach and efficiency of UNIDO's technical cooperation was the UNIDO Private Sector Development (PSD) Toolbox. This online "do-it-yourself" resource<sup>1</sup> was launched on a pilot basis in late 2006. Complementing the various forms of support available through projects, it aims both at stimulating the active involvement of the poor in industry and at strengthening the position of developing country firms, particularly SMEs, in the globalized economy. It guides practitioners through the project cycle for clusters and network development, export consortia and corporate social responsibility (CSR), from project preparation to evaluation. The on-line information includes:

- Planning and operational tools;
- Good practice and lessons from field experience;
- Contacts and links;
- Diagnostic methods and practical examples of diagnoses;
- Case studies.



<sup>1</sup><http://www.unido.org/psd-toolbox/>.







## 4 Trade capacity-building



## A. An indispensable growth engine

International trade is an indispensable growth engine and while developing countries still face barriers, trade liberalization vastly increases their potential foreign exchange earnings. Historical evidence shows that manufactured exports often provide stronger growth stimuli than other types of exports. Many developing countries do not have internationally competitive manufacturing industries. If these countries are to benefit from the development and poverty reduction impacts of trade liberalization, action is required simultaneously in a number of areas to create such industries: investment and productivity in manufacturing enterprises must be increased, joint efforts must be undertaken to boost exports, training must be expanded, institutions that support enterprise upgrading must be built up and a well-developed standards and conformity infrastructure must be created.

With these challenges in mind, UNIDO's trade capacity-building (TCB) programme concentrates on developing:

- Competitive supply capacity; and
- A standards, quality and conformity assessment infrastructure for compliance with WTO agreements.

In particular, UNIDO's technical cooperation helps to build national and regional export potential by focusing on:

- National capacity-building for analysis of competitive potential at product and subsector level;
- Productive sectors with high export potential, upgrading product and production quality and ensuring compliance with international standards and regulations;
- The diffusion of modern, relevant technologies;
- The establishment of export consortia;
- The establishment of the quality and conformity assessment infrastructure required for compliance with the agreement on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS);
- Corporate social responsibility (CSR).

UNIDO's TCB programme is increasingly recognized as a good model for the implementation of the Aid for Trade initiative. During 2007, UNIDO participated in the Aid for Trade Advisory Group (composed of key international organizations and regional development banks) and in the regional reviews in Latin America and the Caribbean, Asia and Africa. UNIDO has also been building stronger ties with the Enhanced Integrated Framework – the framework for accessing LDC support under Aid for Trade – and is recognized as an important implementing partner.

## B. Development of competitive supply capacity

To develop competitive supply capacities, sectors and products with export potential must be identified first. In 2007, UNIDO provided support in this area by:

- Helping to set up competitiveness units that continuously monitor and analyze export trends and benchmark performance.
- Publications on industrial competitiveness at country level, analyses of individual products and comprehensive surveys of the cost of doing business.
- Expanding the training programmes for its methodology for analyzing industrial competitiveness at sub-sector and product level.

As an example of the latter, UNIDO has trained a group of young professionals in Paraguay's Ministry of Industry and Trade in its methodology for trade analysis. This facilitated the introduction of that methodology, which had been developed and tested by the Organization in Cameroon and Ecuador. Subsequently, a Ministerial Resolution has formally established the Unidad Técnica de Estudios para la Industria, the second such unit to be set up in Latin America.

The Organization has also helped to establish regional and national productivity centres and supported increases in enterprise productivity and export capacity. Several major programmes for industrial restructuring and upgrading have been extended. The second phase of the West African Quality Programme, covering the eight West African Economic and Monetary Union (UEMOA) countries, the non-UEMOA Member States of the Economic Community of West African States (ECOWAS) and Mauritania, started in early 2007 with the support of the European Union.



Training programmes for key stakeholders are an essential element in the creation of export consortia. A wide range of industry sectors and support institutions was represented at this seminar in northern Peru.



UNIDO has formulated programmes for upgrading and modernizing industries and quality infrastructure in the Regional Economic Communities (RECs) of the African, Caribbean and Pacific (ACP) countries, as part of the ACP-EU Economic Partnership Agreement negotiations. Improving the competitiveness of exports through South-South cooperation was the subject of a workshop for the Andean Community, held jointly with the EU's regional office, which is described in more detail in chapter 6A.

Together with the Delft University of Technology, the Politecnico di Milano and the Graz University of Technology, UNIDO will promote a Global UNIDO Network of University Chairs on Innovation. This initiative will help increase industrial innovation capacities and carry out industry-university cooperation projects. In an Africa-Europe pilot project, 10 African universities are twinned with European universities. Under the project, master degree students will carry out commercially relevant innovation projects in African enterprises. To tackle development challenges through systems approaches to innovation, experts on innovation from academia, governments, industry and various think tanks joined key UNIDO staff working on innovation at an EGM held in Vienna in October.

The promotion of export consortia, in which enterprises join forces to increase their presence in foreign markets, remains a priority. UNIDO's highly successful programme is currently establishing export consortia in Jordan, Morocco, Peru, Senegal, Tunisia and Uruguay. In Senegal, a pilot project focusing on agro-business was initiated in April, in the framework of the programme on industrial modernization for the UEMOA countries.

In collaboration with the Moroccan Ministry of Foreign Trade and the Italian Development Cooperation, UNIDO organized an Expert Group Meeting (EGM) on Export Consortia for the Country Signatories of the Agadir Agreement (Egypt, Jordan, Morocco and Tunisia) in Rabat, Morocco. The EGM covered issues related to the creation, development and management of consortia, the role of support institutions and the regulatory, legal and incentive framework. The development of export consortia has been included in the new country programme for Egypt and will be closely related to the product traceability project discussed in chapter 7B. A revised version of the training course on export consortia organized in earlier years by UNIDO, ILO and the Italian federation of export consortia Federexport was held in Turin, Italy, in June.

Being competitive in export markets increasingly requires that firms can demonstrate their adherence to CSR. Because SMEs in developing countries face great difficulties in this respect, UNIDO developed the Responsible Entrepreneurs Achievement Programme (REAP) some years ago. Enabling SMEs to respond proactively to global market requirements with regard to social and environmental standards, REAP makes an important contribution to the adoption of ethical business practices, in particular to the United Nations Global Compact, the world's largest CSR initiative, and the upcoming international guidance standard on social responsibility ISO 26000.

During 2007, UNIDO organized global and regional REAP training courses for business support and advisory institutions as well as National Cleaner Production Centres

(NCPCs – see chapter 5). As a result, about 40 UNIDO-trained consultants are now available world wide for the dissemination of CSR concepts using the REAP approach. In the long term, this should help to make it possible for developing country SMEs to adopt certifiable CSR standards.

In November, UNIDO convened a meeting to discuss how developing country governments can use incentives to stimulate the adoption of CSR principles, especially by SMEs. Experts from the public sector, academia, civil society, international organizations and business associations laid the foundation for UNIDO's future work in this field. Agreeing that the current enthusiasm for CSR offers a great opportunity for making the adoption of its principles a key public policy goal, a series of recommendations were made by the experts for UNIDO initiatives that could help governments to promote the uptake of CSR by SMEs.

### **C. Establishing and upgrading standards, quality and conformity assessment infrastructure**

To gain entry into world markets, an increased supply of export products is not enough. Those products must also meet the standards that apply in those markets, taking into account the WTO's SPS and TBT Agreements, which ensure that products are safe and that trade complies with internationally accepted norms. This requires efficient testing, certification and accreditation mechanisms enjoying international recognition. Creating such a standards and conformity infrastructure is complex and costly. An important aspect of UNIDO's TCB work is therefore to help develop standards bodies, execute projects for quality assurance and internationally recognized product testing and calibration, and support the establishment or strengthening of accreditation institutions.

During 2007, UNIDO continued to support standards institutions as well as TBT and SPS enquiry points – government bodies providing information on the trade regulations which are in force in a country - through regional and national programmes. The former covered the Mekong region, the South Asian Association for Regional Cooperation (SAARC), UEMOA, ECOWAS, and the East African Community (EAC). Funding provided by the Government of India and the Norwegian Agency for Development Cooperation (Norad) has, for example, enabled UNIDO to continue improving the standards, metrology, testing and quality (SMTQ) infrastructure – and hence the competitiveness of exports – in the SAARC countries of Bangladesh, Bhutan, Maldives and Nepal.

Country-level projects, largely funded by the European Union, Norway and Switzerland, were under implementation in many countries, including Afghanistan (see chapter 7B), Côte d'Ivoire, Egypt, Ghana, Lebanon, Mozambique, Pakistan, Sri Lanka and the United Republic of Tanzania. The following examples give an impression of the progress made:

- The first phase of a €2.5 million trade-related technical assistance (TRTA) project in Pakistan, a joint effort of UNIDO, ITC and WIPO, was completed during 2007. It



helped the Pakistan Standards and Quality Control Authority to improve standardization practices. Because of the success of the 2004-2007 TRTA programme, the European Commission has earmarked, under its third generation cooperation arrangement with Pakistan, funds in excess of €8 million to support the implementation of a successor TRTA programme in the country.

- A \$2 million UNIDO project in the United Republic of Tanzania aims at upgrading the capacities of the Tanzanian quality infrastructure, to enhance compliance with TBT/SPS systems requirements and to deliver globally accepted metrology, testing, quality and certification services. This will facilitate exports by sectors with a large trade potential. The project also helps to improve the quality chain in coffee and cashew nut production. Assistance has so far focused on metrology, through assistance in accreditation and upgrading of the metrology laboratory, review of the standards act and capacity-building. During 2007, internal auditor training for food safety management systems based on ISO 22000 was undertaken, and the nine participating companies receive support in adopting food safety management systems complying with ISO 22000.
- In Bangladesh, UNIDO is executing three inter-related projects under the Bangladesh Quality Support Programme (BQSP) funded by the EU; a fourth component is executed by ITC. BQSP contributes to poverty reduction by stimulating the growth of the strategic export sectors textiles and fisheries, improving the quality management system through upgrading the Bangladesh Standards and Testing Institute (BSTI) and strengthening the Consumers Association of Bangladesh. The first year of the three-year project ended in June 2007. Notable achievements included the creation of the Bangladesh Accreditation Board; the formal hand-over of the control of National Institute of Textile Training, Research and Design (NITTRAD) to a public/private board of governors; and the building of new laboratories by the Department of Fisheries (DOF) and BSTI.



Industries in Latin America have also benefited from laboratory upgrades through UNIDO assistance.

Various new programmes were initiated in sub-Saharan Africa during 2007, such as a technical cooperation programme related to standards and technical regulations in Côte d'Ivoire and Mozambique. In Ghana, within the framework of the Memorandum of Understanding (MOU) signed between UNIDO and WTO, a trade capacity-building programme (\$2.7 million) was implemented which aimed at developing the supply-side capacity and competitiveness of selected agro-based industries. As pointed out in chapter 1F, it is also expected that UNIDO, working with the EU, will become very active in the areas of product quality infrastructure and industrial modernization in Latin American countries during the coming biennium.

In the field of metrology, standards, testing, accreditation and conformity, UNIDO continues to cooperate with specialist organizations such as the International Organization for Standardization (ISO), the International Accreditation Forum (IAF), the International Laboratory Accreditation Cooperation (ILAC), the Bureau International des Poids et Mesures (BIPM) and the Organisation Internationale de Métrologie Légale (OIML). In the context of UNIDO's MOU with ISO to promote developing country participation in international standard setting activities, joint publications and training materials were developed. With ILAC and IAF, which promote global acceptance of test reports and certifications, UNIDO has a similar MOU and major publications have been issued to guide developing country laboratories move towards international accreditation. In partnership with the World Association of Industrial and Technological Research Organizations, UNIDO has created a web portal (LABNET) to assist developing countries in accessing information related to laboratory development and accreditation.

UNIDO currently holds the Secretariat of the Joint Committee on Coordination of Technical Assistance to Developing Countries in Metrology, Accreditation and Standardization (JCDCMAS), which conducted several Expert Group Meetings during 2007 and finalized the preparations for a JCDCMAS website.





# 5

## Environment and Energy





## A. From end-of-pipe solutions to prevention

UNIDO has been implementing environmental programmes since the early 1990s. A strong focus of this work has been on prevention of negative environmental impacts. The Organization's strategic long-term vision statement of 2005<sup>1</sup> outlines how UNIDO should continue its work to reduce the amount of natural resources, materials and energy used through the promotion of greater efficiency, and to support the elimination of hazardous and toxic materials. However, it recognized that fundamental changes will be required if industry is to be truly environmentally sustainable. Therefore, it determined that in the long term, the focus of UNIDO's activities should include the following four steps:

- “(a) Move towards circular flows of materials that are used and recycled over and over again;
- (b) Continue reducing the amount of materials and energy used through greater efficiency and eliminating hazardous and toxic materials;
- (c) Change emphasis from selling products to supplying services;
- (d) Shift from non-renewable to renewable sources of energy.”<sup>2</sup>

While the preventive approach is the most cost effective way for enterprises to reduce their environmental impact, UNIDO recognizes that enterprises will never be able to completely eliminate the generation of waste and pollution. Therefore, UNIDO also continues to assist industry in environmental abatement through end-of-pipe pollution control and waste management.

## B. Promoting greater resource efficiency

UNIDO promotes greater resource efficiency in enterprises through a number of its environmental programmes.

In its cleaner production (CP) programme, UNIDO builds up National Cleaner Production Centres (NCPCs). These industry support institutions help enterprises to adopt cleaner production techniques and technologies which allow them to reduce wastes and pollution and cut energy and water consumption in a cost-effective manner. Cleaner production also plays an important role in UNIDO's programmes under the Stockholm Convention described in section C.

An important aspect of the CP programme in 2007 was the joint independent evaluation of the global network of NCPCs that UNIDO undertook with its programme partner UNEP. The purpose of the evaluation was to assess the existing capacities of the NCPCs and their potential for offering new services with a higher value added. Based on the findings and recommendations of the evaluation, a new programme strategy will be developed in

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<sup>1</sup>UNIDO strategic long term vision statement GC.11/8.

<sup>2</sup>UNIDO strategic long term vision statement GC.11/8, para. 38.

early 2008, which will introduce new services, improved programme management and increased coordination among the NCPCs as well as with other cleaner production centres outside the UNIDO/UNEP network.

An important activity in the CP programme is a pilot project for an Internet-based knowledge management system.<sup>3</sup> The Latin American and Caribbean region was chosen as the pilot area. Currently, 12 countries in the region are participating and actively contributing to the platform; they are also fostering other regional joint initiatives.

The knowledge management system has a dual function. There is a public communication area with general information on CP activities in the region. This gives the NCPCs and related programmes greater visibility and reflects the scale and scope of the network. It also contains technical documents, training materials and information on consultants working in the fields of CP and environmentally sound technologies (EST). The Intranet section for authorized users is the main tool for knowledge management and internal communication. It also contains working areas for the development of joint initiatives and a facility for posting requests for CP and EST services.

UNIDO's industrial energy efficiency programme helps industries and their support institutions to adopt a systems approach to reducing energy consumption, which can lead to huge gains in energy efficiency. Earlier efforts in this area and an important international expert group meeting on energy management systems in early 2007 have resulted in a UNIDO-ISO partnership to develop an international standard for energy management systems (see chapter 7C). UNIDO has developed projects for GEF funding to demonstrate the use of energy management systems in industry in China, Indonesia, Malaysia, South Africa, Thailand and Viet Nam.

As discussed in chapter 2A, UNIDO's programme promoting the Clean Development Mechanism of the Kyoto Protocol helps enterprises in developing countries to finance their adoption of more energy efficient technologies through international investment funds.

UNIDO also promotes greater resource efficiency through its non-environmental programmes, particularly in its agro-industries programmes. These programmes help to improve material and energy efficiency in agro-processing, textile manufacturing and the leather industry. As part of its overall efforts to boost productivity in enterprises, UNIDO's business partnership programme also promotes a more efficient use of material and energy inputs.

UNIDO has recognized that the efficient use by industry of water requires special attention, given that water will become an increasingly scarce resource. In September, UNIDO held a Symposium on Water Productivity in the Industry of the Future, in Budapest, Hungary. This included a ministerial round table on sustaining the availability of high-quality water in the Central and Eastern European Region. The round table issued a

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<sup>3</sup>The knowledge management platform, which was officially launched in February 2006, can be accessed at [www.produccionmaslimpia-la.net](http://www.produccionmaslimpia-la.net) (Spanish version) and [www.producaomaislimpa-al.net](http://www.producaomaislimpa-al.net) (Portuguese version).

statement calling for the development of an international agreement on zero discharge. More details are presented in chapter 7C.

### C. Eliminating the use of hazardous and toxic materials

While UNIDO's CP programme also aims to help enterprises eliminate their use of hazardous and toxic materials, the Montreal Protocol programme, which started 14 years ago, is UNIDO's flagship programme in this area. The programme assists enterprises in eliminating ozone-depleting substances (ODSs), chemicals that destroy the Earth's protective ozone layer, and has achieved considerable success in this regard. In Mexico, for example, UNIDO assistance has been instrumental in closing down the production of ozone-depleting chlorofluorocarbons (CFCs) four years ahead of schedule and Mexico now leads the developing countries in completely phasing out CFC production.

In recent years, the Protocol has turned its attention to ODSs that have been exempted to date, such as the ODSs in aerosol metered dose inhalers (MDIs), widely used to treat asthma and other respiratory illnesses. In 2006, UNIDO started a project in Egypt with the objective of managing the transition to ODS-free MDIs, helping companies convert to ODS-free manufacturing technology and assisting the Government in implementing a national MDI transition strategy. This project has been followed by three large projects in China, the Islamic Republic of Iran and Mexico, giving UNIDO the lead in the phasing out of MDI-related ODSs.



During the celebrations marking the twentieth anniversary of the Montreal Protocol, UNIDO received an award for its outstanding contribution to the elimination of ozone depleting substances.

Recognizing the success of the Protocol in eliminating the production and use of CFCs, methyl bromide and other strong ozone depleters, the Parties to the Montreal Protocol, at their Nineteenth Meeting in September, reached an important agreement on hydrochlorofluorocarbons (HCFCs), a group of ODSs used primarily as refrigerants in chillers and the production of foams or solvents, which also have a very high global



warming potential. The total phase-out of their production and consumption in developing countries was advanced from 2040 to 2030. In addition, intermediate reduction targets were set. Donor countries agreed to provide the necessary financial as well as technical assistance and requested an evaluation of the amount of funding for the first step in the phase-out: a freeze on production and consumption levels.

UNIDO anticipated this move by completing a survey of HCFC consumption in 27 countries and promoting alternative technologies. During the meeting of the Parties, UNIDO received new requests from the Islamic Republic of Iran, Jordan, Kuwait, Lebanon, Qatar, South Africa, Syrian Arab Republic, Tunisia and Turkey. It cooperates on the issue with UNDP or the World Bank in Argentina, China, India and Indonesia.

This year marked the Twentieth Anniversary of the Montreal Protocol. The celebrations took place in Montreal on the margin of the nineteenth meeting of the Parties. UNIDO was the recipient of an award for its outstanding contribution in helping developing countries to phase out ozone depleting substances. UNIDO staff members were also recognized for their efforts.

The objective of UNIDO's more recent programme under the Stockholm Convention on persistent organic pollutants (POPs) is to eliminate the use or production by enterprises of these chemicals that are particularly resistant to biodegradation in the environment and are highly accumulative in body tissues. The Convention among others targets the unintended production of POPs as by-products, particularly dioxins and furans. UNIDO employs CP-based best available technologies and best environmental practices (BAT/BEP) to address this challenge. During 2007, UNIDO developed projects for a number of countries including China and countries in Southeast Asia, to promote BAT/BEP. The experiences gained in these projects will be used to scale up activities in this area.

The primary objective of UNIDO's mercury programme is very similar: it helps artisanal gold miners to eliminate, where possible, the use of mercury. The programme is briefly discussed in chapter 7C. UNIDO's biosafety programme on the other hand focuses on building the capacities for regulatory oversight of biotechnology-derived commodities, to ensure that those that reach the market are safe.

During 2007, UNIDO helped to implement the Strategic Approach to International Chemicals Management (SAICM), which was adopted by the first International Conference on Chemicals Management in February 2006. UNIDO's strategy to help realize the goals of SAICM, supported by a General Conference decision,<sup>4</sup> is to integrate chemicals management more strongly into the work of the NCPCs. UNIDO has helped countries to develop projects that can be funded by the SAICM Quick Start Programme. Two of these projects, in El Salvador and Peru, will start implementation in 2008.

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<sup>4</sup>Decision GC.12/Dec.17.

## D. Maximizing recycling

Because of the close links between cleaner production and recycling, UNIDO's CP programme and its transfer of environmentally sound technology (TEST) programme also assist enterprises in recycling their waste products and using waste materials as inputs. UNIDO's mercury programme encourages the recycling of mercury where its use cannot be eliminated. In the textile and leather programmes, which play a prominent role in poverty reduction, the recycling of chemical inputs used during textile processing and tanning is encouraged.

One way of maximizing recycling is to turn by-products into new products. This allows enterprises to turn a cost (such as management of a waste stream) into an income (such as offering a new product on the market). The NCPCs in El Salvador, Guatemala and Nicaragua have been assisting their clients in the dairy industry to do this with regard to a particularly troublesome by-product of cheese production: whey. Traditionally, whey has been discharged into water bodies, where its high biological oxygen demand levels and salinity have significant negative impacts. Environmental legislation and the high cost of end-of-pipe treatment forced dairy enterprises in these countries to find a use for whey.



Effluents from leather tanning can be recycled and used as fertilizer.

In Nicaragua, after technical and market evaluations, a dairy enterprise has opted for reusing its whey for the production of drinks. During 2007, a market study to identify the most acceptable drink flavours for the Nicaraguan market was completed. The NCPC will now help the company to select the right technology and identify investment options. The aim is to link with a national initiative for the provision of high nutrition drinks to schoolchildren. In El Salvador, a dairy enterprise has decided to reuse its whey for the production of fresh cheese and cream substitute. After the required equipment had been installed in 2006, domestic sales of the new products started in 2007. In Guatemala, yet another solution has been adopted by a dairy firm: whey will be used for yogurt production, substituting the powdered whey previously purchased. With the assistance of

the NCPC, the enterprise has been focusing its efforts during 2007 on the design of the reverse osmosis plant needed for production and on the search for the most appropriate technology provider.

## E. Promoting renewable sources of energy

UNIDO mainly promotes the adoption of renewable energy sources through its rural and renewable energy programmes, where it encourages the use of renewable energy in rural areas that are not connected to the national electricity grid. Activities during the year under this programme are described in more detail in chapter 3.

UNIDO organized a series of important conferences on bioenergy in 2007: the International Conference on Biofuels, co-organized with the Ministry of Plantation Industries and Commodities (MPIC) of Malaysia and the Malaysian Palm Oil Board (MPOB); the First High-Level Biofuels Conference in Africa, co-organized with the African Union (AU); and a regional meeting in Croatia, which focused on the promotion of biofuels in Central and Eastern Europe. Two further international conferences are planned for 2008, as well as two regional meetings in Africa that are a continuation of the conference co-organized with the AU.

UNIDO is a partner in the FAO-led Global Bioenergy Partnership (GBEP), formed as a response to the Gleneagles Plan of Action. GBEP provides a mechanism for targeted international research, development, demonstration and commercial activities related to biomass energy, with a focus on developing countries. In addition, UNIDO is a member of the Lausanne Round Table for sustainable biofuels, initiated by the Federal Institute of Technology in Lausanne. Finally, UNIDO is a core member, along with FAO, UNEP and UNCTAD, of a consortium elaborating a minimum set of sustainability indicators for bioenergy, to be published in 2008 by UN-Energy.

During 2007, UNIDO completed an important pilot project in the United Republic of Tanzania defining the technical and economic viability of the production of biogas and fertilizer from sisal waste, building on the earlier UNIDO project "Product and market and development of sisal and henequen". The sisal industry in the country throws away 96 per cent of the sisal plant and processing contaminates up to 10,000 gallons of water per hour. These waste products are now used to produce biogas and fertilizer. The first biogas plant in the world that produces electricity and fertilizer from sisal waste was completed in September. Among others, 150 kW of electricity is generated for the sisal decortication machines on the estate. The installation of a second generator, which would use the excess biogas currently dispersed into the air, is under discussion. This would increase the production of electricity to 300 kW, and electricity not needed for the operation of the estate could be channelled to the nearby community. Trials are being undertaken locally to determine the best commercial applications of the liquid and solid fertilizer.

## F. Shifting from selling products to selling the services products offer

Work on this activity, which only started in 2005, has primarily been undertaken within the context of the CP programme. Shifting from the sale of products to selling the services offered by products can lead to dramatic reductions in the environmental impacts of products throughout their life cycle. UNIDO's initial work has focused on the chemical industry.

In January, the first two chemical leasing contracts in Egypt were signed in the presence of the Minister of Trade and Industry. Akzo Nobel Co and ABB ARAB signed a chemical leasing contract on powder coatings for electrical equipment, while GM Egypt and Dr Badawi Chemical Works signed one for cleaning with hydrocarbon solvents. Follow-up projects were developed in four additional countries (Colombia, Morocco, Serbia and Sri Lanka), which will continue for three years. Finally, UNIDO signed two Memorandums of Understanding with Nobel and BASF to jointly promote CP and chemical leasing.

As part of its global forum functions, UNIDO has developed a chemical leasing toolkit, which will help enterprises implement chemical leasing business models. It is based on the experience gained in the first two years of the programme and constitutes the first attempt to give concrete guidelines to experts and independent monitoring institutions working with industry, such as NCPCs. A video was produced to explain and promote chemical leasing and is being widely disseminated. To help in dissemination, a chemical leasing homepage was established.<sup>5</sup> Finally, UNIDO, in collaboration with the Ministry of Environment of Austria, published *Chemical Leasing Goes Global* at the end of 2007. UNIDO intends to develop a specific chemical leasing manual in the near future.

## G. Promoting environmentally sound abatement

Even as it implements the forward-looking strategy given to it by the General Conference for bringing about more sustainable patterns of consumption and production, UNIDO recognizes that some industrial waste and pollution will continue to be generated and will need to be treated and disposed of in a manner that minimizes environmental impacts.

UNIDO promotes environmentally sound abatement practices through the Transfer of Environmentally Sound Technology (TEST) programme, which focuses on eliminating hot spots of pollution in water bodies caused by industrial wastewater discharges. The programme is broader than just CP, allowing industry support institutions to offer a complete package of services, from CP through recycling to the adoption of wastewater treatment technologies. During 2007, a new TEST programme for the Mediterranean Region was accepted for funding by the GEF, and preparations to implement it have begun.

<sup>5</sup>It can be accessed through <http://www.unido.org/cp> or [http://www.bipro.de/\\_clhome/index.htm](http://www.bipro.de/_clhome/index.htm).

Past production and consumption practices have also led to the creation of stockpiles of hazardous or toxic materials. One of the major problems addressed by the Stockholm Convention is the removal of stockpiles of old POPs. These are often obsolete pesticides but also include stocks of industrial POPs such as polychlorinated biphenyls (PCBs), which have seen heavy use in the past as oils in electrical transformers and other equipment.

In 2007, UNIDO proceeded with the implementation of a GEF-funded project in Slovakia, which demonstrates various technologies that can destroy POPs without using combustion. Because of controversies surrounding the use of incinerators for POPs, the Stockholm Convention wished to explore non-combustion technologies which could offer alternatives to the usual way of destroying these compounds. The evaluation of formal bids to supply non-combustion technologies to the project was completed and one was chosen for further demonstration in the field. A similar project, developed for the Philippines, has received final approval from GEF. In addition, UNIDO has developed projects for the elimination or control of POPs in China, India, the Former Yugoslav Republic of Macedonia and Romania. These projects have received GEF Council approval and endorsement by the CEO of GEF.

UNIDO is developing a global project, in partnership with FAO, UNEP and other agencies, to reduce eutrophication of water bodies by reducing nitrogen-based pollutants. A new project to reduce the environmental impact of coastal tourism through policy changes and stronger public-private partnerships has also been approved by GEF.

A pilot demonstration project for cleaner management of municipal solid waste (MSW) in Havana, Cuba, was completed in 2007. The aim was to provide an integrated approach to the management of MSW in Cuba. The main elements of the project were the establishment of national capacities for the separate collection of organic and inorganic waste, the production of compost from organic waste, the production of biogas for energy generation and the establishment of laboratory facilities to certify compost.

In Playa de Havana, 370 containers for separate waste collection have been installed. To ensure the commitment and cooperation of local households, an information campaign was organized with the support of local schools. In the green areas of the district, part of the collected organic waste is composted and then used in flower and vegetable production. Most of the organic waste, however, is composted at the municipal processing plant, which also receives the inorganic waste. Small shops sell the compost to the local population and gardeners. The national laboratory is fully equipped and training for compost certification is taking place. An MSW handbook in Spanish was prepared and distributed to the local and national authorities. The biogas plant will be established within the first six months of 2008.







## 6 | Cross-cutting programmes



Activities under cross-cutting programmes, as the term indicates, are not limited to one or the other of UNIDO's thematic priorities. South-South cooperation has a strong trade promotion aspect, but also covers poverty reduction and renewable energy; the present focus of human security coordination is primarily on poverty reduction, but pollution reduction is also an important activity; and research and statistics provide the analytical and empirical basis for all of UNIDO's projects.

## A. South-South cooperation and the least developed countries

The increasing importance of the South in the global economy has stimulated the search for new possibilities for South-South cooperation. This is particularly important for the LDCs. UNIDO is uniquely positioned to help intensify South-South cooperation by promoting South-South initiatives and facilitating the development of innovative programmes for economic growth and poverty reduction in the LDCs.

In February, the first UNIDO Centre for South-South Industrial Cooperation (UCSSIC) was opened in New Delhi, India. Agreement has also been reached with China on the establishment of a similar Centre in that country, and there are plans to establish others in Brazil, Egypt, Indonesia, Islamic Republic of Iran, and South Africa. The aim of these Centres is to enhance the exchange of expertise and experience, create networks among institutions and enterprises and replicate best practices among the countries of the South. The South-South programmes promoted by the Centres specifically concentrate on the following:

- SME, entrepreneurship and cluster development;
- Micro-enterprise and rural industry development;
- Technology transfer, management and upgrading;
- Investment promotion;
- Building trade capacities and market linkages;
- Grassroots innovations and renewable energy sources;
- Commercialization of research findings and skill development;
- Value-chain participation.

For maximum synergy, UNIDO takes every care to ensure that the UCSSICs are well connected to the UNIDO investment and technology promotion networks as well as to external partners.

In its first year of operation, the New Delhi UCSSIC successfully organized a Conference on India-Africa cooperation issues in collaboration with the Government of India, UNCTAD and ITC. Delegates from 13 African countries participated in the event, which resulted in the development of project concepts for South-South cooperation.

UNIDO remains dedicated to the Brussels Programme of Action,<sup>1</sup> particularly to the following three commitments:

Commitment 4: Building productive capacities to make globalization work for LDCs;

Commitment 5: Enhancing the role of trade in development;

Commitment 6: Reducing vulnerability and protecting the environment.

The Cotton Initiative for sub-Saharan Africa, discussed in chapter 3C, illustrates UNIDO's dedication to Commitments 4 and 5 and will rely heavily on cooperation with China and India. UNIDO presented the Cotton Initiative to the participating African cotton growing countries at the High-level Session on Cotton organized by WTO in March.

UNIDO's efforts to generate support for enhancing the role of LDCs in world trade are gaining strength. A 2006 UNIDO study on South-South cooperation for industrial development analysed trends and initiatives with respect to trade in manufactured goods, investment and technology transfer among the countries of the South. The study identified promising approaches to intensifying South-South cooperation, particularly:

- Linking trade, foreign direct investment and technology flows from Asia to poverty reduction in sub-Saharan Africa and the LDCs;
- Redeploying labour-intensive industries from Asia to sub-Saharan Africa;
- Using Asia as a growth pole for industrial development in sub-Saharan Africa and LDCs by:
  - (a) Increasing imports of semi-processed raw materials from sub-Saharan Africa and LDCs;
  - (b) Improving access of industrial products from sub-Saharan Africa and LDCs to markets in China, India, and other successful Asian countries through preferential industrial tariffs and participation of LDCs and countries from sub-Saharan Africa in industrial value chains in China, India and other successful Asian countries.

The Latin American countries also play an important role in South-South cooperation. Brazil and UNIDO will cooperate on transferring Brazilian expertise in the energy and agro-industries sectors to African countries. Exploratory field visits are to be made during the first quarter of 2008. A regional workshop on industrial integration among the countries of the South and cooperation with the European Union was held for the Andean Community in Bogotá, Colombia in October. The workshop was attended by Ministers and Vice-Ministers from Bolivia, Colombia, Ecuador and Peru; high-level representatives of

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<sup>1</sup>The Programme of Action (A/CONF.191/11) was adopted by the Third United Nations Conference on the Least Developed Countries in Brussels in May 2001.

regional bodies such as the General Secretariat of the Andean Community (CAN) and the Andean Development Corporation (CAF); and the European Union's regional office. The main objective was to identify the opportunities and challenges of Association Agreements with the European Union. Stronger South-South cooperation can help to create industrial chains at a regional level, improving competitiveness and access to EU markets for all Andean countries. The results of the workshop have already triggered a request from the CAN Secretariat for the development of a joint subregional programme on competitiveness and trade-related issues.

In September, UNIDO convened an EGM in Burkina Faso on 'How Can "Aid for Trade" Transform Least Developed Countries'. The EGM, in which experts from the government and private sector from 34 LDCs participated, underlined the need for intensified collaborative efforts to build up competitive productive capacities in LDCs, improve the effectiveness of "Aid for Trade" and remove the remaining barriers to trade. The EGM expressed its appreciation of UNIDO's efforts to stimulate LDC exports, particularly through its work on standardization and compliance, which helps LDCs to meet global trade rules and optimally use the trade concessions available to them. As a follow-up to the EGM, UNIDO organized an LDC Ministerial Conference in November, which reaffirmed the Organization's key role in South-South cooperation and trade capacity-building. The Conference recommended that UNIDO and the LDCs cooperate even more intensively to meet the development needs of the latter.<sup>2</sup>

Tables 5 and 6 showing UNIDO's technical cooperation delivery and project allotment documents (PADs) for 2007, give an impression of the support given to LDCs.

Table 5. Technical cooperation delivery to LDCs by year, in thousands of dollars

	2003	2004	2005	2006	2007
End of year delivery	10,505	8,157	9,363	15,283	17,619

Table 6. PADs for LDCs by year, in thousands of dollars

	2003	2004	2005	2006	2007
End of year	14,927	12,021	16,174	17,676	24,062

In its South-South cooperation programme, UNIDO enjoys strong support from the Group of 77 and China. At the Fortieth Meeting of the Chairmen and Coordinators of the Group of 77 and China in October 2007, UNIDO was commended for its positive contribution. The report *The Vienna Spirit* which was presented at the Meeting highlighted UNIDO's efforts to promote South-South cooperation through clusters and business linkages for SMEs, trade capacity building, investment and technology as well as the establishment of UCSSICs.

<sup>2</sup>Resolution GC.12/Res.2.





The workshop for the Andean Community in Bogotá.

## B. Human security coordination

Poverty and unequal access to resources and opportunity are a fundamental source of conflict. Human security connects different types of freedoms – freedom from want, freedom from fear and freedom to take action on one’s own behalf – which are inter-related. Protecting people from serious and pervasive threats therefore means helping them to build on their own strengths and aspirations.

UNIDO continues to mainstream human security concepts into its programmes and to realize these concepts through concrete action. Since 2003, UNIDO has mobilized \$11 million from the United Nations Trust Fund for Human Security, managed by the Office for the Coordination of Humanitarian Affairs, for assistance to countries and communities that are faced with severe threats to human security in Africa and Asia.

Areas of UNIDO intervention include restoration of livelihoods in communities affected by conflict, and natural disasters facilitating the resettlement of refugees through SME development, securing safe drinking water by removing arsenic and promotion of alternative livelihoods for former opium poppy growing farmers. Projects are being implemented in Afghanistan, Bangladesh, Ghana, Guinea, Indonesia, Lao PDR, Malawi, Sri Lanka, Sudan and Uganda. Chapter 7D gives an example of the many-faceted assistance provided to help local communities overcome the threats to their livelihoods.

To address the problem of widespread youth unemployment and the accompanying insecurity in West Africa, UNIDO has launched a multi-stakeholder programme to create productive and decent work for youth in the Mano River Union countries (Guinea, Liberia and Sierra Leone) and Côte d’Ivoire with UNDP, ILO, UNOWA and the Youth Employment Network (YEN). As a side event of the 2007 General Conference, the Mano

River Union Round Table was held.<sup>3</sup> It gave Heads of State of the Mano River Union countries, the donor community, United Nations agencies and private sector representatives the opportunity to discuss how concerted efforts could give young people better prospects for the future.



## C. Research and statistics

### Strategic research and regional analyses

UNIDO's research activities are guided by the Organization's thematic priorities: poverty reduction through productive activities, trade capacity-building, and environment and energy. Research results provide insights into policy implications for each of these priorities and, through the Global Forum function, support the Organization's technical cooperation activities.

Four issues of UNIDO's research update, presenting the Organization's latest developments in the fields of research and statistics, were published in 2007, along with working papers on productivity and foreign direct investment in developing countries. A number of the working papers were presented and discussed at high-level conferences. For example, a paper on the role of infrastructure in enhanced productivity performance and industrial development was presented at a meeting at the National Bureau of Economic Research in Boston, USA. It was the second time in two years that the Organization presented a paper at this prestigious institution that advises the Chairman and Governors of the Federal Reserve Board and publishes the work of Nobel laureates. Since the impact of additions to infrastructure depends on the existing stock of infrastructure as well as on industrial structure and is hard to measure, the paper not only provided estimates of the impact but also indicated which type of infrastructure matters when.

<sup>3</sup>Resolution GC.12/Res.5.



The year also saw the launching of the World Productivity Database (WPD), which covers aggregate data on total factor productivity for up to 112 countries during the period of 1960 to 2000. WPD is intended to inform Member States, international organizations, academia and other interested parties about productivity performance in those countries for which the relevant internationally comparable input data are available over the 40-year period. The Organization's research on productivity and related areas was presented at the Conference on Productivity and Growth in Africa and Asia held in Tokyo, Japan, organized jointly by UNIDO and the Japanese Institute of Developing Economies.

The Industrial Development Scoreboard, which monitors and benchmarks industrial performance, has been updated for the period for which the most recent and stable data are available: 1993 to 2003. It will be a substantive input into the Industrial Development Report 2008.

Work on the Industrial Development Report 2008 was initiated under the guidance of Professor Paul Collier of Oxford University, as the lead resource person. An innovative approach that uses data from dynamic regions of growth provides new evidence on the evolution of manufacturing production and trade and the role of manufacturing in employment growth, rapid development and reduced exposure to economic volatility. The process of globalization, underpinned by a shift from trade in products to trade in tasks, is captured empirically. The impact of growth in 12 dynamic and innovation-intensive locations on employment and skills is analysed to help guide policy action.

Building on UNIDO's research findings and industrial statistics, the Organization's approach to assessing and benchmarking the industrial performance of countries has been refined. The methodology provides data, information and analyses on the manufacturing sector needed for the identification of key priority areas for sustainable industrial development requiring external technical assistance. Ten country needs assessments identifying potential areas for interventions were completed in 2007.

UNIDO's first Young Scholars EGM was organized in Vienna. Ten researchers from around the world were invited to present research related to UNIDO's thematic issues. The papers of the EGM will be published in an edited volume. In New Delhi, India, the Sanjaya Lall Memorial Conference on India-Africa Cooperation on Industry, Trade and Investment exposed participants to new dimensions of industrial policy and determinants of effective policies, contributing to UNIDO's South-South cooperation efforts. The late Professor Lall of Oxford University had played a key role in the development of the Industrial Development Scoreboard.

## Statistics

A United Nations mandate makes UNIDO responsible for collecting, compiling and disseminating industrial statistics globally. In 2007, UNIDO continued the collection of annual data on principal industrial indicators from United Nations Member States, in cooperation with the Organization for Economic Cooperation and Development (OECD).

Country data received from the National Statistical Offices were corrected, supplemented with UNIDO estimates and improved in terms of their international comparability. Industrial statistics compiled by UNIDO were disseminated through its annual International Yearbook of Industrial Statistics, CD products and web publication of statistical country briefs (see Appendix O).

The Industrial Statistics Database (INDSTAT) moved to the client server in 2007. Several programme tools required to operate the system in the new environment were developed, tested and implemented. The system allows data compilation and dissemination in accordance with the internationally recommended methodological standards of the Statistical Data and Metadata Exchange (SDMX). UNIDO also improved its Metadata questionnaire sent to national statistical offices.

In 2007, UNIDO changed the base year for constant price data from 1995 to 2000, to ensure more accurate comparison of macro-economic indicators such as GDP and manufacturing value added (MVA) in time series. The previously used 1995 base weights were updated. The MVA data for 2000 are derived from three major data sources: the United Nations Statistical Division, the OECD and supplementary UNIDO estimates.

UNIDO, as an important party in the international statistical community, was actively involved in the development of international statistical methodologies and standards. UNIDO made a significant contribution to the finalization of draft international recommendations for industrial statistics and participated in activities of the Committee for the Coordination of Statistical Activities of the international organizations as well as in the SDMX programme.

UNIDO also successfully completed two technical assistance projects on industrial statistics in the Russian Federation and Sri Lanka. The main achievement of the project in the Russian Federation, funded by the European Union, was the formulation of a statistical methodology to improve ICT statistics. Some of the recommendations have already been introduced in the statistical system of the Russian Federation. The Sri-Lankan project delivered a manufacturing registry system with national coverage, combining data scattered among different departments. This not only improves industrial statistics but also simplifies policy implementation, as the registry data for all units are available from one source.



# 7

## Selected programme profiles



## A. Poverty reduction through productive activities

### Creating young entrepreneurs in Sudan

**Programme Component:** Rural and women's entrepreneurship development.

**Objective of the component:** To improve the managerial and technical capabilities of rural and women entrepreneurs.

**Planned outcomes:** Entrepreneurial culture spread in agrarian societies.

**Performance indicators:**

- The Centre has helped to boost local business activities as a result of better training facilities.

In southern Sudan, the Malakal Vocational Training Centre (MVTC) has become a key factor in the reconstruction efforts in local communities following the civil war. The Centre transfers skills which enable vulnerable segments of the population, in particular youth and women, to support themselves, with a focus on mechanical engineering, food processing and the production of glassware and mobility aids. At the request of Sudan's Government of National Unity, the Government of Southern Sudan and the Supreme Council for Vocational Training and Apprenticeship, UNIDO, collaborating with Dutch universities, started a programme in 2005 to improve the facilities and training programmes and make the services more market-driven.



The Malakal Vocational Training Centre in southern Sudan is a key factor in the reconstruction of local communities.

An overview of the activities in 2007 shows the many facets of the programme:

- With the assistance of staff, the rehabilitation and installation of new equipment in the workshops was concluded;



- Equipment for information and communications technology (ICT) training and an Internet connection were installed. An Internet café is being established;
- New MVTC activities were introduced, including laboratory glass blowing and developing parts for mobility aids. A section for refrigerator repair training, which will also promote CFC-free refrigeration, is being set up with the support of the Federal Ministry of Industry;
- Four training courses on entrepreneurial skills, food quality and food safety were held. These have helped female food vendors to corner new markets for bread and pizzas in Malakal. UNIDO contacts will be used to identify new sources of investment in the food sector;
- Agricultural implements produced at the Centre were sold to local NGOs;
- Several courses were organized for trainers, focusing on the characteristics of youth entrepreneurship development and entrepreneurial thinking;
- A multidisciplinary programme for entrepreneurship development is being developed. It will have 31 instructors at its disposal and is expected to have a strong multiplier effect;
- UNIDO prepared a business coaching skills development manual to support future business coaching programmes.

An SME expert analysed the Centre's capacities, the development of SMEs and micro-enterprises, and business administration issues. Micro-credit received special attention, and the possibilities of setting up a micro-finance system in cooperation with local commercial banks were investigated. A management development programme is strengthening entrepreneurial attitudes within MVTC. A workshop held in August as part of the programme was also attended by staff from other vocational training centres in Southern Sudan. It is expected that this programme will create a market-oriented management culture and increase the Centre's impact on job and enterprise creation in the area.

### Cooperation with Microsoft in sub-Saharan Africa

**Programme Component:** SME enabling framework and institutional support.

**Objective of the component:** To improve the enabling environment and institutional framework for SMEs.

**Planned outcomes:** Demand-driven information and ICT support services available to SMEs in an easily accessible and affordable manner.

**Performance indicators:**

- Eight business information centres providing ICT and general business services have been set up in Uganda.
- Digital information on investment-related issues is available in 15 African countries.



There is a significant untapped potential for the use of ICT to fight poverty throughout the developing world and particularly in sub-Saharan Africa. UNIDO recognizes this potential and has developed a range of technical assistance projects for ICT. The Organization's work in this field has received a strong boost through the partnership agreement with Microsoft Corporation concluded in 2006. During 2007, this dynamic partnership developed several initiatives:

- In Uganda, UNIDO has established eight business information centres in close cooperation with local public and private sector representatives and with funding from the Austrian Government. The centres target SMEs and provide ICT training, Internet facilities, including access to business information, and business advisory services. The centres are joint ventures of the public and private sector. To ensure financial sustainability, a fee is charged for the services. Microsoft's contribution is the provision of software, customized ICT training curricula and knowledge transfer by ICT professionals.
- Affordability being a key factor in the use of ICT by developing country SMEs, UNIDO and Microsoft launched the refurbished computer initiative in June 2007. It will establish local centres where computers will be refurbished and made available at low cost to small businesses. The computers meet strict quality criteria and are sold with a quality guarantee. After-sales services and computer training are also provided. The initiative is linked up with the Organization's Cleaner Production Network, to ensure proper disposal of computers that can no longer be used. Uganda will serve as the pilot country for the initiative.
- In September, UNIDO, the Government of Uganda and Microsoft initiated a project to promote the development of the Ugandan software industry, focusing on sector-specific software solutions for domestic business. The project will set up a technology incubator for this purpose. The incubator will also offer technology and industrial skills transfers through best practice seminars by local and foreign industrialists.
- In March, the prototype of the Internet-based Africa Investment Monitoring Platform was presented at the Expert Group Meeting of AfrIPAnet, the platform for developing and implementing UNIDO's investment related activities in Sub-Saharan Africa. AfrIPAnet currently has 15 member countries, but the number will be increased to 31 during the present biennium. This will ensure wide availability of the technology in Africa.

In November, UNIDO and Microsoft Corporation received the Africa Investor Award in the category "Best Initiative in Support of SME Development" for the Uganda business information centre project. The Africa Investor Award is an international benchmark for excellence in responsible investing in Africa.

## B. Trade capacity-building

### High standards for Pakistan's exports

**Programme Component:** Strengthening standards, metrology, testing and conformity assessment infrastructure.

**Objective of the component:** To strengthen national capacities for standards, metrology, testing, quality assurance and conformity assessment.

**Planned outcomes:** Capacity of accreditation bodies, standardization bodies and laboratories strengthened; SME capacity to comply with standards improved.

**Performance indicators:**

- The ability of compliance-related institutions to support Pakistan's efforts to increase exports has been improved.
- The number of exporters applying international good practice in quality and hygiene management has increased.

Meeting standards and regulations that apply in international markets, particularly in conjunction with the information and protection of local consumers, is a challenge for Pakistan's exporters. A programme to facilitate the country's integration in global markets, which ended in September 2007, has helped exporters in many ways to meet this challenge. Among the many achievements the following may be mentioned:

- Strategic baseline studies identified the main trade-related challenges faced by 150 exporters. In cooperation with the World Bank, major compliance problems with regard to SPS were identified in the fisheries, horticulture and meat processing industries, and SPS action plans were elaborated. Obstacles to compliance affecting clusters in specific industries (among others fruit processing, electric fans, sports goods, textile and garments) were identified and recommendations were made for overcoming these.
- Training was provided to 2,500 staff in the national standards and accreditation bodies, laboratories and exporting enterprises. Some senior and technical staff of the institutions received training abroad. Training for laboratory assessment and hygiene management was rounded off with internationally recognized examinations. In the fisheries sector, 1,500 boat owners, processors and exporters were trained with the aim of improving processing and hygiene standards. With advice from experts, 250 fishing boats were upgraded.
- The compliance-related institutions not only benefited from training but also from upgraded facilities. The national standards body, for example, was reinforced with a systems certification body, a WTO enquiry point on standards and technical regulations, and a consumer liaison office. International accreditation was obtained by 18 testing laboratories.

- Conformité Européenne (CE) marking was promoted and five pilot enterprises were helped to obtain this conformity mark, which is mandatory for certain product groups in European markets.

To sustain the progress, UNIDO is funding a programme monitoring the achievements until a successor programme, envisaged for late 2008, takes off. In this programme, UNIDO will focus on making selected export industries more competitive.

### Keeping track of Egypt's food exports

**Programme Component:** Strengthening standards, metrology, testing and conformity assessment infrastructure.

**Objective of the component:** To strengthen standards, metrology, testing and conformity assessment infrastructure.

**Planned outcomes:** Capacity for compliance with product traceability regulations developed.

**Performance indicators:**

- The first farm-to-fork traceability systems are in place.
- Traceability systems are being built up in a number of enterprises.

Consumers in developed countries constitute a substantial market for high-quality food from subtropical and tropical countries. However, producers in these countries can only benefit from the opportunities offered by these markets if their products meet high standards.



Farm-to-fork traceability is essential for the export of Egypt's food products to the European Union.

Egypt's agricultural sector accounts for 20 per cent of total exports and the country is located close to the EU, which is one of the major markets for food products. To secure the share of Egyptian farmers and exporters in this competitive market, the Ministry of Foreign

Trade requested UNIDO assistance for compliance with the EU regulation on food safety and circulation which was introduced in 2002. In response, UNIDO has established the Egyptian Traceability Center for Agro-Industrial exports (ETRACE), with support from the Government of Italy. Traceability of food products is essential in containing health emergencies caused by defective products, as it allows authorities and producers to trace a problem to its source.

ETRACE provides technical assistance for food and quality safety to local growers, packers and traders, with a focus on traceability systems. It also helps them to access the finance and technologies needed to set up traceability systems. Of the Centre's many recent activities, the following may be highlighted:

- More than 1,500 nationals attended training courses on food safety, traceability and standards. They included 52 experts trained as trainers who can help others to develop and implement traceability schemes. The training targeted representatives of firms, business associations, government institutions and NGOs. Study tours were organized to Italy and the United Kingdom.
- Following an awareness workshop on traceability in June, 15 firms joined a programme to upgrade their traceability systems and a number of these will be helped to access funding for automated traceability systems.
- In cooperation with the Egyptian Organization of Standards (EOS), training workshops were held on the new ISO 22000 (food safety) standard for EOS experts and quality assurance managers of exporting firms. As a follow-up activity, 10 firms embarked on the process to qualify for ISO 22000 certification. Of these, two acquired the certification and three more are expected to receive it soon.
- Technical assessments were made of firms which have applied for traceability project finance grants.
- Field visits were made to enterprises all along the food chain, from growers to exporters, to check their traceability systems for compliance with requirements.

UNIDO and ETRACE also promote traceability concepts and schemes in other countries. In 2007, technical workshops were organized in the United Republic of Tanzania to transfer Egyptian knowledge and expertise. The focus was on coffee and cashew nuts, two priority crops in the United Republic of Tanzania. The workshops will be followed by a study tour to Egypt.

To check the effectiveness of farm-to-fork traceability systems established under the project, an export product was traced from harvesting to a supermarket in the United Kingdom, and a product recall test was carried out. This showed that the product could be traced back all the way to its source in Egypt within 24 hours.

## Foreign partners for Mexican firms

**Programme Component:** Promotion of domestic investment, FDI and alliances.

**Objective of the component:** To stimulate domestic and foreign direct investment.

**Planned outcomes:** National capacities in designing and managing policies, strategies and instruments for investment increased; expansion of domestic enterprises linked to global value chains and trade.

**Performance indicators:**

- A sound basis was created for future investment promotion activities throughout Mexico; the first investment projects are under negotiation.

Mexico's National Development Plan 2001-2006 gave high priority to investment promotion. To boost investment, the Mexican Government and UNIDO agreed to establish an ITPO in Mexico, which became operational at the end of 2006. It was decided that the activities of ITPO Mexico in its first year would focus on raising awareness of investment services. In this context, the office has undertaken the following activities:

- Investment promotion services and information were offered to the Regional Governments of all 32 Mexican states. Seven states were visited to create a database of regional and SME projects, and direct contact was established with their Ministers of Economy. A total of 102 SME projects in the Mexican manufacturing sector were identified and distributed to the ITPO network for promotion. Four projects are currently under negotiation with investment and technology partners.
- Workshops on the use of the UNIDO investment software COMFAR as a feasibility and analysis tool were organized in fifteen of the states. After training, each state received a license for this software, which has thousands of users worldwide.
- An international investment opportunity event was held in November together with the ITPO offices in Japan, the Republic of Korea, France, Italy and the United Kingdom. The ITPOs presented investment opportunities for Mexican firms, and ITPO Mexico presented ten Mexican SME projects which it currently promotes; a partnership is being negotiated for one of these.
- The office facilitated the participation of the Industrial Chamber for Rubber and Latex and the Development Center for the Rubber Industry in the International Rubber Forum in Düsseldorf, Germany. This enabled the management of the institutions to acquaint itself with new trends, technologies and opportunities in the plastic and rubber industry, and to make contacts for training courses. Another result was that the Development Center received a technology donation worth approximately \$60,000.



## International markets for an Argentinean cooperative

**Programme Component:** Competitive manufacturing.

**Objective of the component:** Productivity and export capacity of enterprises enhanced.

**Planned outcomes:** To increase productivity through enterprise restructuring, upgrading of technology and improvement of quality.

**Performance indicators:**

- Management capacity and office equipment have been improved.
- Hygiene, processing and storage facilities are being upgraded to international standards.

The Tucuman-based Cooperativa de Trabajadores Unidos (CTU) has overcome many severe challenges since it was established in 1967 by a group of workers from a large sugar mill who used their redundancy payments to take over the cane fields and factory equipment. In 2003, the CTU was selected as one of the counterparts for a €4 million UNIDO programme funded by the Government of Italy to upgrade SMEs in some of Argentina's poorest provinces and improve their access to credit and export markets.

In its early stages, the project concentrated on improved yields from the cane and increased output from the sugar mill. While the initial average production was 20,000 tonnes of sugar, a record 77,000 tonnes was produced in 2006. The exceptionally cold winter in the southern hemisphere in 2007 has unfortunately had a serious impact on agriculture and the new harvest will almost certainly be smaller.

To extend the cropping season in Tucuman and create more jobs it was decided to start growing strawberries. This new crop introduced another link in the supply chain for jam and confectionery manufacture and also helped the CTU to diversify production. A processing plant installed as part of the project allows quick freezing of this highly perishable crop. The CTU's main client, ARCOR, is one of the leading Argentinean companies promoting CSR. The company has given a commitment to purchase both sugar and frozen strawberries from the cooperative as well. In addition, ARCOR gave CTU workers the opportunity to work outside the normal harvesting season by providing temporary work in other fruit growing regions with a different climatic cycle.

UNIDO has also worked with a local NGO, the Fundación San Javier, to provide basic management training to the 20 main partners in the cooperative. An agricultural engineer has been giving specific guidance and training on good agricultural practices (GAP). The equipment in CTU's small office was updated with the introduction of a computer and the installation of a business software designed specifically for small and medium-sized agro-industrial ventures.

Finally, a comprehensive upgrading plan was launched to ensure that the processing facilities would meet the EUREPGAP international standard (now being converted to

GLOBALGAP). Standards of hygiene and storage facilities will be much improved when upgrading finishes around April 2008. The CTU is on track to obtain EUREPGAP certification, which is an essential precondition for exports of food products to European markets. The cooperative will then be able to expand its markets well beyond the Latin American region.



Upgraded facilities will enable the Cooperativa de Trabajadores Unidos to find export markets for its strawberries.

### Creating a standards and conformity infrastructure in Afghanistan

**Programme Component:** Strengthening standards, metrology, testing and conformity assessment infrastructure.

**Objective of the component:** To strengthen standards, metrology, testing and conformity assessment infrastructure.

**Planned outcomes:** Capacity of standardization bodies strengthened and compliant with WTO requirements.

**Performance indicators:**

- Staff of the national standards authority have been trained.
- A strategy, workplan and legal structure for the standards authority have been developed.

A modern standards, metrology and quality infrastructure is an essential basic element in any economy exposed to international competition. It not only helps to ensure that a country's export products meet the requirements of foreign markets but it also protects domestic consumers from substandard goods dumped by importers. The latter is important in a country such as Afghanistan where many years of civil war and instability have led to severe shortages of consumer goods and have also undermined the rule of law, thus enabling unscrupulous traders to provide substandard products. The creation of a standards and conformity infrastructure is therefore a step forward in reconstructing the society.

The Afghan National Standards Authority (ANSA) reports directly to the President's Office. Under a World Bank project, UNIDO is supporting ANSA in:

- Preparing a standards law which will provide the legal framework for product standards;
- Recruitment and training of ANSA staff;
- Strengthening international cooperation through Memorandums of Understanding with standards organizations in other West and South Asian countries, which will give ANSA access to their standards, practices and training programmes;
- Harmonization with international standards.

While ANSA is being built up, the Organization is also helping to:

- Design, establish and enforce an emergency, temporary standards and conformity assessment scheme;
- Establish a basic scheme for legal and industrial metrology.

During 2007, the following was achieved:

- A revised draft of the Standards Act was submitted for approval to the Government and work on a metrology law was started;
- A proposal for a new legal and institutional structure of ANSA was prepared, along with a comprehensive strategic plan;
- Twenty technical staff and two administrative staff of ANSA were recruited and are undergoing training;
- Sampling and testing procedures were developed and implemented (for consumer safety, the petrochemicals tests are particularly important, as kerosene is commonly used to provide lighting in homes);
- Basic draft standards have been prepared for a wide range of essential items, ranging from cooking oil to cement.

As a result of progress made during the project, ANSA has been accepted as a corresponding member of ISO.

Phase II of the support programme, with a \$18 million budget, is to begin in 2008. During this new phase, the activities mentioned will be continued and customs facilities improved.

## C. Environment and energy

### Sustainable industrial water use in transition economies

**Programme Component:** Water management.

**Objective of the component:** To achieve a sustainable usage of water resources and minimize the generation of effluents while promoting the sustainable use of transboundary water resources.

**Planned outcomes:** Enterprises reduce water usage and quantities of effluents discharged; sustainable management of transboundary water resources.

**Performance indicator:**

- Ministers of countries in the region adopted a joint statement on zero discharge of pollutants in wastewater.

The transition economies of Central and Eastern Europe (CEE) and the Newly Independent States (NIS) created large manufacturing sectors during the central planning era. Inefficient resource use and a very limited concern with the environmental side effects of industrial production were among the weaknesses of these sectors. While economic restructuring has been successful in many of these countries, there is still much to be done to minimize resource use and pollution. One of UNIDO's global forum activities, technology foresight, is helping to achieve this.



Technology foresight meetings have proved to be an effective way of establishing common views on development strategies among public and private sector decision makers. Technology Foresight Summits are organized by UNIDO and the Hungarian Government as part of UNIDO's Regional Technology Foresight Programme for CEE and the NIS. The

main objective of the Summit on Water Productivity in the Industry of the Future, held in Budapest in September and co-funded by the Governments of Austria, the Czech Republic and Slovenia, was to discuss the protection of water resources through a more rational and sustainable use of water in industry.

The Summit was attended by over 200 participants, including many senior Government officials and business leaders, from 22 countries in the region and 17 other countries. The programme included:

- A symposium on water productivity in industry, with sessions on strategies for saving water, increasing industrial water production, matching water use to requirements, water recycling and on-site reuse, and using reclaimed water;
- Technology foresight panels discussing best practice for strategic decision making, concentrating on concrete manufacturing issues related to water management;
- A “Fair of the Future” on water technologies, where 16 industrialists in the field of water management technology presented their views on future developments and 20 firms presented their products;
- A Ministerial round table, chaired by the former Austrian Environment Minister Maria Rauch-Kallat, attended by 11 Ministers of State and cabinet-level government officials, the Director-General of UNIDO and the Executive Secretary of the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO).

A side event was the awareness training on technology foresight for high-level decision makers, organized jointly with the Institute of Prospective Technologies and Innovation of the European Commission (EC). The Summit received wide publicity in the international media.

The major outcome was the adoption of a joint ministerial statement: “Towards Zero Discharge of Industrial Pollutants Present in Waste Water”. Recognizing that responsible industrial growth is essential for economic and social development, the ministers committed themselves to promoting zero discharge of industrial pollutants and called on national governments, local and regional authorities, river basin organizations, academia and research institutions, industrial enterprises and UNIDO to contribute towards that goal.



## Reducing mercury pollution in artisanal gold mining

**Programme Component:** Water management.

**Objective of the component:** Applying sustainable technologies for the provision of safe drinking water.

**Planned outcomes:** Cleaner technologies for ore processing adopted by artisanal gold mining communities.

**Performance indicators:**

- In six countries, thousands of people have benefited from various forms of know-how and information transfer.
- In Brazil and Indonesia, pollution reduction equipment has been installed.
- In Sudan and the United Republic of Tanzania, local production of equipment has started.

Artisanal and small-scale gold mining (ASM) is a major economic activity in developing countries. Directly or indirectly, it involves an estimated 50-100 million people, including millions of women and children. The rudimentary mining methods typically involve mercury-gold amalgamation, a simple, efficient and cheap method of gold extraction. Apart from the serious occupational hazards associated with mercury use, there are long-term health threats to people living near or downstream of mining operations. International air and water bodies are also affected. Current amalgamation methods result in the yearly discharge of 1,000 tonnes of mercury, which is the equivalent of one-third of the total volume released into the environment by human activities. As a result of the continuously increasing gold price, it is anticipated that the use of mercury will continue to rise.

With GEF support and co-funding from partner countries and civil society, UNIDO initiated the Global Mercury Project (GMP) in 2002. GMP works with governments, NGOs, industry and communities to:

- Reduce mercury pollution;
- Make communities aware of the environmental and health impact of gold mining;
- Introduce cleaner technologies and train people in their use;
- Establish regulations and facilities to minimize mercury pollution;
- Introduce environmental and health monitoring;
- Build up local laboratory capacity to assess mercury pollution.

The project targets a number of locations in six developing countries: Brazil, Indonesia, Lao People's Democratic Republic (PDR), Sudan, the United Republic of Tanzania and Zimbabwe. In 2007, the following activities took place:

- Brazil: Training of trainers; know-how transfers to 4,200 miners; workshops with miners and government authorities; introduction of environmental technologies at ASM sites; establishment of a pilot processing plant; information dissemination via the media and scientific papers;
- Indonesia: Training of miners and government officials; awareness-raising meetings with senior government officials and community leaders; installation of mercury capture systems in 23 locations; information dissemination via the media and schools;
- Lao PDR: Inventory of mining areas; demonstration and introduction of technologies to village heads; training of Ministry of Health staff for awareness campaigns; dissemination of information at workshops and in communities;
- Sudan: Training of trainers and miners; design and local production of low-cost equipment; awareness campaigns via the media (including outreach programmes for women); partnerships with national and local Government, NGOs, religious and community leaders, and geologists in the Blue Nile state;
- United Republic of Tanzania: Training and field demonstrations; local production of retorts to capture mercury vapours; training in safe ASM practices for 2,500 school pupils and 20 teachers; information dissemination through the media;
- Zimbabwe: Training of 50 trainers and about 700 miners; promotion of mercury awareness through community theatre (which reached 7,000 people); information booklet based on the theatre play under preparation.

As the end of the project approaches, it is clear that it has not made the same impact on mercury pollution reduction in all locations. But in all cases awareness about the problem of mercury pollution has been raised substantially and much progress has been made in installing technologies that help to reduce pollution. The participating countries are introducing mining regulations tailored to ASM.



Thousands of artisanal gold miners in developing countries are benefiting from the UNIDO Global Mercury Project.

A follow-up project to reduce mercury pollution in 64 countries has been proposed. The type and duration of interventions will vary, depending on a country's awareness of and ability to deal with the problem. A brief stocktaking, for example, may pave the way for a longer-term project to increase local awareness, introduce improved methods and equipment and promote better mining legislation. UNIDO expects that the consumption of mercury in ASM can be reduced by at least 50 per cent during the coming 10 years.

### Towards an international energy management standard

**Programme Component:** Industrial energy efficiency

**Objective of the component:** To reduce power and fuel consumption by industries, contributing to their competitiveness, productivity and reliability as well as to reductions in green house gases.

**Planned outcomes:** Market transformation to energy-efficient products; Investments in optimized energy efficiency systems; Increased deployment of energy-efficient industrial technologies.

**Performance indicator:**

- Preparatory work for an ISO Energy Management Standard has made good progress.

Worldwide, the efficiency with which industry uses its energy is well below the technically feasible and economic optimum. Industry has the potential to reduce its energy intensity and emissions by 26 per cent and 32 per cent respectively, providing a striking 8.0 per cent and 12.4 per cent reduction in total global energy use and CO<sub>2</sub> emissions.<sup>1</sup> The economic gains are particularly important for developing countries, where industry can account for more than 50 per cent of energy supply outside the transport sector. The potential for cost-effective energy savings in industry remains largely unrealized primarily because energy is not managed as effectively as labour or materials. Efficient components may lead to gains of 2 to 5 per cent, but systems optimization can lead to average efficiency gains of 20 to 30 per cent. To achieve the latter, action at the firm level must be complemented by energy management standards and policies promoting a shift to a systems approach.

Energy management standards provide a framework for energy performance improvements in the market for energy-consuming equipment, since they stimulate a shift towards integrated solutions for sustainable energy management, including products and services that optimize industrial energy systems. Moreover, compliance with an internationally recognized standard will ultimately result in better access to private investment capital and markets. The relevance and effectiveness of energy management standards are also demonstrated by the harmonization efforts of the European Committee for Standardization (CEN), the United States of America and China and the International Organization for Standardization (ISO).

<sup>1</sup> International Energy Agency – *Tracking Industrial Energy Efficiency and CO<sub>2</sub> Emissions*.

UNIDO promotes energy standards in a holistic way by:

- Supporting the development of comprehensive policy frameworks for the promulgation and adoption of international and national energy management standards;
- Building the capacity needed in government institutions and industries to introduce and ensure compliance with such standards;
- Seeking to establish a close linkage between energy management practices in business and core business values of cost reduction, increased productivity, environmental compliance and global competitiveness.

In this way, all key players in the promotion of industrial energy efficiency are targeted, from governments to equipment vendors.

UNIDO supports ISO with technical inputs for the development of an energy management standard and facilitates the participation of developing countries in the development of that standard. In March, UNIDO took the initiative to host an Expert Group Meeting on Industrial Energy Efficiency and Energy Management Standards. The discussions led to general agreement that such a standard was needed. Strong support for the development of the standard came from China, Brazil, the European Union and the United States of America. UNIDO responded by conducting and planning surveys in Asia, Africa, Eastern Europe and Latin America to identify the opportunities for and barriers to widespread adoption of an ISO Energy Management Standard in these regions. It is expected that the decision to draft an ISO energy management standard will be made in February 2008.

In addition, the Organization and the China Standards Certification Center are convening an International Working Group (IWG) of representatives from countries which have or are preparing standards and developing countries which need to assess the potential impact of such standards. The first meeting of the IWG, to be held in Beijing in April 2008, will facilitate the harmonization of existing standards and serve as a forum where developing countries can provide their inputs to the standards development process.

## D. Cross-cutting programmes

### Skills for peace in Uganda

**Programme Component:** Human security/post-crisis rehabilitation.

**Objective of the component:** To integrate the economic and industrial dimensions in post-crisis efforts.

**Planned outcome:** Increased capacity of community-based enterprises, self-help groups, rural and urban MSMEs to initiate, revive and expand economic activities.

**Performance indicator:**

- Tool sets have been provided to 400 graduates of training courses, enabling them to set up a business.

The United Nations Trust Fund for Human Security (UNTFHS), founded in 1999 by the United Nations and the Government of Japan, helps people in countries where insecurity is serious and pervasive. The starting point for assistance provided through UNTFHS is that the many aspects of human security, including conflict, displacement, poverty, health and education, are interconnected issues.

UNIDO has been implementing projects with UNTFHS funding since 2004. Among them is a project in north-east Uganda where a long period of armed conflict has led to dramatically increased poverty levels. One major challenge has been the demobilization and reintegration of more than 150,000 veterans and former rebels and their dependents. Their participation in the economy is essential to guarantee long-term stability and prosperity. Through activities of the Uganda Veterans Assistance Board (UVAB), much has already been done to integrate the veterans.

In 2006, a three-year Skills for Peace and Income (SKIPI) project was launched in which UVAB works with UNIDO and the Participatory Rural Action for Development (PRAFORD). The project provides training in practical, marketable knowledge and skills at the community level to about 3,000 people. Four Community Productivity and Training Centres and PRAFORD's new Vocational Training Institute were constructed as part of the project's building training courses and opened in September in the presence of the Ugandan State Minister for Industry and Technology. The centres offer courses in bricklaying, the use of concrete, carpentry and joinery, blacksmithing, welding, metalworking, furniture making and car mechanics. The longer-term aim is to encourage viable micro and small-scale industries. The centres also play a key role in developing crafts, including honey processing, baking, tailoring and garment making. Various business management skills, such as product costing and bookkeeping, are also taught. More than 2,000 beneficiaries and stakeholders have participated in village-based appraisal workshops to identify the skills that are needed as well as business opportunities.



The project addresses low literacy levels through facilitators at the community level who have been provided with skills and equipment to conduct functional adult literacy training. In addition, the project disseminates information through workshops, leaflets and local radio stations.

During 2007, more than 1,000 people have participated in training courses. About 30 per cent of the participants were women. More than 400 sets of tools have been handed over to individuals and groups to help them set up their own local business. They will also help to train other community members in marketable skills.







## General Information on UNIDO

### A. Size and structure of the Organization

UNIDO was established in 1966 and became a specialized agency of the United Nations in 1985. The Organization currently has 172 Member States.

UNIDO employs 651 staff members at Headquarters and other established offices. The Director-General of UNIDO, Kandeh K. Yumkella (Sierra Leone), was appointed by the eleventh session of the General Conference (28 November-2 December 2005), and assumed office on 8 December 2005.

The structure of the Organization is shown below.

### B. UNIDO's primary objective

The primary objective of the Organization is the promotion of industrial development in the developing countries and economies in transition. To this end, UNIDO also promotes cooperation on the global, regional, national and sectoral levels.

## C. The policymaking organs

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

### General Conference

The Member States of UNIDO meet once every two years at the General Conference, the supreme policymaking 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 twelfth session of the General Conference took place from 3 to 7 December 2007.

The thirteenth session of the General Conference is tentatively scheduled to take place from 7 to 11 December 2009.

### Industrial Development Board

The Industrial Development Board has 53 Members and 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.

Box 1. Composition of the Industrial Development Board

Afghanistan	Guatemala	Republic of Korea
Algeria	Hungary	Romania
Austria	India	Russian Federation
Belgium	Iran (Islamic Republic of)	Saudi Arabia
Bolivia	Ireland	South Africa
Burkina Faso	Italy	Spain
China	Japan	Sri Lanka
Colombia	Kenya	Sudan
Costa Rica	Libyan Arab Jamahiriya	Sweden
Côte d'Ivoire	Luxembourg	Switzerland
Cuba	Mexico	Syrian Arab Republic
Czech Republic	Morocco	Thailand
Ecuador	Nigeria	Tunisia
Egypt	Norway	Turkey
Ethiopia	Pakistan	United Kingdom of Great Britain and Northern Ireland
France	Paraguay	Uruguay
Germany	Philippines	
Ghana	Poland	
Greece		

The Board meets once in General Conference years, and twice in other years. The thirty-third session of the Industrial Development Board took place from 25 to 27 June 2007.

The present composition of the Board is shown in box 1.

### Programme and Budget Committee

The Programme and Budget Committee, consisting of 27 Members, is a subsidiary organ of the Board. It meets once a year and assists the Board in the preparation and examination of the work programme, the budget and other financial matters. The twenty-third session of the Programme and Budget Committee took place from 2 to 4 May 2007.

The present composition of the Committee is shown in box 2.

Box 2. Composition of the Programme and Budget Committee		
Algeria	Indonesia	South Africa
Austria	Italy	Sudan
China	Japan	Switzerland
Colombia	Libyan Arab Jamahiriya	Tunisia
Côte d'Ivoire	Mexico	Turkey
Cuba	Norway	Ukraine
Ecuador	Pakistan	United Kingdom of
France	Poland	Great Britain and
Germany	Republic of Korea	Northern Ireland
India	Russian Federation	

## D. Policy milestones

- The Business Plan on the Future Role and Functions of UNIDO, 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), provided the basis for UNIDO's organizational and programmatic transformation. It concentrated the Organization's activities in two areas: strengthening industrial capacities, and cleaner and sustainable industrial development. The Business Plan requires the Organization to undertake both technical cooperation and global forum activities in these areas. It continues to form the basis on which UNIDO operates.
- 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 twentieth-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.

- The vision for the future of UNIDO is set out in the Strategic Long-term Vision Statement 2005-2015, adopted in resolution GC.10/Res.2 at the tenth session of the General Conference in 2005. Responding to international development priorities, it presents a flexible vision for operations around three thematic priorities:

**Poverty reduction through productive activities**, by promoting industrial growth, focusing on employment and income generation, as well as institutional capacity-building and the development of small and micro enterprises;

**Trade capacity-building**, by assisting countries in building and developing both production and trade-related capacities, including the capacity to conform to the standards of international markets required for participating in international trade;

**Energy and environment**, by focusing on and promoting renewable sources of energy and supporting programmes which maximize industrial energy efficiency, as well as other activities promoting sustainable industrial development and supporting the implementation of international environmental agreements.

## E. UNIDO around the world

- In 2007 UNIDO maintained a field network of 12 regional offices and 16 country offices, some of which cover more than one country. Thirteen UNIDO Desks have become operational since the Cooperation Agreement with the United Nations Development Programme (UNDP) was signed in 2004.
- A network of 14 Investment and Technology Promotion Offices (ITPOs) and four Investment Promotion Units (IPUs) promotes investment and technology flows to developing countries and countries with economies in transition.
- In addition to the above, there are 38 National Cleaner Production Centres (NCPCs) and Programmes (NCPPs), established by UNIDO and UNEP, and more are under establishment. There are also and nine International Technology Centres at various stages of development that work closely with the ITPOs.
- UNIDO maintains Offices in Brussels (European Union), Geneva (United Nations) and New York (United Nations).

## F. Budget and technical cooperation

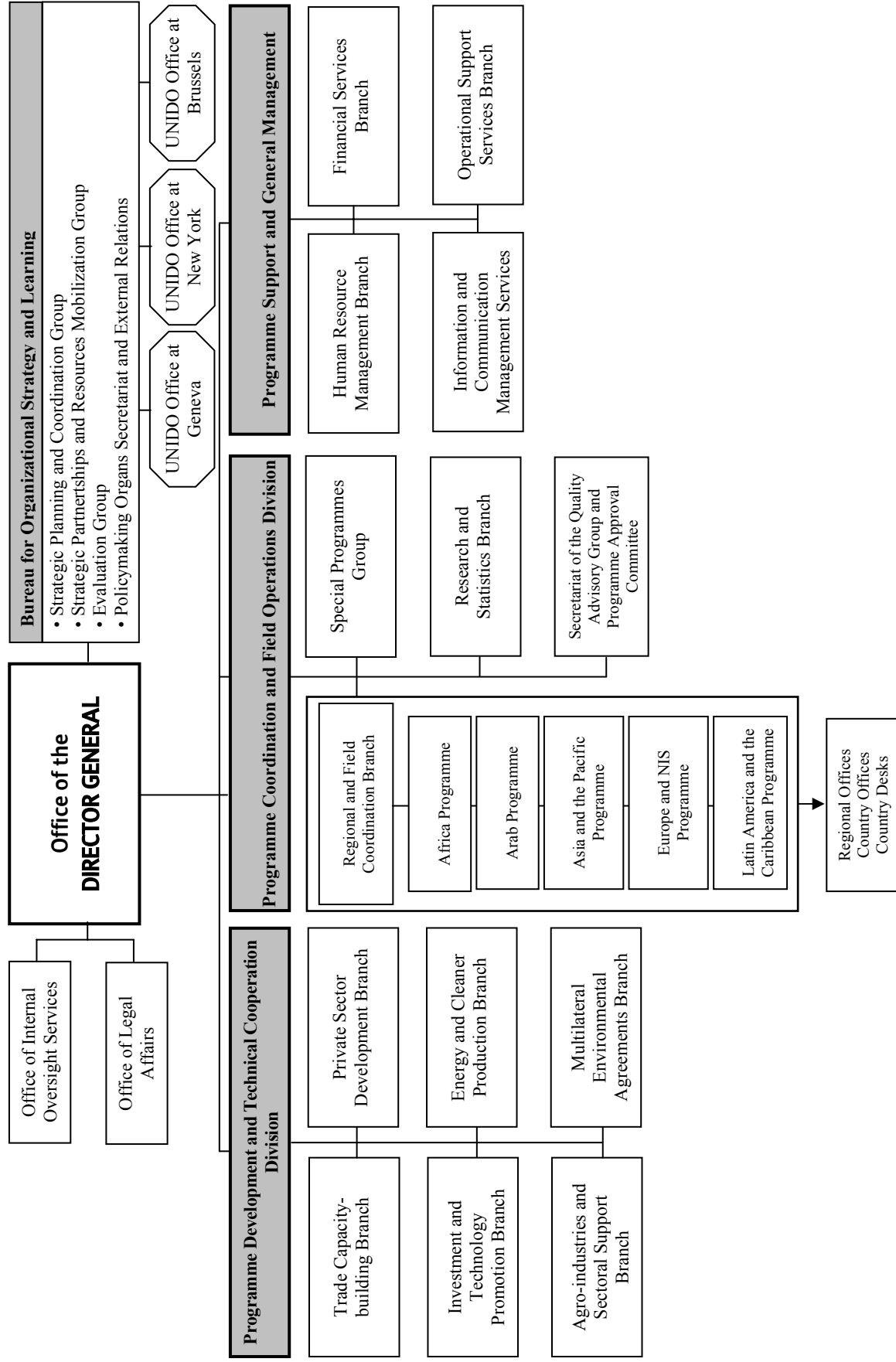
- Budget: the estimated total volume of UNIDO operations for the biennium 2008-2009 is €382 million.
- The value of UNIDO's ongoing technical cooperation programmes and projects totalled \$557.3 million as of 31 December 2007.

- The value of technical cooperation programmes in 2007 was the highest since 1993, amounting to \$117.3 million. This represents an increase of 71 per cent over the corresponding figure for the year 2000 and consolidates the growing trend of UNIDO's technical cooperation services.

## Member States of UNIDO

Afghanistan	Djibouti	Libyan Arab	Saudi Arabia
Albania	Dominica	Jamahiriya	Senegal
Algeria	Dominican Republic	Lithuania	Serbia
Angola	Ecuador	Luxembourg	Seychelles
Argentina	Egypt	Madagascar	Sierra Leone
Armenia	El Salvador	Malawi	Slovakia
Austria	Equatorial Guinea	Malaysia	Slovenia
Azerbaijan	Eritrea	Maldives	Somalia
Bahamas	Ethiopia	Mali	South Africa
Bahrain	Fiji	Malta	Spain
Bangladesh	Finland	Mauritania	Sri Lanka
Barbados	France	Mauritius	Sudan
Belarus	Gabon	Mexico	Suriname
Belgium	Gambia	Moldova	Swaziland
Belize	Georgia	Monaco	Sweden
Benin	Germany	Mongolia	Switzerland
Bhutan	Ghana	Montenegro	Syrian Arab Republic
Bolivia	Greece	Morocco	Tajikistan
Bosnia and Herzegovina	Grenada	Mozambique	Thailand
Botswana	Guatemala	Myanmar	The former Yugoslav Republic of
Brazil	Guinea	Namibia	Macedonia
Bulgaria	Guinea-Bissau	Nepal	Timor-Leste
Burkina Faso	Guyana	Netherlands	Togo
Burundi	Haiti	New Zealand	Tonga
Cambodia	Honduras	Nicaragua	Trinidad and Tobago
Cameroon	Hungary	Niger	Tunisia
Cape Verde	India	Nigeria	Turkey
Central African Republic	Indonesia	Norway	Turkmenistan
Chad	Iran (Islamic Republic of)	Oman	Uganda
Chile	Iraq	Pakistan	Ukraine
China	Ireland	Panama	United Arab Emirates
Colombia	Israel	Papua New Guinea	United Kingdom of Great Britain and Northern Ireland
Comoros	Italy	Paraguay	United Republic of Tanzania
Congo	Jamaica	Peru	Uruguay
Costa Rica	Japan	Philippines	Uzbekistan
Côte d'Ivoire	Jordan	Poland	Vanuatu
Croatia	Kazakhstan	Portugal	Venezuela
Cuba	Kenya	Qatar	(Bolivarian Republic of)
Cyprus	Kuwait	Republic of Korea	Viet Nam
Czech Republic	Kyrgyzstan	Romania	Yemen
Democratic People's Republic of Korea	Lao People's Democratic Republic	Russian Federation	Zambia
Democratic Republic of the Congo	Lebanon	Rwanda	Zimbabwe
Denmark	Lesotho	Saint Kitts and Nevis	
	Liberia	Saint Lucia	
		Saint Vincent and the Grenadines	
		Sao Tome and Principe	

Figure 8. Organizational chart of UNIDO\*



\* As at 31 December 2007. A refinement of the organizational structure took place in February 2008.

## List of Abbreviations

### A

AAITPC	Asia Africa Investment and Technology Promotion Centre
ABB	Asea Brown Boveri
ACP	African, Caribbean and Pacific (Group of States)
AE	Associate Expert
AGFUND	Arab Gulf Programme for United Nations Development Organizations
AfriPAnet	African Investment Promotion Agency Network
AIDMO	Arab Industrial Development and Mining Organization
AIDS	Acquired immune deficiency syndrome
ANSA	Afghan National Standards Authority
AOTS	Association for Overseas Technical Scholarship
ASM	artisanal and small-scale gold mining
AU	African Union

### B

BAPPENAS	National Development Planning Agency of Indonesia
BAT	best available technologies
BEP	best environmental practices
BIPM	Bureau International des Poids et Mesures
BQSP	Bangladesh Quality Support Programme
BSTI	Bangladesh Standards and Testing Institute

### C

CAF	Andean Development Corporation
CAMI	Conference of African Ministers of Industry
CAN	General Secretariat of the Andean Community
CD	cluster and networking development
CDM	clean development mechanism
CD-ROM	compact disc read-only memory
CE	Conformité Européenne
CEB	Chief Executives Board for Coordination – United Nations
CEE	Central and Eastern Europe
CEECCA	Central and Eastern Europe, Caucasus, and Central Asia
CEI	Central European Initiative
CEN	European Committee for Standardization
CEO	Chief Executive Officer
CFC	Common Fund for Commodities
CFC	chlorofluorocarbon
CLARIS	Community Livelihood and Rural Industry Support Programme
CO <sub>2</sub>	carbon dioxide
COMFAR	Computer Model for Feasibility Analysis and Reporting
CNBC	Consumer News and Business Channel



CP	cleaner production
CSD	Commission on Sustainable Development
CSF	Country Service Framework
CSR	corporate social responsibility
CTBTO	Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization
CTI	climate technology initiative
CTU	Cooperativa de Trabajadores Unidos

## D

DCs	developing countries
DFID	Department for International Development (United Kingdom)
DOF	Department of Fisheries
DVD	digital versatile disc

## E

EAC	East African Community
EAE	energy and environment
EC	European Commission
ECO	Economic Cooperation Organization
ECOWAS	Economic Community of West African States
EGM	expert group meeting
EOS	Egyptian Organization of Standards
EPA	Economic Partnership Agreement
EST	environmentally sound technology
ETRACE	Egyptian Traceability Centre for Agro-Industrial Exports
EU	European Union
EUREPGAP	European Retailer Produce Working Group Good Agricultural Practice

## F

FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FP	UNIDO National Focal Point

## G

GAP	good agricultural practices
GBEP	Global Bioenergy Partnership
GC	UNIDO General Conference
GCLME	Guinea Current Large Marine Ecosystem
GDP	gross domestic product
GEF	Global Environment Facility
GHG	greenhouse gas
GLOBALGAP	Global Partnership for Good Agricultural Practice
GM	General Motors
GMP	Global Mercury Project
GS	General Service

**H**

HACCP	hazard analysis and critical control point
HCFC	hydrochlorofluorocarbon
HFC	hydrofluorocarbon
HIV	human immunodeficiency virus
HLCP	High-Level Committee on Programmes
HQ	Headquarters
HRO	Head of Regional Office
HUO	Head of UNIDO Operations

**I**

IADB	Inter-American Development Bank
IAEA	International Atomic Energy Agency
IAF	International Accreditation Forum
IBRD	International Bank for Reconstruction and Development
ICETT	International Centre for Environmental Technology Transfer
ICIE	International Congress of Industrialists and Entrepreneurs
ICIEC	Islamic Cooperation for the Insurance of Investment and Export Credit
ICM	Information and Communication Management (UNIDO)
ICS	International Centre for Science and High Technology
ICSTI	International Centre for Scientific and Technical Information
ICT	information and communication technology
IDA	International Development Association
IDB	Industrial Development Board of UNIDO
IDE-JETRO	Institute of Developing Economies-Japan External Trade Organization
IDF	Industrial Development Fund
IDO	Industrial Development Officer
IEC	International Electrotechnical Commission
IFAD	International Fund for Agricultural Development
IGCC	Interim Guinea Current Commission
ILAC	International Laboratory Accreditation Cooperation
ILO	International Labour Organization of the United Nations
IMO	International Maritime Organization of the United Nations
INDSTAT	industrial statistics database
IP	integrated programme
IPCC	Intergovernmental Panel on Climate Change
IPIECA	International Petroleum Industry Environmental Conservation Association
IPS	Investment Promotion Service
IPSAS	International Public Sector Accounting Standards
IPU	Investment Promotion Unit
ISIC	International Standard Industrial Classification
ISO	International Organization for Standardization
ITAP	Investment promotion and technical assistance programme
ITC	International Technology Centre
ITC	International Trade Centre of the United Nations

ITMA	industry, trade and market access cluster
ITPO	Investment and Technology Promotion Office
IUCN	International Union for Conservation of Nature
IW LEARN	International Waters Learning and Exchange and Resource Network of GEF
IWG	International Working Group

## J

JCDCMAS	Joint Committee on Coordination of Technical Assistance to Developing Countries in Metrology, Accreditation and Standardization
Jl	joint implementation
JlU	Joint Inspection Unit
JP	joint programme
JPO	Junior Professional Officer

## K

kW	kilowatt
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## L

LABNET	laboratory network initiative
LBA	land based activities
LDC	least developed country
LFA	logical framework approach
LOA	letter of agreement

## M

MDI	metered dose inhaler
MDTF	multi-donor trust fund
MDTF-NS	multi-donor trust fund-National Sudan
MOU	memorandum of understanding
MPIC	Ministry of Plantation Industries and Commodities of Malaysia
MPOB	Malaysian Palm Oil Board
MRU	Mano River Union
MSME	micro, small and medium enterprise
MSW	municipal solid waste
MVA	manufacturing value added
MVTC	Malakal Vocational Training Centre

## N

NCBM	National Council for Cement and Building Materials
NCPC	National Cleaner Production Centre
NCPP	National Cleaner Production Programme
NEPAD	New Partnership for Africa's Development
NGO	non-governmental organization
NIS	Newly Independent States
NITTRAD	National Institute of Textile Training and Research

Norad	Norwegian Agency for Development Cooperation
NPO	National Programme Officer
<b>O</b>	
OB	one budgetary framework
OD	ozone-depleting
ODS	ozone-depleting substance
OECD	Organization for Economic Cooperation and Development
OF	one fund
OIML	Organisation Internationale de Métrologie Légale
OP	one programme
OSL/EVA	Bureau for Organizational Strategy and Learning/Evaluation Group
OTA	Ochratoxin A
<b>P</b>	
P	Professional
PAC	Programme Approval Committee of UNIDO
PAD	project allotment document
P&B	programme and budget
PCB	polychlorinated biphenyl
PCF	Programme Coordination and Field Operations Division of UNIDO
PFC	perfluorocarbon
POP	persistent organic pollutant
PRAFORD	Participatory Rural Action for Development
PRODUCE	Ministerio de la Producción, Peru (Ministry of Production, Peru)
PRP	poverty reduction through productive activities
PSD	private sector development
PTB	Physikalisch-Technische Bundesanstalt (National Metrology Institute), Germany
PTC	Programme Development and Technical Cooperation Division of UNIDO
<b>Q</b>	
QAG	Quality Advisory Group
<b>R</b>	
RB	regular budget
RBM	results-based management
REAP	Responsible Entrepreneurs Achievement Programme
REC	Regional Economic Community
REEEP	Renewable Energy and Energy Efficiency Partnership
RPTC	regular programme of technical cooperation
RRS	results reporting system
<b>S</b>	
SAARC	South Asian Association for Regional Cooperation
SAICM	strategic approach to international chemicals management

SECO	State Secretariat for Economic Affairs, Switzerland
SF6	sulphur hexafluoride
SDMX	statistical data and metadata exchange
SHP	small hydro power
SIDO	Senior Industrial Development Officer
SKIPI	skills for peace and income
SME	small and medium enterprise
SMTQ	standards, metrology, testing and quality
SPS	sanitary and phyto-sanitary measures
SPX	subcontracting and partnership exchange
SSS	service summary sheet
<b>T</b>	
TBT	technical barriers to trade
TC	technical cooperation
TCB	trade capacity-building
TEST	transfer of environmentally sound technology
TIC	Tanzania Investment Centre
TRTA	trade-related technical assistance
TVE	township and village enterprise
<b>U</b>	
UCSSIC	UNIDO Centre for South-South Industrial Cooperation
UEMOA	West African Economic and Monetary Union
UIA	Uganda Investment Authority
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UND	UNIDO National Director
UN-DESA	United Nations Department of Economic and Social Affairs
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNHCR	United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UNOWA	United Nations Office for West Africa
UNTFHS	United Nations Trust Fund for Human Security
UR	UNIDO Representative
US-NOAA	United States National Oceanic and Atmospheric Administration
UVAB	Uganda Veterans Assistance Board



**V**

VTC Vocational Training Centre

**W**

WHO World Health Organization

WIPO World Intellectual Property Organization

WPD World Productivity Database

WTO World Trade Organization

**Y**

YEN Youth Employment Network







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