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Annual Report 2008



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

ANNUAL REPORT 2008

Industrial Development Board,
Thirty-sixth session

Programme and Budget Committee,
Twenty-fifth session



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, 2009

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PREFACE

UNIDO and industrial development

The internationalization of industrial production, trade, investment and technology has led to increasing prosperity for many developing countries. However, many countries have been left behind, and concerns have mounted over the impact of industry on energy, water and raw material consumption, as well as on the changing climate. UNIDO, as the specialized agency of the United Nations mandated to promote sustainable industrial development and international industrial cooperation, therefore works to advance pro-poor, environmentally positive economic growth through industry, which can improve the living standards and quality of life for people worldwide, but in the poorest countries in particular.

UNIDO seeks to achieve this goal through its global forum functions, its technical cooperation activities with developing countries, and its research and normative work. The Organization concentrates on three thematic priorities:

- Poverty reduction through productive activities;
- Trade capacity-building; and
- Environment and energy.

UNIDO as a partner in the global development system

Industrial development can be promoted most effectively as part of a holistic approach to human development, through the joint efforts of multilateral and bilateral agencies, non-governmental organizations (NGOs) and private actors, which come together to assist developing countries and regions in furthering both internationally-agreed goals and individual country needs according to their respective abilities and competences.

To this end, the Organization has created alliances and synergies to maximize the value it brings. UNIDO partners closely with United Nations system organizations such as the United Nations Development Programme (UNDP), the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Environment Programme (UNEP), the International Trade Centre (ITC) and others. Cooperation and collaboration with complementary government institutions, international financial institutions and global and regional development banks are also central to the Organization's approach. In addition, UNIDO actively collaborates with bilateral aid agencies, private enterprises, civil society and academia.

In its commitment to advancing the effectiveness, efficiency and impact of the United Nations development system, UNIDO is an active supporter of United Nations reform, which in a time of global economic crisis has assumed an even greater urgency.

UNIDO's contribution to the global development agenda

Coherence in action demands cohesion in policy. UNIDO operates together with its many partners to meet development aims, including specific areas of action in the fields of environmental protection and combating climate change.

Among the most important targets are the Millennium Development Goals (MDGs). While industrial development has an important bearing on the achievement of all MDGs, the Organization especially focuses on the following:

- **MDG1: Eradicate Extreme Poverty and Hunger**
UNIDO's work in the field is centred on the promotion of industry-led growth to lift people out of poverty.
- **MDG3: Promote Gender Equality and Empower Women**
The participation of women in the productive sectors, and especially as entrepreneurs, is fostered through policy and institutional support as well as capacity-building.
- **MDG7: Ensure Environmental Protection**
While industry is a key source of the economic growth needed to fight poverty, it is also the cause of much environmental degradation. UNIDO helps to protect the environment by reducing industrial pollution, seeking new and cleaner technologies for industry and promoting renewable energy and energy efficiency.
- **MDG8: Develop a Global Partnership for Development**
Meeting development goals is a collective undertaking. UNIDO thus works in partnership with others across the breadth of its activities, as well as addressing the key MDG8 targets of meeting the special needs of LDCs and, through its trade capacity-building activities, helping to develop an open, rule-based, predictable trading system.

Details of the Organization's structure can be found at the end of this Report under the heading "General Information on UNIDO".

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Appendices on CD-ROM

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Message from the Director-General

Seldom has the world faced so many global threats and challenges of the type that arose in 2008. The crises that emerged during the year, stemming from extreme volatilities in the global fuel, food and financial markets, have sharpened the focus on the economic and social vulnerability of people in all nations, but of those in the poorest countries in particular. To these, the daunting challenge of climate change must be added. At a time when, according to the United Nations *Millennium Development Goals Report 2008*, we finally observed an emerging downward trend in poverty around the world, this situation poses the greatest challenge to our common welfare for some decades.

UNIDO has not been standing still in the face of these new threats. Our response has been to make every effort to encourage the growth of industry in the fight against poverty. The core of UNIDO's mandate, which is to advance sustainable industrial development and international industrial cooperation, has now assumed an even greater urgency than heretofore.

We must face these threats together. 2008 saw welcome strides towards a United Nations system that is at last beginning to Deliver as One. The high-level dialogue "United Nations System-wide Coherence: The Next Steps", organized by UNIDO in March, played a constructive role in mapping the way forward. UNIDO's commitment to inter-agency

collaboration and coherence continues, among other things, in our integral role within the United Nations System Chief Executive Board for Coordination's (CEB) Cluster on Trade and Productive Capacity and in our active participation in United Nations Country Teams (UNCTs), as well as through my own continuing chairmanship of UN-Energy.

I fervently believe that economic growth and the fight against climate change should not just proceed hand in hand; they are two parts of the same whole. Again, effective international cooperation must be the cornerstone of renewal. During 2008, UNIDO brought its expertise to bear on matters such as industrial pollution, green energy and industry, and technology transfer, in a number of forums, including the important preparatory meeting in Poznan ahead of the United Nations Climate Change Conference in Copenhagen in 2009.

The *Annual Report 2008* seeks to provide the reader with a snapshot of an Organization in motion. It describes a number of innovations undertaken over the past year to ensure that UNIDO is at the forefront of streamlined business practices and results-based management (RBM), including the adoption of the new medium-term programme framework (MTPF) 2010-2013, the first such document to be based entirely on RBM principles.

Moreover, I believe it shows an Organization which is actively reducing poverty, which is dismantling real barriers to trade, which is putting an end to harmful industrial emissions and building up access to energy. The figures also bear this out. Technical cooperation delivery achieved in 2008 amounted to \$124 million, a substantial increase on the figure of \$117 million in the previous year. UNIDO's excellent funds mobilization performance was maintained, with a total of \$155 million reached. The sum available for future implementation increased to \$312 million, which is the highest level recorded in UNIDO's history.

The present Report follows UNIDO's dedicated thematic focus, illustrating clearly how our activities are successfully targeting outcomes that enhance industrial policy and build up institutions in the public and private spheres. The Report also highlights how UNIDO tailors its services according to country and regional needs.

I trust that you will find in this Report an Organization robust in knowledge and experience, flexible and solution-oriented in methodology and delivery, and ready to work in partnership to meet the challenges ahead.





UNIDO Headquarters at the Vienna International Centre.

1

THE YEAR IN REVIEW

A. Technical cooperation management

Quality assurance

During the course of the year, the review and approval mechanism for technical cooperation activities introduced in 2006, which comprises a Programme Approval Committee (PAC) supported by a Quality Advisory Group (QAG), was strengthened by the creation of a Quality Assurance Unit (QAU). The QAU is responsible for coordinating all administrative and substantive activities in support of PAC and QAG as well as for managing and supporting the appraisal process, providing guidance on its consistent application across the Organization and monitoring its quality.

The Unit's activities included:

- Organizing 90 meetings of PAC and QAG, and serving as secretariat for both;
- Holding 135 individual meetings with project managers to discuss design improvements;
- Preparing 140 advisory notes for PAC; and
- Conducting two training sessions for new staff on the Technical Cooperation Guidelines.

At the request of senior management, the Unit conducted a review of UNIDO's procedures with respect to Global Environment Fund (GEF) fiduciary standards for appraisal and monitoring in early 2008, and made recommendations for improved compliance. Section 1C provides more details on the work of the Unit in this context.

The existing QAG (a chair and two permanent members from QAU, three rotating members from the technical branches representing each of the three thematic priority areas and an adviser from the Evaluation Group (EVA)) was expanded in March with a rotating member from the Regional and Field Operations Branch and a second adviser for matters related to GEF.

During its weekly meetings the group reviewed 261 proposals, including service summary sheets, programme screening forms and fully formulated programmes/projects, and provided written observations/recommendations for each proposal. Proposals were

discussed with the project managers when necessary to clarify questions and advise on possible improvements before their transmission to PAC and donors.

The high approval rate by PAC confirms that the Group continues to play a significant role in the continuous improvement of the Organization's technical cooperation activities, with particular regard to project design, implementation modalities and the incorporation of monitoring, reporting and evaluation mechanisms.

Programme approval

Following established practice, regular meetings of the PAC reviewed service summary sheets, project concepts, fully formulated project documents, integrated programmes, joint programmes and certain categories of project/budget revisions.

During the year, 44 meetings were held to review 413 new submissions and 301 project/budget revisions. Table 1 gives a breakdown of PAC decisions; Figures 1 and 2 show the distribution of submissions by thematic area and by region.

Table1. Programme Approval Committee action on submissions received during 2008

	Number	Percentage
New proposals	413	100
Approved	327	79
Decision postponed	50	12
Resubmission requested	29	7
Not approved	7	2
Project/budget revisions	301	100
Approved	295	98
Not approved	6	2

Figure 1. Submissions by thematic area

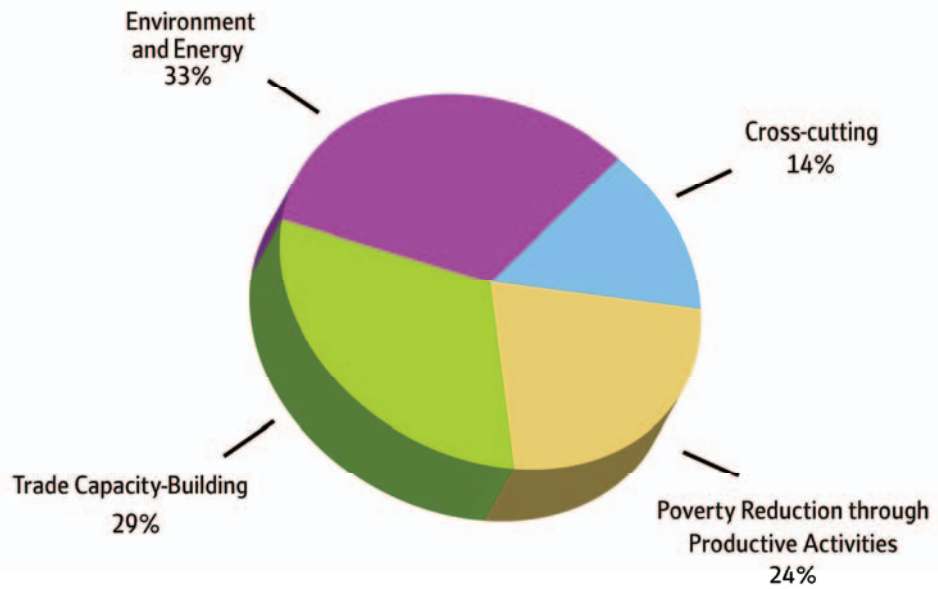
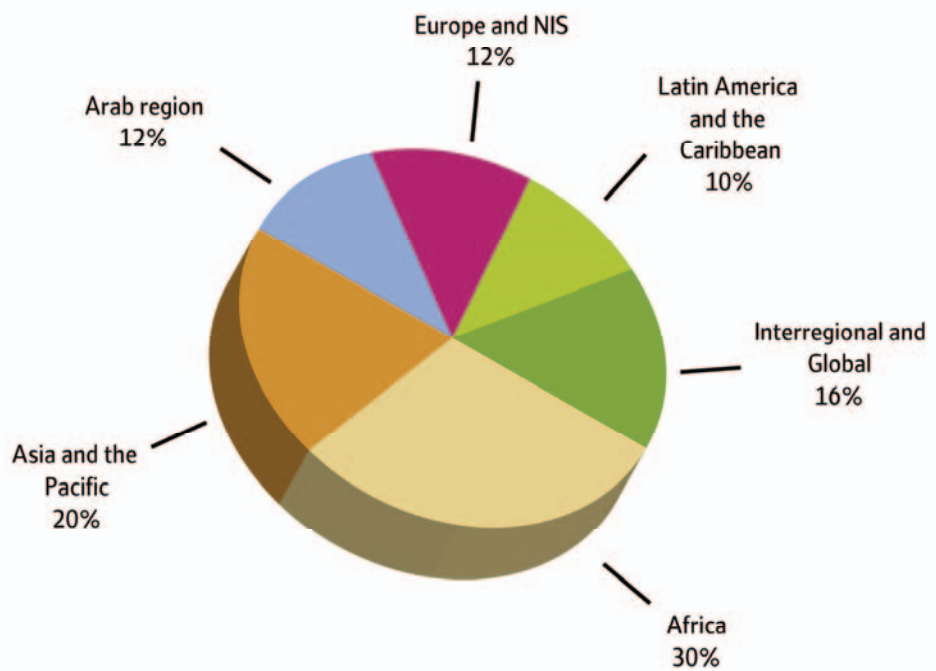


Figure 2. Submissions by region



B. Funds mobilization

Technical cooperation – net approvals

In 2008, the excellent funds mobilization performance of recent years was maintained. The total of net technical cooperation project and programme approvals from all sources of funds amounted to \$155.2 million.

Technical cooperation delivery rose during the year to \$123.6 million, while the portfolio of projects and programmes “in-hand” rose by \$30.1 million to a record high of \$312.2 million. This sets the stage for a continuing increase in the delivery of technical cooperation by UNIDO in coming years. The trend is shown in figure 3.

Figure 3A. UNIDO funds available for future implementation

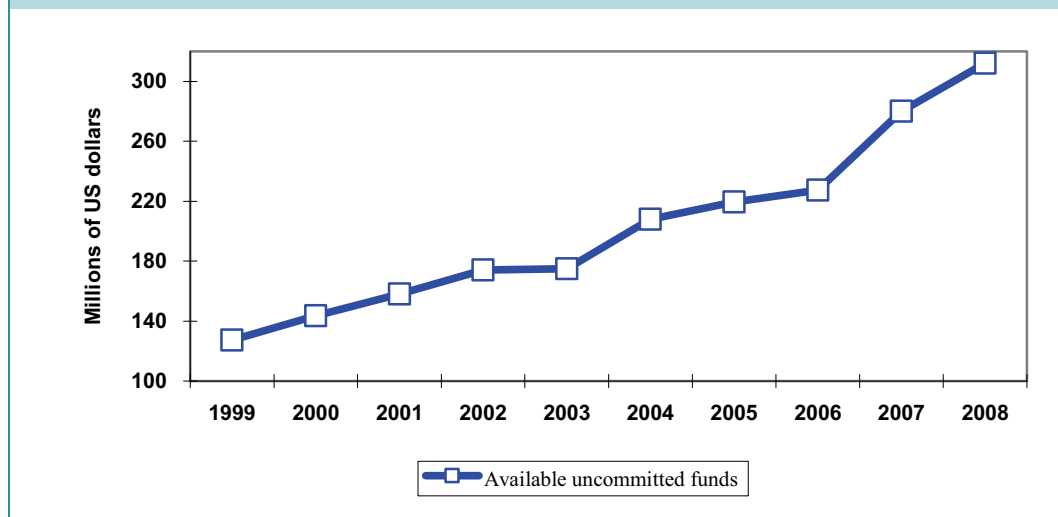
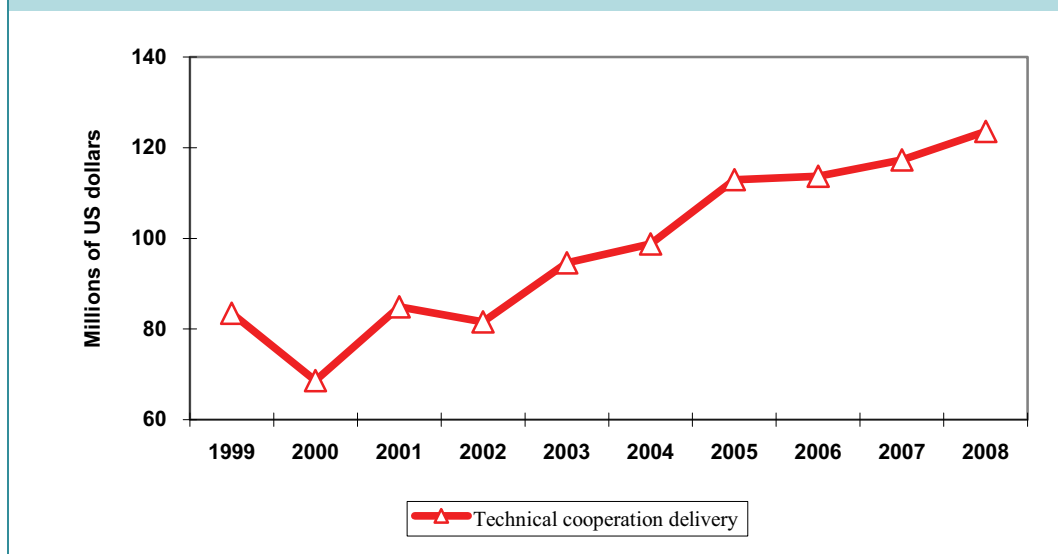


Figure 3B. UNIDO technical cooperation delivery



Funds mobilization

Among UNIDO's three thematic priorities, environment and energy attracted the largest share of funding in 2008, with \$54.2 million mobilized. Poverty reduction through productive activities, including most of the activities related to human security, received \$53.4 million and trade capacity-building attracted \$26.8 million. The thematic priority of poverty reduction through productive activities reached the highest level recorded since the introduction of the three themes, driven by activities related to human security (see below) and post crisis rehabilitation, but also by the new One United Nations trust funds and the Millennium Development Goals Achievement Fund financed by Spain through UNDP (MDG-F).

UNIDO's funding from governmental sources reached \$92.6 million (including support costs), at almost the same level as last year. The largest contributor in 2008 was Italy with a net contribution of \$17.5 million, followed by the European Commission (EC), which contributed \$11.1 million. Other major contributors included Norway with \$8.5 million, Japan with \$7.4 million (of which \$400,000 was provided through the United Nations Trust Fund for Human Security (UNTFHS)), Switzerland with \$2.5 million, Austria and France with \$2.3 million each, Nigeria with \$1.9 million, India with \$1.7 million, China with \$1.6 million, the Russian Federation and the United Kingdom with \$1.2 million each, Egypt with \$1.1 million and Germany with \$1 million. Several United Nations multi-donor trust funds (MDTFs) (see below) channelled governmental contributions amounting to \$18.4 million. Appendix B shows the distribution of industrial development fund and trust fund approvals by region and thematic priority. In the environmental field, funding from the Multilateral Fund for the Implementation of the Montreal Protocol amounted to \$33.4 million. In addition, \$3.6 million of the Italian contribution as well as \$200,000 from the French and Spanish contributions mentioned above also relate to the implementation of the Montreal Protocol. Approvals under the GEF fell to \$9.1 million, mainly comprising partial funding of preparatory projects in the fields of energy and persistent organic pollutants (POPs). This, however, sets the stage for a large increase in GEF funding in 2009 and 2010, when the resulting large-scale projects are expected to be finalized and approved. The GEF requirement for co-funding preparatory assistance projects as well as the resulting projects is an important challenge, especially for large projects in least developed countries (LDCs). UNIDO will approach donors to seek their assistance in resolving this issue.

In 2008, contributions received through MDTFs increased considerably. While in recent years such contributions were intended primarily for post-crisis assistance, in 2008 almost \$4 million was received from multi-donor One United Nations trust funds for UNIDO activities in four One United Nations pilot countries (Mozambique, Rwanda, United Republic of Tanzania and Uruguay), with additional funds approved for future years. The MDG-F became fully operational and multi-agency programmes with UNIDO participation were approved in 10 countries, resulting in \$2.4 million received in 2008 against a total approval of about \$10 million. Post-crisis MDTFs added about \$12 million to the 2008 approvals.

For 2009, the situation looks even more promising. It is expected that the trend towards increasing governmental contributions will continue and that the volume of projects funded under the Montreal Protocol will be maintained. In addition, the first of the major subregional technical cooperation programmes developed in cooperation with the African, Caribbean and Pacific (ACP) Group of States and the EC are expected to become operational. Furthermore, the first large-scale renewable energy programmes being developed for funding by the GEF may be approved by the end of the year. A third development that may result in new funding are the eight programmes developed with the United Nations Conference on Trade and Development (UNCTAD) and ITC in preparation for the LDC ministerial meeting organized jointly with the World Trade Organization (WTO) at the end of 2008. These programmes, which have been designed to respond to country needs identified under the former integrated framework, may attract donor funding under the new Enhanced Integrated Framework (EIF) Trust Fund or from bilateral contributions under Aid for Trade.

The main issue for 2009, as outlined in a recent report to Member States at the Industrial Development Board (IDB),¹ will be the ability of UNIDO to provide or mobilize the funds needed to meet the cost-sharing requirement of the various donors and programmes.

C. Consolidating the reform process

Organizational restructuring

On 1 March, UNIDO amended its organizational structure, shown on p. 114, and issued new terms of reference for each organizational unit. Staff was reassigned accordingly. This was the result of a broad consultative process in late 2007 and early 2008, culminating in an expanded Board of Directors retreat attended by most of UNIDO's senior staff and representatives of the Staff Council.

The refined organizational structure was guided by the principle of reinforcing programme areas of growing importance with a view to strengthening delivery capacity at Headquarters and in the field, as well as sharpening UNIDO's profile in terms of its advisory and advocacy functions.

The main innovative elements of the new structure include:

- The establishment of an Energy and Climate Change Branch in addition to the Environmental Management Branch, in response to the increased worldwide efforts to tackle climate change. The new branch includes an Energy Policy and Partnership Unit, which will, among other things, support the Director-General in fulfilling his responsibilities as Chairman of UN-Energy;
- Consolidation of industrial policy advisory functions in the Industrial Policy and Private Sector Development Branch;

¹ IDB.35/7-PBC.24/7.

- Creation of an International Financial Institutions Partnership Unit to strengthen UNIDO's cooperation with global and regional development banks, and specifically with IFAD (see also section 1G);
- Consolidation of functions related to quality assurance and approval of technical cooperation programmes and projects with those of resource mobilization and donor relations (see also section 1A);
- Creation of a Public Advocacy and Communications Unit (see section 1H for more details).

Gender policy

Ensuring gender equality and the mainstreaming of gender dimensions are important issues in technical cooperation. UNIDO's focus has been on women-specific initiatives, primarily through the Rural and Women's Entrepreneurship programme, with a majority of projects in Africa, and an emphasis on selected agro-industrial subsectors.

In 2006, the CEB adopted a system-wide policy on gender equality and the empowerment of women, which commits all CEB members, including UNIDO, to introducing a gender perspective into all organizational programmes, policies and practices and achieving a gender balance among all categories of United Nations employees, in particular at decision-making levels.



The Director-General presents an award to an entrepreneur from Bahrain during the Expert Dialogue on Women Empowerment and Entrepreneurship Development.

As part of its efforts to fulfil the CEB commitments, UNIDO convened an Expert Dialogue on Women Empowerment and Entrepreneurship Development in Vienna in July. The meeting attracted prominent women from development banks, the private sector, media, Member States and the United Nations system, including Ms. Rachel Mayanja, Assistant Secretary-General and Special Adviser to the Secretary-General on Gender Issues and Advancement of Women, as keynote speaker. The objective of the meeting was to distil lessons learned and to make recommendations for effectively promoting women's

entrepreneurship and overcoming barriers to women's economic empowerment through gender mainstreaming.

A key recommendation emerging from the meeting was that a gender policy and action plan, based on the system-wide policy criteria, should be developed by UNIDO. A policy on gender equality and the empowerment of women, broadly covering the Organization's internal processes, technical cooperation and global forum activities was subsequently submitted to the UNIDO Executive Board. The intention is to adopt and implement the policy in early 2009.

UNIDO's climate footprint

At the beginning of the year, the Director-General formed an Organization-wide Climate Team, with the task of preparing a strategy enabling UNIDO to fulfil its commitments on climate neutrality. The overall goals of the strategy were to measure the Organization's greenhouse gas emissions, reduce them wherever possible, and offset any remaining emissions. The strategy was approved by the Executive Board in March. It was also submitted to the Committee on Common Services (CCS) of the Vienna International Centre (VIC), with the suggestion that it serve as a basis for the preparation of similar strategies of other VIC organizations. Based on the recommendations of the strategy, the following actions have been taken:

- **Measurement:** An initial estimate of UNIDO's climate footprint showed that office space (heating, cooling and electricity use, primarily in the VIC) and travel (primarily air travel) accounted for the bulk of the Organization's emissions, with roughly equal shares. Recent changes in the measurement protocols and the scope of activities to be included led to a new round of calculations which is not yet completed. Initial estimates suggest that air travel will become the dominant element in UNIDO's climate footprint.
- **Reduction:** UNIDO is responsible for the operation of buildings management in the VIC. As such, the Organization has undertaken a number of actions that have reduced the complex's energy consumption. Almost 90 per cent of the VIC's facade windows have been replaced by state-of-the-art insulated windows, with energy savings of over 27 per cent for heating and nearly 17 per cent for cooling. All lights in the 4,000 offices have been replaced, not only saving 50 per cent of the electricity used for lighting, but also improving lighting conditions. New condensation pipes in 15,000 air-conditioning units have improved cooling while reducing energy use.

With support from the City of Vienna, a preliminary energy audit of the VIC by an external party took place in September 2008. The auditors' recommendations, which included heat recovery from air handling units with heat pumps, solar heating for hot water and optimization of heat exchange systems, have been submitted to the CCS. Reducing energy consumption in UNIDO's Field Offices is difficult since UNIDO is normally just one of many tenants in a large building. With respect to air travel, actions have been taken to raise staff members' awareness of the climate impacts of their travel (the greenhouse gas

emissions of each journey is printed on the travel authorization) and to encourage them to use videoconferencing or similar alternatives where possible.

The offsetting of carbon emissions will take place in a later phase of the strategy's implementation.

Compliance with GEF fiduciary standards

The GEF Council has recommended minimum fiduciary standards for the Facility's implementing and executing agencies. Compliance with these standards is a condition for direct access to GEF funds. In February, in response to an assessment on agency compliance with the fiduciary standards carried out by the Trustee UNIDO submitted a report on its procedures with respect to the GEF fiduciary standards containing a clear strategy and an action plan with a monitoring mechanism. Currently, UNIDO is fully or largely compliant with nine of the twelve standards set by GEF including external financial audit, financial disclosure, code of ethics, internal audit, procurement processes, evaluation function, investigation function, hot line and whistleblower protection.

Three standards with extensive implications for UNIDO's business processes, and requiring an investment of additional resources, are under review for future compliance. For compliance with the standard on financial management and control frameworks, two phases are proposed: a first phase for the technical cooperation activities, and a second phase covering the process changes required for the regular budget activities. In early 2008, QAU conducted a review of UNIDO's procedures with regard to the remaining GEF fiduciary standards (monitoring and projects-at-risk systems and project appraisal standards) and made a number of recommendations for improved compliance. As a result of this review the Unit has led an inter-branch working group on technical cooperation quality within the framework of the RBM implementation plan, to address the key challenge of upgrading the technical cooperation programme and project cycle, and proposed a streamlined system from "quality at entry" to "quality at delivery".

International Public Sector Accounting Standards and business process re-engineering

The 2007 General Conference adopted the International Public Sector Accounting Standards (IPSAS)² and approved the 2008-2009 budget for the implementation of the Standards. Efforts are now under way to make UNIDO IPSAS-compliant by 1 January 2010. The cross-organizational working groups established for this purpose are undertaking several parallel activities for the transition to IPSAS:

- In the area of asset management, IPSAS-compliant measures for Headquarters property, plant and equipment have been developed and technical cooperation measures are under review. The fixed asset register has been modified to record Headquarters property, plant and equipment in line with IPSAS requirements;

² Decision GC.12/Dec.14.

- Policies in the area of revenue recognition of voluntary funding agreements, including a review of the major types of voluntary funding agreements, are being developed.

Implementation of IPSAS will be accompanied by widespread application of business process re-engineering (BPR), a management tool to improve the efficiency and effectiveness of internal management processes. It includes monitoring, which enables managers to initiate timely corrective action when required.

This ambitious exercise will exploit all opportunities to simplify and streamline UNIDO's business processes. An Organization-wide BPR survey allowed all staff members to express their views on delays in administrative processes. Additionally, the Director-General established an Operational Coordination Committee for the rapid resolution of any interdivisional issues that may affect operations and/or constrain the smooth delivery of services. More than 30 key business processes were documented in 2008 and the improvement of processes will build on this workflow information.

The use of information technology (IT), especially Enterprise Resource Planning (ERP) systems, is a major factor in BPR. An ERP system is an organization-wide information system that supports functions ranging from procurement and finance to programme and human resource management. It integrates stand-alone processes into a coherent, integrated flow, resulting in simplification and standardization of processes. This, in turn, can strengthen the internal control framework.

In November, a presentation was held for Member States on the introduction of BPR and ERP systems in the various organizations of the United Nations. Representatives from the CEB, the International Labour Organization (ILO), the International Maritime Organization (IMO) and the International Atomic Energy Agency (IAEA) highlighted, inter alia, the close relationship between BPR and ERP, and outlined benefits, costs and progress.

BPR will help to increase staff motivation and performance by removing bureaucratic impediments. It will also strengthen accountability and will lead to an entirely different and improved organizational climate. UNIDO is committed to a successful implementation of BPR and to continuous business process improvement.

Investment management and the turmoil in financial markets

In response to the turmoil in international financial markets, UNIDO took measures to safeguard invested funds. Involvement with affected financial institutions was limited and/or eliminated and a strategy of continuous monitoring of markets and capital protection against high risks was adopted. Swift reaction has enabled the Organization to avoid losses.

New procurement manual

In January, a revised procurement manual was introduced as a part of UNIDO's continuous efforts to increase administrative transparency and efficiency, and to strengthen internal control mechanisms. It is based on the relevant provisions of the Financial Regulations and Rules of UNIDO, staff rules, Director-General's administrative instructions and bulletins, and incorporates the best practices of other organizations within the United Nations system. The manual enhances the integrity, transparency and efficiency of UNIDO's procurement process through better delineation of duties, responsibilities and accountability of all actors involved in procurement, in all offices and locations. The manual is a "living" document subject to further periodic updating and refinement as and when necessary, and revisions will be circulated to all staff. It is accessible through the UNIDO intranet.

Extensive procurement training, including online tests for participating staff, accompanied the introduction of the manual. In the future, only staff members who pass the tests will be given procurement authority. The programme, which will improve awareness of procurement rules and increase the efficiency of this important administrative function, was to be completed by the end of January 2009.

Results-based management

Based on a self-assessment on the adoption of RBM in 2007, UNIDO prepared a plan for Organization-wide implementation of RBM. The Executive Board approved this plan in May and allocated the necessary financial resources. The RBM Steering Committee (composed of staff of all levels across the Organization) provided guidance and support for the execution of the plan. The following was achieved in the course of 2008:

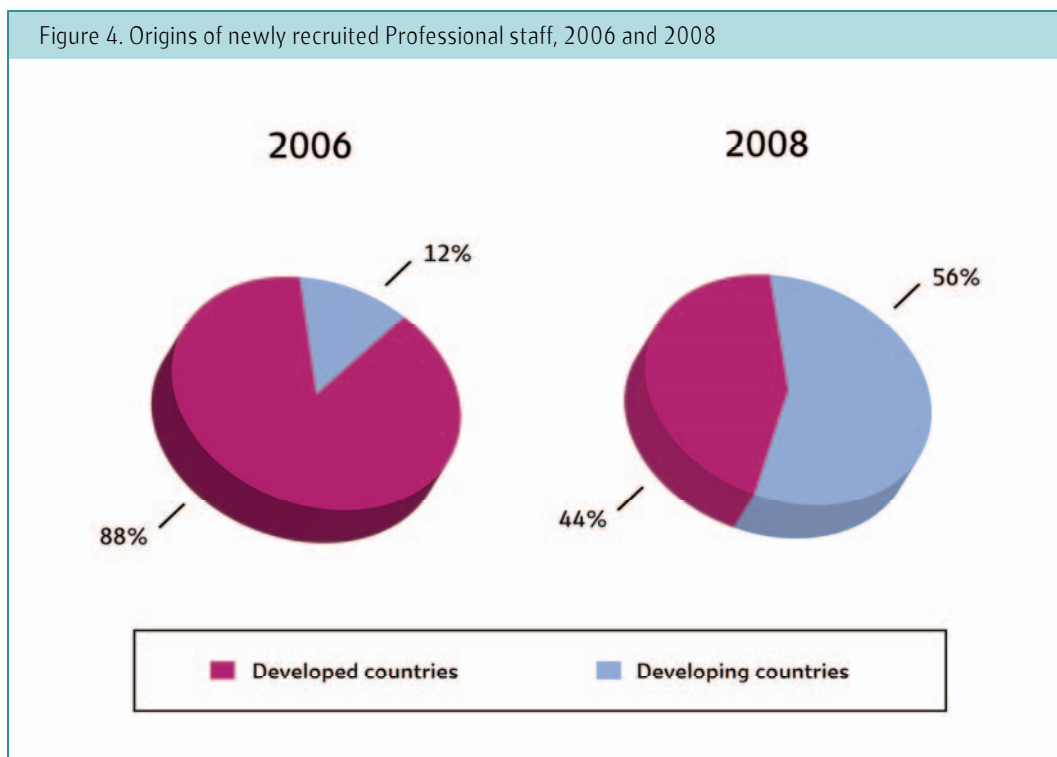
- A help desk was set up in July. On request, it provides support to UNIDO staff in applying RBM principles to their work;
- An online RBM resource centre was set up in October. The resource centre provides information about good and bad practices, tools and guidebooks, among other things;
- During the year, systematic training for new staff has become an integral part of the professional development programme. All new staff members are required to attend a two-day training course on RBM and the Logical Framework Approach;
- All field offices and regional bureaux prepared results-based workplans in 2008. In July, meetings took place with staff from the regional offices in Ethiopia and India to coordinate field office and relevant workplans, and define common RBM performance indicators. The workplans are aligned with the UNIDO programme and budgets document for the current biennium³ to ensure programmatic coherence and enable consolidated reporting on outcomes as defined in the document.

³ Document GC.12/8.

UNIDO's new MTPF, 2010-2013,⁴ noted with appreciation by the IDB in December,⁵ is a big step forward as it is the first such document to be based entirely on RBM principles. It includes performance indicators and a concise results framework that will be the basis for cascading down UNIDO's development objectives from the corporate level to the level of programmes, projects and organizational units.

D. Human resource management

Recruitment



In 2008, the Organization undertook another intensive recruitment drive that resulted in the appointment of 51 staff (25 Professional (P) and 26 General Service (GS)-level) for field duty stations and Headquarters which represents an increase of 6 per cent over the previous year. Efforts to rejuvenate the workforce through the recruitment of young talent continued with 39 per cent of those recruited being under the age of 35. The share of staff recruited from developing countries has also grown with 14 of the 25 P-level staff recruited from these countries. This is a substantial increase from 2006 when only 12 per cent of P-level staff recruited came from developing countries (see figure 4). In addition, five of the 14 selected candidates were from countries not represented in UNIDO. In the field offices, the percentage of P-level staff has increased by 56 per cent since the field mobility policy was launched in April 2006.

⁴ Documents IDB.35/8 and IDB.35/8/Add.1.

⁵ Decision IDB.35/Dec.5.

The new Young Professionals Programme (YPP) targets individuals under the age of 30 who will be recruited for a three-year fixed-term appointment at the P-1 level. When the vacancy announcements were issued in the third quarter of the year, over 1,200 applications were received. The candidates will be assessed through a rigorous process that includes an examination of overall knowledge of economic and industrial development issues as well as basic technical knowledge in their chosen fields. The first ten young professionals selected will be on board in early 2009 with the majority working in the Programme Development and Technical Cooperation (PTC) and Programme Coordination and Field Operations (PCF) divisions.

Career development

The Organization continued to recognize performance and to reward deserving staff members through promotion with thirty-four staff members being promoted. In addition, 31 staff members received merit awards in recognition of the quality of their services. Five P-level staff members from Headquarters joined field offices. The reassignments help to ensure the professional development of staff and facilitate cross-fertilization of knowledge between Headquarters and field duty stations.

Upgrading skills

Following the success of the leadership development programme for managers implemented in 2007, the Organization introduced a professional development programme for all P staff from the P-1 to P-4 levels as well as for National Programme Officers. The three-module programme seeks to enhance management, leadership and cooperation skills. The first workshop of this programme was held in December 2008.

In coordination with the Human Resource Management Branch (HRM), the Financial Services Branch has continued with the 2007 initiative to conduct one-day training courses for project assistants who have not attended similar workshops, including newly appointed staff. The initiative targets staff in PCF, the substantive branches in PTC and other services. The courses cover, among others, finance, imprest accounts, human resources and procurement. Apart from training, the courses also help to clarify the rules for various common TC-related processes, and encourage the exchange of views and experiences that can help improve the flow of these activities. The suggestions for improvement will serve as BPR inputs.

In addition to its regular training programmes, the Organization organized a number of training events to familiarize staff with, and update them on, its various administrative rules and processes, including on the Financial Performance Control System (FPCS) and on project management. A one-week training programme was organized in Vienna for staff assigned to the Investment and Technology Promotion Offices (ITPOs). The training focused on increasing their level of efficiency and effectiveness. Awareness of procurement

rules and procurement efficiency was improved through mandatory training for relevant staff, as discussed in section 1C. Training sessions, for new and current staff on work-life balance, staff welfare and the use of ICT were held as well.

UNIDO's learning policy was revised and presented to the Joint Advisory Committee (JAC) for staff-management consultation. The new policy introduces measures to strengthen UNIDO's learning culture and encourage a continuous flow of knowledge and ideas between the Organization and the environment in which it operates, through partnerships and exchanges with educational and research institutions.

Staff relations

Good employee relations remained a priority and various initiatives ensured staff engagement. The year was marked by intensified staff-management consultations, especially within the framework of the JAC. Meetings were held at least once a month. During these sessions, staff and management representatives discussed various issues related to staff welfare and conditions of work, reviewed existing policies and introduced new ones. These included the policy on post classification, the YPP, the policy on learning, health insurance matters and conditions of service.

A draft Director-General's Bulletin on whistleblower protection (against retaliation for reporting misconduct) has been submitted to the JAC for consultations and is being reviewed by the Office of Internal Oversight Services and the Office of Legal Affairs. A draft UNIDO code of ethics and a draft UNIDO framework for financial disclosure have also been submitted to the JAC for review. These directives, intended to strengthen accountability and make the Organization's operations and programmes more efficient, are based on relevant policies and practices prevailing in the United Nations system and in other international organizations. They will be fully compliant with the principles and values embodied in the draft system-wide Code of Ethics for United Nations personnel, the Minimum Fiduciary Standards for GEF (see section 1C) and the principles and standards of the United Nations Convention against Corruption.

The Executive Board took wide-ranging decisions facilitating the career development of GS following recommendations made by the Special Task Force (STF) to review GS issues which was established by the Director-General in March 2008. Some of the recommendations were implemented immediately, while others will be implemented after further review and consultations between HRM and JAC.



Meetings of the Director-General and staff generated valuable proposals and feedback on organizational issues.

The Director-General continued to meet directly with randomly selected staff members in the context of his initiative “Dialogue with the Director-General”. Two such meetings were held in 2008 and generated valuable proposals, inputs and feedback on organizational issues. The Director-General also met with all new staff to outline his expectations of them. HRM has introduced a mechanism ensuring that problems faced by new staff are dealt with promptly.

Performance management

A JAC working group reviewed the performance appraisal system with the aim of designing a new system that will be RBM-compliant and will assess performance more rigorously. The working group will also make proposals for a reverse appraisal system, a system whereby staff members provide feedback on their supervisors to assist the individual development of the latter while maintaining anonymity, confidentiality, transparency and fairness. The new systems will be adopted on a pilot basis in 2009.

Strengthening security

The Organization strengthened institutional arrangements to enhance staff security. A senior staff member was given exclusive responsibilities for security in the field and for ensuring that the Organization and its staff generally comply with security guidelines. A security management team was also created at Headquarters to advise the Director-General on security matters and to handle any serious security incidents.

E. UNIDO offices

Brussels

The partnership with the European Union (EU) is continuing to grow. The EC has become one of UNIDO's largest donors, and the Brussels office is helping to strengthen the partnership with European institutions in several ways.

UNIDO made a presentation on its role in the implementation of the EU development policy during the Retreat of the Heads of EU Permanent Missions in Vienna in July. In the same month, the Organization presented its views on the development impact of the Economic Partnership Agreements (EPAs) between the EU and the ACP countries to the Development Committee of the European Parliament.

The Brussels office has established a continuous dialogue with the EC and the ACP countries on the Organization's technical cooperation approach to the Economic Partnership Agreements (EPAs) and the Association Agreements between the EU and the countries of the Andes and Central America. The focus is on the trade capacity-building programmes developed by UNIDO in cooperation with the EC and some of the Regional Economic Communities.

Geneva

The office intensified its contacts with the Permanent Missions of Member States in Geneva, especially the Missions that play key roles in WTO bodies. It liaised with intergovernmental bodies and with donors, particularly those funding trade-related technical assistance, such as Canada, Luxembourg and Switzerland. Staff networked and exchanged information with NGOs whose activities are relevant to UNIDO. Further, through press conferences and publications, UNIDO's role in development was highlighted.

The Geneva office contributed in many ways to UNIDO's support for the WTO-led Aid for Trade initiative, as well as to strengthening of the EIF for trade-related assistance to LDCs. Major activities in which the office was involved included the promotion of the CEB Cluster on Trade and Productive Capacity-Building and the organization of the LDC Ministerial Conference Aid for Trade: Industrial Agenda for LDCs in Cambodia.

New York

The activities of the office focused on raising UNIDO's visibility, stimulating interaction with United Nations system organizations and other important organizations, as well as organizing meetings covering important aspects of UNIDO's mandate. Particular attention was given to system-wide coherence, the fuel and food crises and the role of industry in the development of Africa.

The office arranged the participation of the Director-General in a meeting of the Group of Friends of Climate Change in March and organized a briefing on UNIDO's International Centre for Hydrogen Energy Technologies (ICHET) in June, as a contribution to the Innovation Fair held during ECOSOC's High-level Segment.

In support of the efforts to tackle the food crisis, the New York office, FAO and IFAD arranged a Ministerial Round Table Breakfast highlighting the joint work of the three organizations on agri-business development. In addition, the office organized a meeting on agricultural supply chains and their role in the fight against hunger, in which the Director-General participated. The Director-General also chaired a side event of the high-level meeting Accelerating Poverty Reduction and Economic Growth: Transforming African Countries into Tiger Economies, which was organized in cooperation with UNCTAD and the Alliance for a Green Revolution in Africa.

Contributing to the discussions in the Second Committee (Economic and Financial) of the United Nations General Assembly was a major activity during the second half of the year. The Director-General presented the Secretary-General's report on Industrial Development Cooperation⁶ to the Second Committee in October, after which staff provided support to Member States in negotiations on a resolution on this issue. The final text of the resolution, which will guide UNIDO's future work, was passed unanimously by the Second Committee.⁷

Field representation

In line with UNIDO's policy to strengthen its field presence, the Organization continued to increase its capacity in the field in terms of office locations, staff and overall impact. At the end of 2008, all 12 Regional Offices and 16 Country Offices were headed by a UNIDO Representative (UR). In addition to the URs, the offices were staffed with 15 international and/or national professionals, a further seven of whom are under recruitment.

The delivery of technical cooperation by field staff increased from \$6.8 million at the end of December 2007 to \$9.47 million at the end of December 2008. The capacity of field offices to deliver technical cooperation will be strengthened in the coming reporting period as a result of the increased number of P staff redeployed to these offices.

The Cooperation Agreement signed with UNDP in 2004 continues to contribute to a widening of UNIDO's field presence. The pilot period of the Agreement has ended and the Organization is now fully covering the costs for the UNIDO Desks in UNDP Country Offices. It was decided to expand the number of Desks from 13 to 16. The UNIDO Focal Point in Mozambique was upgraded to a Desk, and a new field presence was established in Cambodia and Kyrgyzstan. The new Desks have now started operations.

⁶ A/63/309.

⁷ A/RES/63/231.



UNIDO's ITPOs continued to promote industrial partnerships between local and foreign firms in 18 countries. A meeting attended by heads of all ITPO offices reviewed the current status of the network and agreed on a vision for future action, which aims at meeting industrial development priorities by better aligning the work of the ITPOs with UNIDO strategies. The long-term goal is to reposition the network within the development assistance chain. As the ITPOs are well positioned to mobilize investment for responsible development, the meeting also discussed the principles of responsible investment which the network should apply. Special efforts are also to be made to promote investment in green technologies.

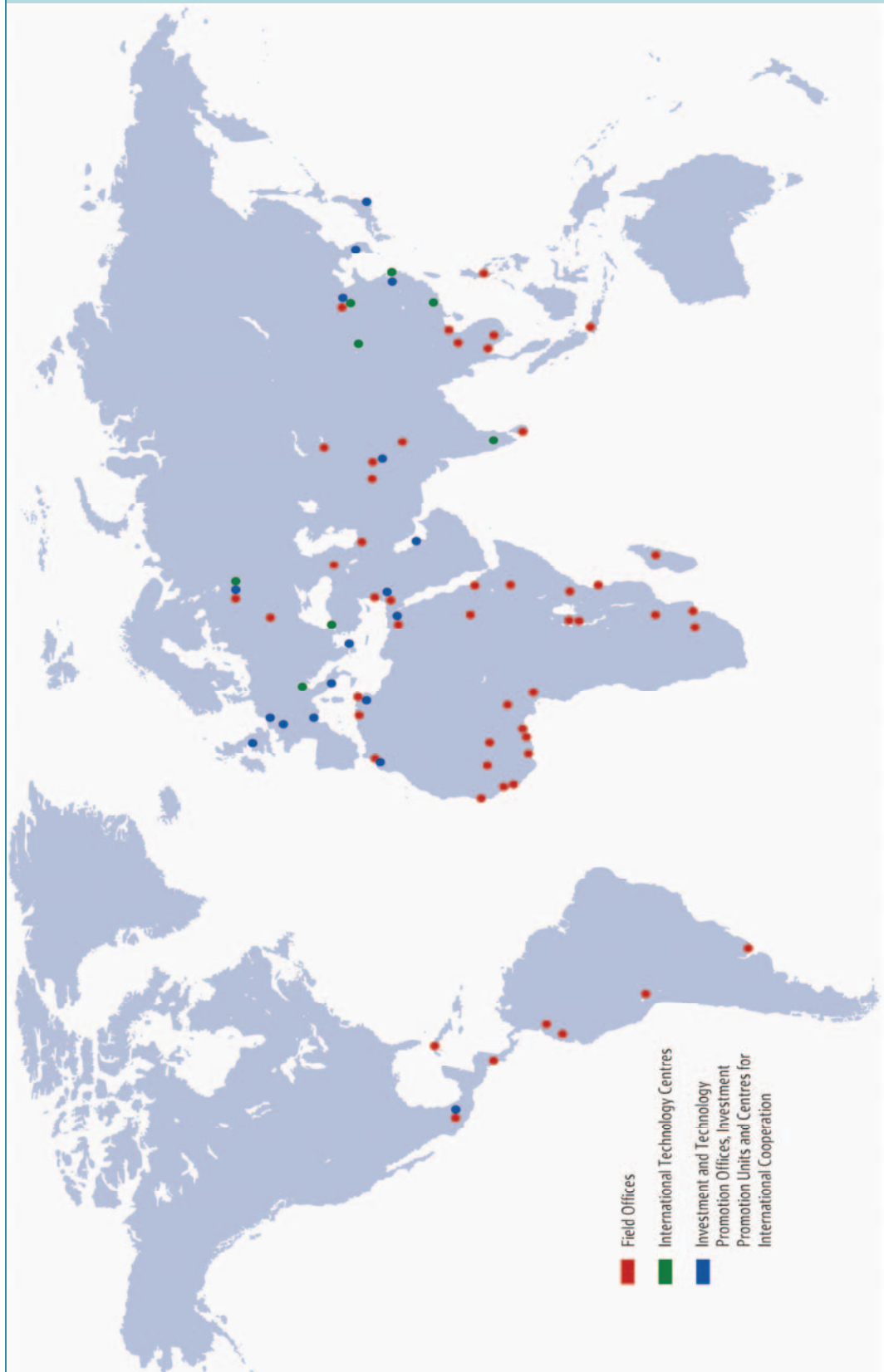
The ITPOs support UNIDO's MDG efforts through their involvement in the Millennium Cities Initiative, which aims to attract more foreign direct investment (FDI) to urban centres in Africa. They help to identify investment opportunities with UNIDO's Computer Model for Feasibility Analysis and Reporting (COMFAR) software and promote investment projects through the network.

Eight International Technology Centres (ITCs)⁸ act as catalysts for technology upgrading and help to manage technology change. The activities of one of these in the development of renewable energy sources is described in section 5B.

The location of all field offices, ITPOs and ITCs is shown in figure 5.

⁸ International Centre for Science and High Technology (ICS, Trieste, Italy); International Centre for Advancement of Manufacturing Technology (ICAMT, Bangalore, India); International Centre for Small Hydro Power (ICSHP, Huanzhou, China); International Centre for Promotion and Transfer of Solar Energy (ISEC, Lanzhou, China); International Centre of Hydrogen Energy Technology (ICHET, Istanbul, Turkey); UNIDO-Shanghai International IT Technology Promotion Centre (Shanghai, China); International Centre for Materials Technology Promotion (ICM, Beijing, China); Russia-Brazil Centre for Technological Cooperation (Moscow, Russian Federation).

Figure 5. Distribution of UNIDO Field Offices, ITCs and ITPOs



The activities of the ITPO network are enhanced by its strong link to the more than 60 Subcontracting and Partnership Exchanges (SPXs) set up by UNIDO. These not only provide “matchmaking” services but also help local enterprises to upgrade their performance, and increase their competitiveness in the global market for subcontracting.

Under the UNIDO Cleaner Production programme, which promotes the adoption of environmentally friendly practices and technologies by industry, there are now 33 National Cleaner Production Centres (NCPCs), five National Cleaner Production Programmes and, in Latin America, four NCPCs that are part of a regional cleaner production network. More information on the NCPCs is given in section 5A.

F. United Nations reform and system-wide coherence



The Secretary-General of the United Nations with the members of the CEB (Berne, April 2008).

The triennial comprehensive policy review

The triennial comprehensive policy review (TCPR) of operational activities is a United Nations instrument to provide an overall framework for orientating the development cooperation activities of the United Nations system, and making them more effective. The General Assembly employs it both to guide the operational activities of the system and to monitor their implementation. After agreement is reached on a management report defining policy areas, actions, benchmarks and time frames, reporting on these issues takes place regularly over three years. In addition, specific reports may be requested by the General Assembly.

UNIDO was closely involved this year in the preparation of the TCPR Management Plan, which took place under the direction of the United Nations Department of Economic and Social Affairs (UNDESA), and its presentation and discussion at the Economic and Social

Council (ECOSOC) and the General Assembly. UNIDO also participated fully in the substantive activities covered by the TCPR.

Many of the substantive activities were related to United Nations reform, especially the functioning of the United Nations Resident Coordinator system (RCS) and simplification and harmonization of the United Nations development system. At the system-wide inter-agency level, UNIDO has been actively involved in the work of the CEB and its subsidiary committees: the High-level Committee on Programmes (HLCP), the High-level Committee on Management (HLCM), and the United Nations Development Group (UNDG).

The HLCP and the HLCM have been instrumental in coordinating system-wide coherence and agreeing on specific steps towards harmonization and simplification. The UNDG has been especially important for developing and coordinating the in-country procedures for the Delivering as One initiative, and improving the operations of the RCS. UNIDO is a non-rotational member of the UNDG Advisory Group, and is an active participant in all five of the UNDG working groups that provide guidance to the United Nations Country Teams (UNCTs). It has also participated in several events and country missions organized by UNDG to address specific country-level issues, such as capacity assessment. The next section will discuss efforts to increase system-wide coherence.

TCPR calls for increased efforts in the areas of gender, resource mobilization (including reliable long-term funding) and development capacities in developing countries. UNIDO has made many contributions to system-wide efforts in this area, including the Expert Dialogue on Women Empowerment and Entrepreneurship Development discussed in section 1C. As section 1B has shown, the Organization was successful in mobilizing additional resources for its operational activities, and UNIDO's efforts have contributed to the increased funding for development activities under the One Programmes. The following chapters will show that UNIDO makes significant contributions to capacity-development in the developing countries, among others by stimulating South-South cooperation.

System-wide coherence

UNIDO remains fully committed to enhancing the coherence, effectiveness and results-orientation of the United Nations system. Many examples in this Report illustrate how this commitment is reflected in action taken at Headquarters and in the field. This section will highlight major inter-agency efforts in which the Organization was involved.

In March, UNIDO organized the high-level dialogue "United Nations System-wide Coherence: The Next Steps" at its Headquarters in Vienna to gain a better understanding of the development aspects of system-wide coherence and the Delivering as One initiative, identify the main challenges and map out the way forward. The meeting was attended by more than 300 participants, including the United Nations Deputy Secretary-General, the Co-Chairs of the United Nations General Assembly Consultations on System-wide

coherence, high-level representatives of UNIDO Member States and senior officials from 16 United Nations system organizations, the CEB Secretariat and UNDG.

UNIDO played a prominent role in the establishment of the CEB Cluster on Trade and Productive Capacity composed of UNCTAD (chair), UNDP, ITC, FAO, UNIDO, WTO and the Regional Commissions. During 2008, the cluster promoted joint programming in a number of Delivering as One pilot countries and organized a joint training session to raise the awareness of Resident Coordinators on the role of United Nations agencies in trade and productive-capacity issues. An *Inter-agency Resource Guide on Trade Capacity-Building* was prepared under UNIDO leadership (see section 4A). It was distributed to Member States at the launch of the CEB Cluster on Trade and Productive Capacity during UNCTAD XII in Accra, Ghana.

Under the chairmanship of the Director-General, UN-Energy developed a workplan to enhance the collective impact of United Nations agencies on the issues of energy access, renewable energy and energy efficiency. Specific events included a workshop on energy efficiency in Washington, D.C., a high-level dialogue on energy services for the achievement of the MDGs during a General Assembly session, and a technical meeting during the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Poland. UN-Energy and GEF launched a \$45 million energy access programme for West Africa, focusing on renewable energy sources and energy efficiency. UNIDO coordinated the preparation of a highly acclaimed note on the energy crisis and its links with the food and financial crises for the CEB retreat in October.

CEB has organized the work on climate change of the United Nations system in five focal areas including adaptation, technology transfer, capacity-building, reduction of emissions from deforestation and forest degradation, and mitigation/finance. UNIDO and UNDESA were invited to serve as co-conveners for technology transfer. They presented an initial note on the issue to HLCP in July and convened a meeting of HLCP member organizations in September in Vienna. The meeting reached agreement on joint activities in the areas of technology transfer indicators, technology transfer and intellectual property rights, lessons learned from implementing the Montreal Protocol, and the *Technology Needs Assessment* handbook being updated by UNDP and UNEP.

At the country level, UNIDO was active in the UNCTs, theme groups and clusters and in joint programmes and activities. The Organization has made particular efforts to promote partnerships with agencies that have complementary mandates. Following the design, planning and programming phase of the main components of the Delivering as One initiative in 2007 and early 2008, most of the pilot countries have started the process of implementing their One Programmes. Key developments in the eight pilot countries in 2008 are summarized in Table 2.

UNIDO's active involvement in the Delivering as One initiative has brought important changes to the way the Organization operates, some of which have been discussed earlier in this chapter. A cross-organizational team monitors developments in the pilot countries

and ensures prompt reactions to requests from the field. Seminars with staff at Headquarters and in the field have underlined the importance of Delivering as One. Monthly progress reports on UNIDO's participation in the pilot countries keep staff informed of developments and ensure follow-up action. Regular audio conferences are held between Headquarters and field staff to exchange information and resolve outstanding issues. A Senior Coordinator for United Nations system-wide Coherence oversees UNIDO's involvement in the various inter-agency and country-level processes.

Table 2. Activities in the eight Delivering as One pilot countries during 2008

Albania	<p>The Joint Executive Committee (JEC) approved One United Nations Coherence Fund allocation of \$3.3 million for the implementation of twelve joint projects and programmes.</p> <p>To be integrated in the One United Nations Programme very soon: A UNIDO stand-alone project on cleaner production and energy efficiency as well as contributions to the joint programme under the CEB Cluster on Trade and Productive Capacity.</p> <p>Memorandum of Understanding (MoU) on One Fund currently under consideration.</p>
Cape Verde	<p>MoU signed on One United Nations Programme (OP), including the One Transition Fund.</p> <p>Terms of reference of the UNCT, One Transition criteria allocation and resource mobilization strategy approved by the UNCT.</p> <p>UNIDO contributions included in three of the nine subprogrammes; assigned lead agency of the subprogramme "Growth and economic opportunities".</p> <p>2009 Annual Work Plans (AWPs) being developed for One Transition Funds mobilization.</p>
Mozambique	<p>Joint Government/United Nations Steering Committee (JSC) approved. One Fund allocation of \$13 million for the implementation of eight joint programmes.</p> <p>UNIDO allocated \$1.13 million for implementation of activities under three joint programmes: Youth employment, women's empowerment and environment mainstreaming and adaptation to climate change (joint programme, MDG-F).</p> <p>2009 AWP's being prepared for One Fund mobilization.</p> <p>One Plan 2007-2009 to be extended following extension of the United Nations Development Assistance Framework (UNDAF) 2007-2009 until 2011.</p>
Pakistan	<p>UNDAF 2004-2008 reviewed and extended to 2010.</p> <p>One United Nations programme draft at advanced stage.</p>

	<p>Participating United Nations Organizations, including UNIDO, signed MoU on One Fund.</p> <p>UNIDO stand-alone projects in trade capacity-building, SME development, environment and cleaner production included in the One United Nations Programme, along with joint programmes being developed in three of the five thematic working groups.</p>
Rwanda	<p>JSC approved 2008 One Fund allocation.</p> <p>\$13 million allocated to joint programmes contributing to the attainment of the five main results of UNDAF 2008-2012.</p> <p>UNIDO allocated \$1.5 million to implementation of activities included in four of the five UNDAF results.</p> <p>Over 80 per cent of the funds transferred to UNIDO are being implemented.</p> <p>Mid-term review of One Fund implementation end September.</p> <p>2009 AWP's being prepared for One Fund funding.</p>
United Republic of Tanzania	<p>One Fund in operation.</p> <p>The JSC approved \$18.3 million for the implementation of six of the seven joint programmes.</p> <p>UNIDO has been allocated \$2.2 million, of which 75 per cent were transferred and are being implemented.</p> <p>The UNCT is developing the extended OP 2009-2010 to cover 60 per cent of UNDAF 2007-2010.</p> <p>UNIDO has reviewed its second phase integrated programme to align its content and cycle with the OP 2009-2010.</p>
Uruguay	<p>The JSC approved a total of \$3.3 million for the implementation of ten projects and programmes.</p> <p>UNIDO was assigned the role of lead/convenor agency of two projects and is a participating organization in the joint MDG-F programme under the thematic window "Culture and Development".</p> <p>\$362,000 transferred to UNIDO for implementation of the two projects by December 2008.</p>
Viet Nam	<p>Fourteen United Nations organizations, including UNIDO, signed the second OP 2008-2010.</p> <p>Membership of the One Plan Steering Committee (OPSC) agreed. UNIDO will be represented on the OPSC twice in the period of 2008-2010 (second-half 2008 and second-half 2010).</p> <p>Approximately \$32 million expected for second OP.</p> <p>The One Plan Funds Mobilization and Allocation Committee is developing funds allocation criteria for second OP.</p>

One Plan 2008 annual review reports and One Plan 2009 AWP prepared by all the 11 Programme Coordination Groups.
 One Leader MoU reviewed by UNCT and endorsed again for the next six months.
 UNIDO accepted to meet its contribution to the One House (\$65,823).

G. Partnerships with other agencies and actors

Joint action for human security

To promote human security, UNIDO has joined forces with other United Nations organizations and counterparts.

UNIDO is exploring the concept of resilience, including the ability of socio-political and economic systems to adapt to pressures, with the Austrian Federal Ministry for European and International Affairs, in connection with the Vienna Environment for Human Security (VEHS) initiative which the Ministry launched in 2007. The initiative advocates a stronger role for the Vienna-based international organizations in increasing human security. It draws on their individual areas of expertise while strengthening ties among the Vienna-based organizations themselves and with the Austrian Government, by identifying and promoting common approaches.

After an initial workshop in February, a seminar entitled “Preventing Conflict, Creating Resilient Societies” was organized in August in the context of the Forum Alpbach, a yearly international meeting which discusses major current problems and tries to formulate interdisciplinary solutions. The discussions centred on the potential role of the Vienna-based organizations in consolidating peace and accelerating development in the Mano River Union (MRU – Côte d’Ivoire, Guinea, Liberia, Sierra Leone) countries. The outcome was an agreement on a medium-term project, “A resilient state: a template for peace and development”, which will explore how the resilience concept can support peacebuilding and development.

Other notable partnerships include:

- The Multi-stakeholder Programme for Productive and Decent Work in the MRU Countries, jointly developed by UNIDO, ILO and UNDP, and partly implemented in collaboration with the Youth Employment Network (YEN). Activities under the Programme are described in section 6B;
- The YEN programme in China, in which UNIDO currently works with ILO and UNESCO, with financial support from the MDG-F; and

- A programme on youth migration and employment which is being implemented in Tunisia with ILO, FAO, the International Organization for Migration (IOM) and UNDP.

Partnerships with financial institutions and with the private sector

UNIDO strengthened its strategic partnerships with financial institutions and other sources of funds to increase the impact of its technical cooperation.

During 2008, the Organization worked especially closely with IFAD. UNIDO and IFAD jointly organized a three-day technical seminar and consultations on value chain and pro-poor market development in Rome in October. Both organizations shared their experiences in the application of the value chain approach in the agricultural sector. On the basis of this, areas of synergy were identified. In order to achieve greater results through future cooperation, UNIDO and IFAD signed a strategic partnership arrangement to pursue greater efforts and joint projects, specifically in (a) value chain and market linkage development; (b) promoting SMEs in agro-industry and agro-processing; and (c) food production and bioenergy. UNIDO also helped to design IFAD projects in India, Nigeria and Sierra Leone that will improve access to technology and markets for small agricultural producers.

UNIDO's joint action with the African Development Bank (AfDB) in implementing its Africa Food Crisis Response programme consisted of developing a strategy for reducing post-harvest losses, assessing the AfDB's agricultural portfolio and recommending pilot projects for technology transfer and training.

UNIDO also sought to cooperate with the private sector in the implementation of its projects. In October, it joined Africa Investor Magazine, Microsoft Corporation and the International Finance Corporation in inviting 40 chief executive officers from African companies and international companies operating in Africa to the Conference of African Ministers of Industry (CAMI). The meeting gave African business leaders an opportunity to air their views on the industrialization strategy of the African Union (AU), and on their involvement in its implementation. The private sector representatives agreed to advise UNIDO regularly on its technical assistance programmes and to act as champions for its initiatives among AU governments and other companies. They will also consider supporting specific programmes relevant to the development of their business.

Building on earlier activities, the UNIDO-Microsoft partnership launched the Uganda Green Computers Company, the first refurbished computer centre of excellence in Kampala. The centre, which employs 50 highly skilled staff, is refurbishing 10,000 quality-brand computers. These are resold with a licensed software package and a one-year warranty for \$175 which is one-third of the price of a new computer in Uganda. Information and communication technology (ICT) training and after-sales support are available, and over 700 SMEs have already benefited. The partnership makes personal

computer ownership affordable and accessible for local SMEs and entrepreneurs. Governments in other African countries have requested replication of the initiative.



In the context of their partnership programme, UNIDO and Hewlett-Packard (HP) signed a joint agreement in May to implement the Graduate Entrepreneurship Training through Information Technology (GET-IT) programme in Africa. The programme provides training to under- or unemployed young people and is currently being implemented in Egypt, Morocco, Nigeria, South Africa, Tunisia and Uganda. Nine training centres offer the GET IT curriculum, which focuses on the basics of entrepreneurship with practical, hands on experience in the use of technology. This helps them to find jobs or start their own business. It is expected that the programme will have 2,000 students in 2009. UNIDO and HP intend to create twenty additional training centres during 2009-2010 in Africa and the Middle East.

H. Advocacy

In 2008, the importance of advocacy for the Organization was further emphasized through the operationalization, within the Bureau for Organizational Strategy and Learning, of a dedicated unit for Public Advocacy and Communications under the new UNIDO Spokesperson.

The unit has widened the scope of public information activities, making UNIDO's core messages more visible and showing how UNIDO positively transforms the life of people in developing countries through clear examples drawn from the Organization's technical cooperation activities. It promotes UNIDO's flagship reports, including the Industrial Development Report (see section 2C), to be launched in February 2009. It has also continuously upgraded the Organization's public website to reflect its growing importance

as the main advocacy tool and has developed more diversified content, including more multimedia reports that showcase UNIDO's achievements.

The attention of the international media and the information networks of the United Nations system has been drawn to the Organization's participation in international conferences and high-level meetings, and UNIDO's stakeholders were informed fully and promptly of the deliberations and outcomes of these global forum activities. Major international events which highlighted the Organization's key role in development during 2008 included:

- The Summit of the AU (Ethiopia, 25 January-2 February), in which industrial development was the main theme;
- The First Global Agro-Industries Forum (India, 8-11 April);
- The International Conference on Renewable Energy in Africa (Senegal, 16-18 April);
- The Global Renewable Energy Forum (Brazil, 18-21 May);
- The 18th Conference of African Ministers of Industry (CAMI) (South Africa, 24-28 October);
- The LDC Ministerial Conference (Cambodia, 19-20 November); and
- The Global Conference on Traceability and Food Security (Egypt, 3-5 May).

A brief description of some of these events may be found in the relevant chapters of this report.



Research helps to improve existing, and define new, technical cooperation services.

2 | HARNESSING THE POWER OF RESEARCH, EXPERIENCE AND IDEAS

A. Focus on fundamental issues

The importance of research for UNIDO's activities cannot be overstated. Solid analytical capabilities and a thorough understanding of industrialization issues are essential for good advice and well-designed, effective programmes and policies. Research also raises the visibility of the Organization vis-à-vis other United Nations organizations, governments and academia, making UNIDO an essential point of reference for industrial development thinking and practice.

In order to improve its analytical capacity and better serve its project staff and external stakeholders, the programme and activities of the Research and Statistics Branch were thoroughly overhauled during 2008. The main aim was to focus the research and statistics efforts more strongly on the fundamental dimensions and roots of industrial development in the context of UNIDO's thematic priorities: poverty reduction through productive activities, trade capacity-building and environment and energy.

The new research programme is based on focus, integration, value added and relevance:

- **Focus:** The programme concentrates on a small set of closely connected issues that describe and explain industrial development, and on their implications for UNIDO's thematic priorities. Enhanced focus helps knowledge to advance;
- **Integration:** Together, analysis and statistics produced under UNIDO's United Nations mandate provide a solid empirical foundation and coherent explanations for industrial trends. Purpose-made indicators will be developed to underpin the analytical work;
- **Value added:** Practical, useful knowledge is created that is not available elsewhere and that can be directly used in the design of industrial policies and projects;
- **Relevance:** Efforts focus on meeting specific needs for diagnostic and systematic knowledge by governments and the private sector as well as other parts of UNIDO.

The causal factors of industrial development and related structural change will be examined from an applied research perspective with a strong empirical basis. Studies will address the impact of investment and technological change on industrialization, emphasizing the role of domestic investment in its different forms such as machinery, industrial infrastructure and knowledge. The role of technological learning and change related to these investments will also be closely examined. Particular attention will be given to the technology choices of

individual firms and their efforts to adapt or create new technologies, including the question of why and how these lead to productivity shifts in different industries.

This type of analysis will be complemented by the investigation of conditions, actors and development mechanisms that make a clear contribution to poverty reduction, sustainable use of energy and the environment and building a dynamic trade capacity. In this way, research contributes to the achievement of the MDGs. New impact indicators for poverty reduction, energy efficiency and the environment will be developed, and research activities will be concentrated in the following key areas:

- Poverty reduction: The roles of strategies based on, respectively, capital investment, productive activities, labour utilization and natural resource exploitation in creating business environments and initiatives most likely to reduce absolute and relative levels of poverty;
- Trade capacity-building: The part played by different types of investment, technological change and patterns of collaboration (between private and public sectors, across value chains or within industrial clusters) in enhancing competitiveness in international markets;
- Environment and energy: The impact of cleaner, resource-saving techniques and technologies on energy efficiency and the ecological balance, in the context of industrial strategies and structural change.

Research findings will help to focus existing technical cooperation services and define new ones. Integrating new knowledge in operational activities and learning from the experience of its application in the field will result in a much better understanding and strengthen UNIDO as a “learning organization”. Therefore, close collaboration between researchers and technical cooperation staff will be sought at all levels of the knowledge generation process.

A major future task of the Research and Statistics Branch will be to build a basic industrial policy framework that can be used for designing optimal country-specific industrial development strategies. In a global economy with its many feedback loops, such strategies must take account of national, regional and international developments. Since UNIDO’s research will be conducted at all these levels, the policy framework based on it will allow countries to integrate the full range of issues into their strategies, from the local to the international.

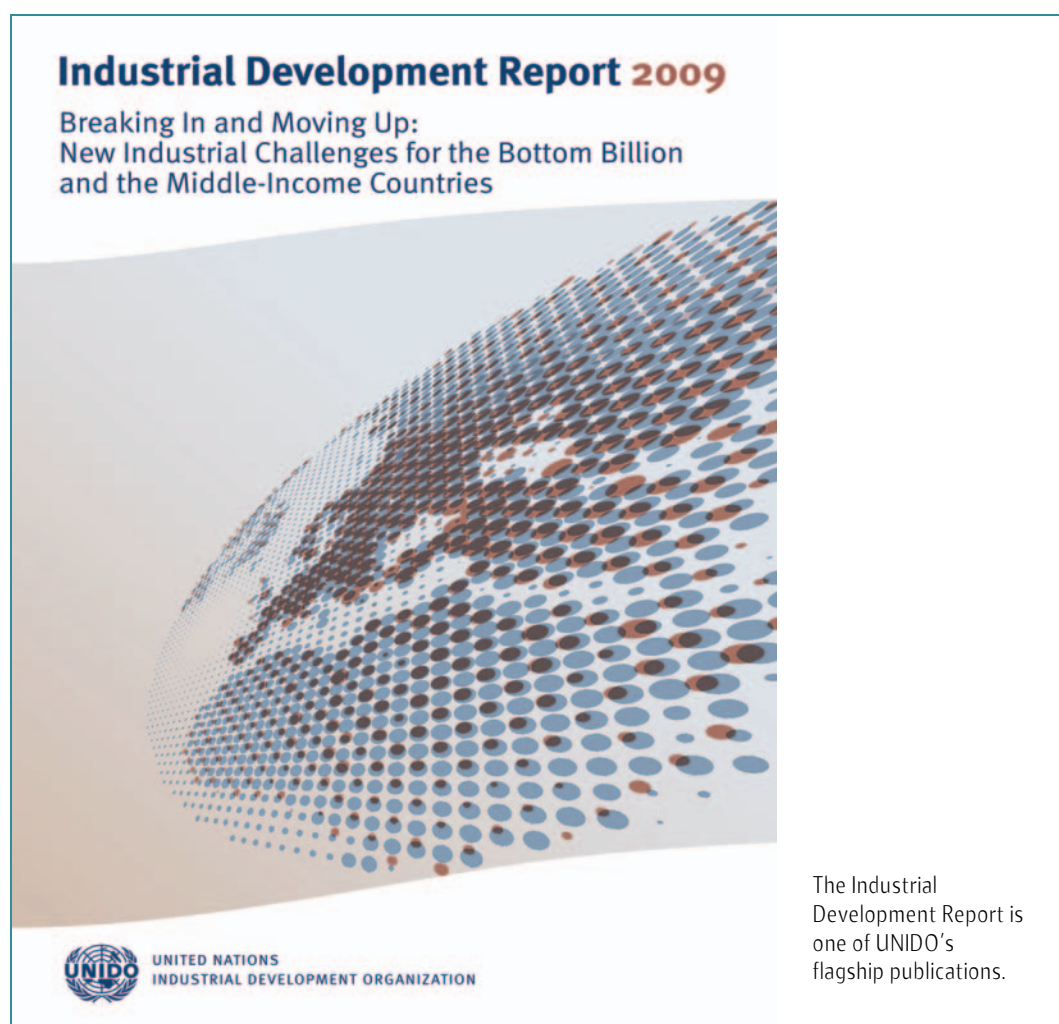
B. A forum for global development

To respond effectively to the complexity of global economic developments, technical cooperation also needs to be accompanied by global forum activities through which stakeholders can share ideas, information, research and experience. UNIDO provides a

common platform for a wide range of actors in the public and private sectors to enhance cooperation, establish dialogues and develop partnerships.

Developing new knowledge, methodologies and policy recommendations requires, among other things, associating with related United Nations organizations, universities and research centres. The research programme will enter into agreements and collaboration or “knowledge partnerships” with other United Nations agencies, top academic institutions and centres of excellence specializing in industrial development and UNIDO’s thematic priorities. During 2008, partnerships were strengthened with Japan’s Institute of Developing Economies and Oxford University’s Department of International Development. A new partnership for the study of industrialization patterns in rapidly advancing developing countries is being forged with the United Nations University. This will expand the knowledge base of the Organization and create information synergies for the generation of new knowledge.

C. Industrial Development Report 2009



The publication of research results is closely linked to global forum activities. The Industrial Development Reports are a major output of UNIDO's research, with high international visibility. The Reports provide new insights into the benefits and challenges of modern industrial development and provide insights in the effectiveness of industrial policies. The focus will increasingly be on major development topics.

Work on the *Industrial Development Report 2009*, subtitled *Breaking In and Moving Up: New Industrial Challenges for the Bottom Billion and the Middle-Income Countries*, was completed at the end of 2008. The new *Report* points out that many countries are failing to establish a vibrant, competitive industrial economy while others are struggling to keep up, in spite of the fact that industry, which is driven by the explosive growth of trade, has expanded rapidly in developing countries over the past thirty years. The *Report* reviews the opportunities and constraints faced by countries of the "bottom billion" trying to break into global markets for manufactured goods and middle-income countries striving to move up to more sophisticated manufacturing. It focuses predominantly on manufacturing but also discusses resource extraction, which is the other major type of industry in developing countries.

Unprecedented changes in the global economy are redefining industrial development, opening some avenues and closing off others. Industrial structure is changing dramatically because of the shift from products to tasks, and shifts in geographical concentration. Because countries differ in their structural characteristics, industrial strategies developed in response must differ. The focus in the *Report* is on three aspects of structural change in industry: As industry moves on, what does it produce, where does it locate, and where are its outputs sold? The *Report* seeks to improve our understanding of these structural changes and sets out some economic policy responses to help countries break into and move up in the global industrial economy. The policy space countries have, given their development levels and rates of growth, is discussed and illustrated with a number of case studies.

Following tradition, the present *Report* also reviews industrial activity worldwide, including measures of technological advance, and highlights significant structural differences between and within regions. The coverage of the competitive industrial performance (CIP) index, introduced in the *Industrial Development Report 2002/2003*, which tries to capture the ability of countries to produce and export manufactured goods competitively, was increased to 122 countries.

D. A full range of information

UNIDO's research output continues to include the full range of working and discussion papers, country and sectoral analytical studies, journal articles, books, compendia, conference papers, manuals and methodologies, reports, the *Industrial Yearbook of Industrial Statistics* and databases. More information can be found in sections 6C and 6D.

A major new output will be the *Topical Issues in Industrial Development*, a quarterly or biannual publication focusing on the impact of current major economic and political trends on industrial development in developing countries. The targeted readers are government officials, researchers and development practitioners. Different dissemination methods will be used for different audiences. Apart from traditional channels (including participation in conferences and media releases), research dissemination will in future make more intensive use of UNIDO's web page and will also adopt novel approaches such as concise policy briefs aimed at high-level decision makers. Field offices will become important channels for the dissemination of research findings.



Small enterprises in South Asia benefit greatly from UNIDO projects.

3 | POVERTY REDUCTION THROUGH PRODUCTIVE ACTIVITIES

Concerted efforts to halve the proportion of people whose income is less than \$1 a day between 1990 and 2015 had begun to bear fruit in 2008. According to the United Nations *Millennium Development Goals Report 2008*,¹ there was an overall downward trend in poverty in the world. The Report nevertheless pointed out that this downward trend showed significant regional differences, and that increases in medium- to long-term commodity prices might push 100 million people deeper into poverty. The continuing international financial crisis will have even stronger negative impacts.

This economic environment and the seven years left until the target year of the MDGs present a considerable challenge. UNIDO's response is to make every effort to reduce poverty through industry, with a strong focus on the private sector. To create the right environment for the sector, industrial policies, institution-building and industrial support services continue to be important fields of assistance.

A. Policy support for competitive industries and private sector development

Making industrial sectors internationally competitive and stimulating the transition to technology-intensive, high-value added industries requires effective policies. In developing countries, however, policymaking bodies are usually too weak to support the process of structural change and the creation of a vibrant private sector. UNIDO has therefore established a programme to strengthen them. Interventions focus on:

(a) The creation of competitiveness intelligence units in key public and private sector institutions, staffed by well-qualified academics with direct access to the highest level of policymaking. Their task is to provide the rigorous analytical foundations required for the design, implementation and monitoring of high-impact industrial policies;

(b) The establishment of "industrial observatories" to monitor global trade and industry trends and to benchmark national and firm performance.

UNIDO has launched several competitiveness programmes in Latin America, creating competitiveness intelligence units in Ecuador and Paraguay. These programmes have

¹ Published by the United Nations Department of Economic and Social Affairs, August 2008.

triggered a rapidly increasing demand for similar programmes in other developing regions, including sub-Saharan Africa.

The first programme was launched in Ecuador in 2003 and resulted in the establishment of a competitiveness intelligence unit in the Ministry of Industry and Competitiveness. The unit became a formal part of the Ministry in 2006, ensuring recognition by the public and private sectors.² The unit helped to design Ecuador's industrial policy in 2008, and will be involved in the implementation of specific programmes and their subsequent evaluation. The unit has been converted into a Department of Statistics and Industrial Studies within the Sub-Secretariat of Competitiveness. UNIDO retains an advisory role.

In 2007 UNIDO introduced an online Private Sector Development toolbox, which aimed at supporting policymakers and practitioners in their efforts to develop and implement private sector development programmes, with a focus on the three subjects of cluster and network development, export consortia and corporate social responsibility (CSR). The toolbox demonstrates the core principles of private sector development and guides its users through the project cycle, from preparation to formulation, implementation and evaluation. A component on business membership organizations (including chambers of commerce and employers' organizations) was added in 2008. Topics such as competitiveness analysis are intended to be added in the future.

B. Cluster development



The programme for small and medium enterprise (SME) cluster development aims at addressing the challenges associated with the lack of linkages among small businesses and support institutions, which often prevents SMEs from realizing their full growth potential,

² The work of the industrial observatory and the unit's analysis and publications can be accessed on a website (www.ecuadorindustrial.org).

particularly in the context of global value chains. To strengthen its contribution to poverty reduction, the cluster development programme increasingly focuses on working directly with the poor.

Projects for SME cluster development are under way in Colombia, Ecuador, Ethiopia, India, the Islamic Republic of Iran, Morocco, Nicaragua, Pakistan and Senegal. With financial support from the Government of Italy, UNIDO is now launching an innovative project in Viet Nam aimed at twinning Vietnamese and foreign clusters, following an approach piloted in India. A project launched to develop a cluster in the automotive component industry in the Samara region of Russia assists local suppliers in meeting the industry's quality requirements, facilitating the integration of Samara's suppliers into global value chains. The ITPOs in Italy, Japan and the United Kingdom have helped to promote clean development in the clusters of the State of Orissa, India.

In addition, the following capacity-building and knowledge dissemination activities worth noting are:

- A seminar in Marseille, France, in collaboration with the Agence Française de Développement, presented the issues of cluster development to policymakers and industry leaders from sub-Saharan and North Africa;
- Two training events were organized with the International Training Centre of the ILO in Turin, Italy;
- A training programme on the principles and practice of SME cluster and network development in South Africa was organized jointly with the South African Department for Trade and Industry in Pretoria, South Africa; and
- In the context of UNIDO's cluster development and CSR activities an expert group meeting was held in New Delhi, India, to discuss the lessons learned from recent cluster projects in India.

C. Rural and women's entrepreneurship development

The Rural and Women's Entrepreneurship Development programme stimulates entrepreneurship in developing countries, with a focus on women and youth. Under this programme, UNIDO has prepared entrepreneurship development curricula for secondary and vocational schools in Angola, Cameroon, Guinea, Mozambique, Namibia, Rwanda, and Timor-Leste. Increasing youth employment is also part of a United Nations system-wide collaborative and coordinated effort. In this context UNIDO launched a programme, financially supported by the Government of Japan, for youth in the countries of the MRU which is described in section 6B.

In the State of Khartoum, Sudan, UNIDO is helping to improve vocational and technical skills by establishing four training centres in partnership with the State Government and the private sector, and with financial support from the EC. In addition, an existing centre is being upgraded and community-based organizations as well as NGOs will be strengthened



Training centres in Khartoum State, Sudan, help young people and displaced persons to improve their technical skills.

so that they can contribute effectively to the training of internally displaced persons. The aim is to train at least 6,000 young people and displaced persons. The training centres will also be enabled to provide business development services to support income generation initiatives.

As discussed in section 1C, the Expert Dialogue on Women Empowerment and Entrepreneurship Development organized in July will help UNIDO to promote women's entrepreneurship even more effectively in the future.

D. Agro-based industries



Bamboo products provide a profitable source of livelihoods in the Lao People's Democratic Republic.

Agro-based industries play a key role in the transition from traditional rural to competitive manufacturing-based economies. UNIDO helps countries to acquire the skills and technologies to develop those industries. Such assistance is also given to those whose first

priority is a life free from want. The increasing demand for the whole range of agro-industrial products, from food to biofuels, and the need to rebuild food processing capacities after wars in a number of countries have opened up new avenues for the Organization's technical assistance to agro-industries.

Food processing

New programmes were initiated to upgrade agro-based value chains and to open market channels for agro-products. In the first phase of a regional programme to upgrade agro-food value chains and open market channels in West Africa, four value chains are being developed in Burkina Faso for onions and garlic, green beans, melons and mangoes. Support to production is based on the requirements of the market. Extension to other value chains in Burkina Faso and to the West African region is being contemplated and a mission to Benin, Ghana, Mali, Niger and Senegal is planned for early 2009 to prepare programmes for selected value chains in these countries. Projects for the dairy industry are being prepared for Burkina Faso (this project also covers meat processing), Côte d'Ivoire, Madagascar and Mali.

Projects of a different kind are being implemented in Burkina Faso, Congo, Mali, Morocco, Mozambique, Rwanda and the United Republic of Tanzania. These support the integration of marginal rural areas into the global market economy by linking small food processors to distribution channels. They are based on the food processing centre approach which was developed on the basis of the lessons learned from earlier projects in African and Arab region countries. The centres have evolved from small processing operations to clusters of small enterprises and distribution channels.

As value chain integration and market orientation are becoming more and more important in food processing, detailed assessments of market opportunities and production potential are needed, along with plans of action. UNIDO's sector development master plans provide these. In Ethiopia, a master plan was developed for eight value chains. The experience has been used to refine the approach and test its sustainability and impact. Future technical assistance to food processing will benefit from this.

The expert group meeting Agricultural Mechanization in Africa – Time for a New Look, organized in cooperation with FAO, reviewed the current status and constraints of agricultural mechanization and identified support mechanisms for sustainable economic growth and poverty reduction. A publication on the meeting: *"Agricultural mechanization in Africa: ... Time for action"*, outlines responses to the problems, including ways in which mechanization can help African farmers and rural communities to raise productivity in agriculture. In partnership with FAO, UNIDO has produced Food Processing Toolkits. These are practical guides for small and medium-scale food processors in developing countries with a wide range of practical and technical information.

Several projects use South-South cooperation to promote sustainable use of resources such as bamboo, adapting technologies, production techniques and organizational strategies to local needs. The projects, which involve the Centres for South-South Industrial Cooperation

that are discussed in section 6B, help manufacturers to expand their capacity and gain a foothold in export markets.

Textiles and leather

Sector studies were made in Ethiopia, Mexico, Nigeria and South Africa for the development of blueprints to improve the textile and garment industries. Projects in support of the Mexican textile and clothing industry were initiated. Technical centres of excellence have been established or strengthened in Argentina, Bangladesh, Guinea, Iraq, Nigeria, Syrian Arab Republic and Uganda. To determine the best locations for spinning plants and the conditions under which they will be profitable, UNIDO is benchmarking the spinning industry in eleven African countries against those of Bangladesh, China, Egypt, India, Pakistan and Turkey.

In the leather sector, common facilities for enterprise clusters were commissioned or are being established in Cairo (Egypt), Kigali (Rwanda) and Aba (Nigeria). The centres provide services such as design, marketing, training and grading. In Chennai (India) the strengthening of the leather cluster through cooperation with similar clusters in Italy continues. A comprehensive training programme for shoe making was prepared and Italian experts made an assessment of the local footwear industry.

Restoring agro-industries

Restoring community livelihoods after wars or natural disasters is an activity cutting across disciplinary borders. Projects typically provide farmers with tools and machinery to improve agricultural production and food-processing while home-based technologies allow women to set up micro-enterprises. The skills of rural providers of services (including blacksmiths, masons, carpenters and tailors) are upgraded so that they can make a full contribution to reconstruction.

In Lebanon, 75 agro-industrial enterprises, along with business associations and relevant government institutions, are targeted by a support programme that is providing equipment and training and restoring buildings. Assistance has so far been given to 63 enterprises, and as a result enterprises have been able to resume business, re-employing their staff, creating new jobs and securing the livelihoods of the families involved. It is hoped that, by the end of the project, 750 people will have returned to their jobs or will have found a new job.

In Iraq, UNIDO completed the rehabilitation of a dairy plant with a capacity of 150,000 litres per day and is rehabilitating a date processing and packaging plant with a capacity of 150 tons per day. Another project in Iraq is discussed in some detail in section 7A. Section 6B reviews other activities that restore food security and stimulate or rebuild income generation activities.

Sharing innovative agribusiness solutions

The global food crisis highlighted the vulnerability of developing country populations to fluctuations in food prices and supplies. In May, the UNIDO IDB requested the Director-General to prepare a report on how UNIDO can best contribute to a United Nations system-wide solution to the global food crisis.³ At the Food Summit in Rome, world leaders called for urgent, coordinated international action to achieve world food security. They requested measures to help farmers, particularly small-scale producers, to increase production and integration with local, regional and international markets, including through South-South cooperation.

In response, UNIDO is increasing its efforts to strengthen agribusiness value chains, expand developing countries' food supplies and facilitate their access to markets, technology and investment.



The Global Agro-Industries Forum identified innovative approaches to agro-industrial development.

A major event in this context was the Global Agro-Industries Forum: Improving Competitiveness and Development Impact, held in New Delhi, India, in April. It was organized jointly with FAO and funded by the Government of India, FAO and IFAD. The objectives of the Forum, attended by about 500 participants from the public and private sector in more than 70 countries and from international organizations, were:

- To identify and build on the innovative policies, modalities and coordination arrangements for agro-industrialization that have been successful in rapidly progressing regions and countries;
- To identify new dimensions of the roles of the public sector, multilateral agencies, donors and the private sector.

Intensive discussions underlined the importance of shared visions by all stakeholders, a more supportive role for the public sector, environmental and social sustainability and the

³ Decision IDB.34/Dec.6.

need for better integration of multilateral assistance. In response, the three United Nations agencies confirmed their commitment to the future development of the sector, working with Member States and regional financial institutions. A publication on the results of the Forum will be prepared by the organizers.

These issues were further explored at the International Conference on Sharing Innovative Agribusiness Solutions in Cairo, Egypt, organized by UNIDO, the Government of Egypt and the SEKEM in November. The conference was attended by about 350 participants from over 60 countries. Representatives from agribusiness, public and private technical and financial institutions, international organizations, donors, NGOs and academia presented over one hundred innovative solutions and best practices in five areas: supply and value chains, market access and linkages, standards and conformity, technology, value added and financing. The conference also offered matchmaking opportunities. The first day was held on the SEKEM farm, which won the Right Livelihood Award (better known as the Alternative Nobel Prize) in 2003. The informal environment ensured a lively exchange of views and experiences.

E. Investment and technology

Foreign direct investment, technology transfer and technology diffusion continue to be key elements in UNIDO's poverty reduction strategy.

The Fourth meeting of the African Investment Promotion Agencies Network (AfrIPANet), which took place in Durban, South Africa, brought together stakeholders from the public and private sectors and launched a regional programme for investment promotion. AfrIPANet IV was held in conjunction with the 18th CAMI, and the programme launched is part of the industrialization strategy discussed by the ministers. AfrIPANet IV secured commitments from the countries covered by the programme to contribute to its funding, which will also be supported financially by Austria, Italy, South Africa and Turkey. Work in connection with the 2009 investor survey has started in Burkina Faso, Burundi, Côte d'Ivoire, Ghana, Kenya, Mali, Nigeria, Rwanda, Senegal, United Republic of Tanzania and Uganda. AfrIPANet is now a formally established continent-wide organization of investment promotion agencies.

The Investment Monitoring Platform project, a component of the Regional Programme for Investment Promotion in Africa, consists of a foreign and domestic investor survey, related implementation activities and capacity-building for investment promotion agencies and other intermediaries. UNIDO's SPX network will be integrated with the Platform. The network will support the upgrading of domestic companies, using new or improved methods, to make them attractive partners for foreign-owned or large domestic companies. The ITPOs also contribute to the investment mobilization efforts for Africa. UNIDO's COMFAR software was provided for the preparation of investor's guides for Kumasi (Ghana) and Blantyre (Malawi) and the identification of investment opportunities in the

SME sector presented at the Kumasi Investment Day in Ghana and the Millennium Cities Investment Day in London.

An Enterprise Development and Investment Promotion (EDIP) programme has been launched by the ITPO Bahrain in Sierra Leone, Iraq and Lebanon. UNIDO continued its support to countries already implementing such a programme, including Jordan, Kuwait, Lao People's Democratic Republic, Mozambique, Saudi Arabia, Sudan, Tunisia, Uruguay and Yemen. The Chinese Government has requested ITPO Bahrain's assistance in developing a full-fledged EDIP centre. Projects for Egypt, Guinea, Liberia, Morocco, Nigeria, Oman and the Syrian Arab Republic as well as for the eight countries of the UEMOA are in the pipeline.

Technology transfer and diffusion projects strengthen the national innovation systems of developing countries. Demand for UNIDO assistance has increased and programmes were prepared this year for countries such as Algeria, Gabon, Kuwait, Paraguay and Tunisia. UNIDO has also extended the operational phase of its International Centre for Advancement of Manufacturing Technology (ICAMT) in India for five years (2008-2013) and of the Shanghai Information Technology Promotion Center (SITPC) in China for three years (2008-2011). UNIDO is also providing assistance to China's Ministry of Commerce in designing policy guidelines to enhance the competitiveness of its outsourcing industry through a network of six technology parks for ICT, in which foreign direct investment is expected to play a lead role.

F. Rural energy for productive use

Without access to energy, modern productive activities are unthinkable. Therefore a reliable energy supply is essential for escaping the poverty trap. One of the main tasks of UNIDO's new Energy and Climate Change Branch is to address this key development issue.

UNIDO's energy access programme focuses on renewable sources of energy. Jointly with GEF and other agencies, for instance, a large umbrella programme has been developed for countries in West Africa to promote renewable energy access and energy efficiency in the industrial, public and residential sectors. Under its Lighting up Rural Africa Programme, the Organization executes small hydropower projects for rural electrification and productive use in sub-Saharan Africa (an example is given in section 7A). It has also launched an initiative to support small island developing states in making the transition from energy supply and consumption based on fossil fuels to energy based on environmentally sound renewable energy technologies. The initiative also targets efficient energy use.

UNIDO's work in the energy sector is discussed in more detail in section 5B.

G. Poverty and the environment

Poverty and environmental destruction are closely linked: one exacerbates the other, creating a vicious circle. UNIDO helps to break this circle in a variety of ways:

- UNIDO continues to work on the reduction of mercury pollution caused by artisanal gold mining, primarily through the development of a follow-up to the Global Mercury Project and its leadership in the artisanal gold mining section of the UNEP Global Mercury Partnership. A project is being developed with ILO and WHO to address the risks faced by people living near and downstream from artisanal gold mines in Mozambique.
- The project “Participatory Control of Desertification and Poverty Reduction in the Arid and Semi-Arid High Plateau Ecosystems of Eastern Morocco”, jointly developed with IFAD, promotes natural regeneration, rotational grazing, establishment of set-aside areas for native seed production and other non-invasive procedures whilst promoting diversification of local production through, among others, economic activities outside farming.



Simple household filters provide villages in Bangladesh with safer drinking water.

The programme to mitigate arsenic poisoning in drinking water, briefly discussed in section 5A, should also be mentioned here. It provides safe drinking water to poor communities in South Asia forced to use ground water contaminated with arsenic that occurs naturally in local soils.



Quality standards guarantee the success of Latin American processed fish exports.

4 | TRADE CAPACITY-BUILDING

Enhancing the capacity of developing countries and economies in transition to participate in global trade is critical for their future economic growth and sustainable industrial development. Trade is a major engine of economic development, contributing to poverty reduction and launching countries on the path to sustained growth. It also ensures a smoother transition toward more rule-based, non-discriminatory and inclusive patterns of trade and economic globalization. While access to markets has improved considerably through advances toward multilateral and regional trade agreements, many developing countries cannot reap the full benefits of global trade due to a lack of:

- (a) Competitive supply capacity; and
- (b) An adequate quality infrastructure for compliance with various market requirements.

UNIDO offers specialized support programmes to support efforts to build up such capacities.

A. Industrial capacities for trade competitiveness

For manufacturing enterprises in developing countries and countries with economies in transition, it is often difficult to adapt to today's continuously evolving business environment. Building up a strong position in export markets is not just a question of being able to offer a low-cost product, but also of the ability of enterprises to enter new market niches with innovative products that meet international standards. Competitive, safe, reliable and cost-effective goods and services are a key prerequisite for enhancing an industry's competitiveness and export market share in tradable goods and services. Industries therefore have a continuous need for market information, know-how, restructuring and upgrading. UNIDO programmes in this area build capacities in both public and private institutions to formulate trade policies and strategies based on economic and statistical analysis, benchmark competitive performance at sectoral and product levels, pinpoint and promote new technologies and encourage the formation of strategic partnerships.



A key element in UNIDO's enterprise upgrading services is the preparation of an upgrading plan.

In order to increase the competitiveness of industrial enterprises in terms of price, quality and innovation, as well as to enable them to follow and assimilate developments in technologies and markets, UNIDO often targets a group of enterprises, and upgrades their services as a pilot project which can be replicated by other enterprises in the area. For example, in 2008, new commodity-based trade capacity-building programmes were initiated in Cameroon and Indonesia. In Cameroon this initiative should pave the way for a larger national programme and should contribute to the establishment of a subregional EPA with the EU. In Indonesia, the programme aims at defining a trade development strategy for the fisheries sector based on a good understanding of the present development constraints and the trading potential of the sector from both a producer/exporter and a buyer/importer (trade corridor) perspective.

Together with the Syrian Ministry of Industry, UNIDO initiated the Industrial Modernization and Upgrading Programme "IM UP-Syria", which is funded by the Italian Development Cooperation. It aims to improve the competitiveness of private manufacturing, focusing on the textile value chain, so that it can benefit from new trade opportunities in regional and global markets. Technical cooperation, to be provided to 40 enterprises in the textile sector on a pilot basis, will cover the design of detailed action plans, training of top and middle management, training of national consultants and consultancy companies, export development and promotion of access to international market and investment partnerships.

Long-term competitiveness also requires strategies for technology development. The Technology Foresight in Europe initiative responds to the need of countries in Central and Eastern Europe and of the NIS for a medium- and long-term development vision. It also helps knowledge institutions to adopt a stronger orientation to technology development. ICT capacity-building is an important instrument, along with technology foresight training. The training courses are offered to officials, business managers and professionals whose

work involves them in technology and innovation strategies. A technology foresight project for the food processing industry in the countries of Central and Eastern Europe, implemented in cooperation with the EU, is discussed in section 7B.

As described in section 1F, UNIDO coordinated the establishment of a common platform for action among United Nations organizations in the area of trade capacity-building. The Organization also coordinated the preparation of the Inter-agency Resource Guide on trade capacity-building, which provides information on the services and programmes of all the participating agencies and the inter-agency cooperation mechanisms. Services and programmes are systematically described in ten categories, enabling users to tap the competence of each agency more effectively. An accompanying CD-ROM lists programmes, services and activities by agency.

B. Quality and conformity infrastructure

Quality infrastructure



Factory laboratories that meet international standards are essential for boosting Africa's manufactured exports.

In global trading, increasingly stringent requirements apply with regard to product quality, safety, health and environmental impacts. Moreover, exporters need proof from internationally recognized institutions that their products conform to these requirements. Product improvements resulting from these pressures are not only reflected in increased export figures but higher standards also benefit the domestic consumers, labour force and environment. UNIDO has therefore developed a comprehensive programme to overcome shortcomings in standards, metrology, accreditation and conformity infrastructure.

The non-oil export revenue of West African countries is derived largely from unprocessed or minimally-processed commodities such as coffee, cocoa, cotton, and to a lesser extent from seafood, meat, nuts, fruit, vegetables and other horticultural produce. Export earnings could be significantly increased by adding value to the products through local processing.

UNIDO's West African Quality Programme, funded primarily by the EC's European Development Fund, provides technical expertise in accreditation, standardization, metrology, product testing and quality promotion to trade-related institutions and local enterprises in fifteen ECOWAS countries, including eight UEMOA countries, as well as Mauritania.

The Bangladesh Quality Support Programme, which targets exporters in the textile and fisheries sectors, has resulted in the adoption of traceability systems in the fisheries sector and the signing of memorandums of understanding for cooperation among local and European textile firms. Through the Programme, firms are also making progress with regard to CSR and domestic consumer protection.

Under the Trade Related Technical Assistance (TRTA) programme funded by the EC in Pakistan, UNIDO supports the upgrading of testing laboratories. In addition, 18 testing laboratories in Pakistan have achieved accreditation to ISO/IEC 17025 (i.e. the main standard used by testing and calibration laboratories), after assessment by Norwegian Accreditation. These laboratories, located in the major cities and industrial hubs of Pakistan, cover microbiology, chemical, textile, leather and electrical testing.

Rebuilding the quality infrastructure in the aftermath of conflict is essential to boost exports and aid economic recovery. In Lebanon, UNIDO is executing a project for this purpose, as described in section 7B.

UNIDO is also addressing quality and standardization issues through research and publications:

- The manual, *Establishment and management of a National Standards Body*, has been improved and reissued as an attractive publication entitled *Fast Forward – National Standards Bodies in Developing Countries*. It covers the main principles of standardization at national, regional and international levels and shows what is needed for a national standards structure. It encapsulates the experience of the International Organization for Standardization (ISO) and draws upon UNIDO's 40 years of experience in the field.
- Apart from international standards, developing country producers must also comply with the requirements, technical and otherwise, of transnational corporations, which are the principal drivers of global value chains. Numerous private and voluntary standards have become de facto mandatory standards. In recognition of the growing importance of this phenomenon, UNIDO began to research this issue in March with financial assistance from Norway. The results will be published in 2009.

Compliance with sanitary and phyto-sanitary requirements

Global trade and modern intensive agricultural practices have widened consumer choice and made food cheaper. However, consumers are sometimes also more vulnerable than before, as, among other things, the spread of avian flu and pet food contamination have shown. The need for sanitary (human and animal safety) and phyto-sanitary (plant safety) measures is beyond

debate. Compliance with sanitary and phyto-sanitary (SPS) regulations is good for both importing and exporting countries since they safeguard consumers and help to improve the quality standards of exporters. “Farm-to-fork” traceability of products – from grower to supermarket shelf – is becoming a key requirement for accessing global markets and, as a de facto supply-chain management system, also helps the producer to increase the quality of products.

UNIDO uses a multifaceted approach to SPS compliance. This involves support to agro-industry, assistance to governments and trade associations, and the development of the relevant infrastructure. The Organization is, for example, helping Cambodia – the first LDC to join the WTO – to draft standards and metrology laws, establish SPS and technical barriers to trade (TBT) enquiry points, upgrade testing laboratories and create a product certification scheme. As a result of the project, the testing laboratory of the Rubber Research Institute of Cambodia is now internationally accredited.

The Egyptian Traceability Centre for Agro-Industrial Exports (ETRACE) project for food quality, safety and traceability has now provided training to over 150 enterprises and other entities that are relevant to the food processing industry. In addition, many enterprises and storage facilities have adopted traceability systems.

C. Aid for Trade

UNIDO’s assistance to building competitive supply and quality infrastructure continues to play an important role in the Aid for Trade initiative. In cooperation with key donors like the EU, Austria, France, Italy, Japan, Norway, Sweden, Switzerland and the United Kingdom, UNIDO implements programmes that use innovative approaches such as linking debt swaps to trade-related technical cooperation. A debt swap agreement concluded between Egypt and Italy, for example, will help to overcome SPS and technical barriers to trade constraints and establish “farm-to-fork” traceability mechanisms.

UNIDO has signed a framework agreement with the WTO’s Standards and Trade Development Facility (STDF) with the aim of improving coordination of technical cooperation in the area of SPS. Under this agreement, it has developed two project proposals for aflatoxin management in Malawi and Zambia with STDF grants. Aflatoxin is a toxin that contaminates stored food supplies such as animal feed and peanuts. Negotiations with two donors are under way. At the end of 2008, UNIDO also finalized a memorandum of understanding with the International Bureau of Weights and Measures (BIPM). Concrete areas of cooperation include the publication of training guides on metrology and legal metrology issues in laboratories. More UNIDO activities in the context of Aid for Trade are reviewed in section 6A.

D. Export consortia



Textile consortia in the Andean countries now get top quality wool for top quality export products.

By combining their knowledge, financial resources and contacts within an export consortium, SMEs can greatly improve their export potential and reduce the costs and risks involved in penetrating international markets.

The establishment of export consortia has been supported by UNIDO for many years, with funding and expertise from Italy. During the current year, consortium building continued in Morocco, Peru and Tunisia and a pilot initiative was launched in Senegal to promote South-South cooperation with Morocco. The latter included the organization of study tours and the exchange of experience between private and public organizations from the two countries. Two study tours to Italy were organized for representatives of export consortia and support institutions from Argentina, Morocco, Senegal and Uruguay. New projects are being developed for Algeria, Argentina, Egypt and the countries of the Southern African Development Community (SADC). The global training on export consortia organized at the ILO International Training Centre in Turin, Italy, took place for the third time, with 56 participants from 33 countries.

E. Corporate social responsibility

In 2008, UNIDO continued to actively contribute to the UN Global Compact and to support public and private institutions in better understanding and equipping themselves for emerging CSR standards.

Also during the year, a project to establish a regional CSR network in Central, South and Eastern Europe was launched. Supported by the Government of Croatia, this network aims at the continuous improvement of environmental and social conditions in industrial SMEs in the region, enhancing their competitiveness and market access. In China, the Organization participated in a pilot project promoting sustainable development of the

Chinese textile industry through CSR with ILO and the China National Textile and Apparel Council. ILO and UNIDO combined their complementary competence in the labour, industrial and environmental domain in an integrated approach for the improvement of the enterprises. This project is described in more detail in section 7B.

UNIDO is also engaged in a joint project with the United Nations Office on Drugs and Crime (UNODC): “Promoting Ethics and Transparency in Business Transactions in Nigeria”. Some of the main objectives of this project are:

- To assess governance-related risks that businesses, particularly SMEs, face in their daily interactions with the public sector;
- To develop principles and tools to support ethical business conduct in Nigeria;
- To form robust private-public partnerships facilitating the adherence of businesses and their public-sector counterparts to the relevant laws and standards of conduct.

UNIDO has recently started to explore a relatively untouched area: links between public policy interventions, small- and medium-scale enterprise and CSR. An issue paper, entitled *CSR, SMEs and Public Policy in Middle and Low Income Countries: Issues and Options for UNIDO*, has been prepared. UNIDO is also pursuing this subject as a member of an expert group providing regular support to the Government of Nigeria in its endeavours to develop a national CSR policy.



New liners for water mains deliver clean water from the river Buh in Eastern Europe.

5 | ENVIRONMENT AND ENERGY

UNIDO's contribution to environmentally sustainable development focuses on improving the efficient use of natural resources in industry. The main vehicles include cleaner production and the transfer of cleaner and environmentally sound technologies, eco-design, increased recycling of waste materials, energy efficiency, substituting non-renewable sources of energy and materials by renewables, and the elimination of toxic and hazardous substances. As an activity cutting across different aspects of sustainable development, UNIDO's co-organization of the Eco-Cities of the Mediterranean Forum 2008, held in October, is noteworthy. The Forum adopted the Amman Declaration, which urges local governments and municipalities to develop and enforce legislation that promotes "green" cities, in cooperation with international organizations, NGOs and the private sector.

A. Working for a cleaner world

The independent programmatic evaluation of the NCPC Programme, completed in early 2008, paved the way for a new joint UNEP-UNIDO programme on Cleaner and Resource Efficient Production. It intends to:

- Strengthen the link between cleaner production and resource efficiency (including energy efficiency);
- Mainstream cleaner and resource efficient production in national policy and enterprise finance; and
- Improve technical capacities to support the transfer of environmentally sound technologies and sustainable product development.

Projects have been developed that will link the programme to industrial energy management, for example in the Islamic Republic of Iran and South Africa, and to the promotion of CSR, as in Viet Nam.



The new Cleaner Production Centre will help to ensure the sustainable development of Serbia's industries.

The NCPC network will be strengthened through better quality and performance criteria. It will also be expanded by opening it to other national, subnational or international cleaner production centres that meet the criteria. Meanwhile, UNIDO is establishing new centres in Bulgaria, Romania, Rwanda, Serbia and Ukraine. In the case of Rwanda, the project is an integral part of the One United Nations Programme and it is proposed to use the same approach for Albania. The Organization also continues to promote regional networks of NCPCs and related centres. The network for Latin America and the Caribbean met in Mexico City in November. This was the first regional meeting organized by the network. The work of the NCPCs is illustrated by a profile on the Uganda Centre in section 7C.

In the field of chemicals management, the successful programme promoting chemical leasing has been introduced in new countries such as Colombia and Sri Lanka. Chemical leasing can help companies to comply with environmental regulations. The concept shares important elements with the new EU REACH (Registration, Evaluation, Authorization and Restriction of Chemical substances) regulation, making them mutually supportive. Both lead to environmental and economic benefits through enhanced cooperation between producers and users of chemicals. After endorsement of the Strategic Approach to International Chemicals Management (SAICM) by the General Conference in December 2007,¹ countries like Colombia, Egypt and Peru have been helped to formulate projects, which can be funded under the Quick Start Programme for the realization of SAICM objectives.

With the help of its international multi-stakeholder working group and the participating NCPCs, UNIDO is constantly improving its efforts in this field and developing new instruments. At the beginning of the year, UNIDO and the Austrian Ministry of Environment jointly published *Chemical Leasing goes global*. The publication describes

¹ Decision GC.12/Dec.17.

experiences gained with this innovative business model in different industries in Egypt, Mexico and the Russian Federation and analyses related political and scientific issues.

Support for the preparation of national implementation plans (NIPs), which are essential for the effective removal of persistent organic pollutants (POPs), continues. During 2008 UNIDO completed the implementation of a large NIP project in China and began preparation for another large project in India. The development and implementation of projects in Angola and Swaziland was also initiated.

The Organization is moving beyond national implementation plans in many areas. GEF has, for example, approved UNIDO projects for medical waste management and disposal and capacity-building in China, polychlorinated biphenyl (PCB) disposal in Armenia, Mongolia, Morocco and the former Yugoslav Republic of Macedonia, cleaning up contaminated sites in Ghana and Nigeria, and the introduction of best available techniques (BAT) and best environmental practices (BEP) strategies in Viet Nam, and the countries on the Red Sea and the Gulf of Aden. As more countries gradually move to the implementation stage of the NIPs, the project portfolio should grow reflecting increasing demands for technical cooperation from UNIDO. Finally, it may be noted that ongoing projects to promote non-combustion technologies for POPs removal in Slovakia and the Philippines are proceeding.

Forums help to tackle the POPs problem. A BAT and BEP Regional Forum for East and South-East Asia was launched in October 2007. The Board of the Forum met at ministerial level and approved the Forum Declaration. A regional project for the power generation sector was developed by the Forum and approved by GEF. Another regional BAT and BEP forum is scheduled to be set up for the countries of Eastern Europe, the Caucasus and Central Asia in late 2009. The first meeting was hosted by the Government of Romania. Similar regional BAT and BEP forums are to be created for Latin America and the Caribbean, Africa and the Arab region.

The integrated waste management and recycling project in Cuba has reached an important milestone with the commissioning of the biogas plant. A global project to identify polluted sites, raise awareness of the most serious problems and establish clean-up priorities has been developed in partnership with Cuban specialists in site remediation.

UNIDO is an active member of the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection, which aims to find scientific solutions to marine pollution, and is involved in a number of large water-related projects:

- A local marine environment project for the Gulf of Mexico is in the final stage of endorsement by GEF;
- Implementation has started of a GEF-funded project to demonstrate and apply best practices and technologies for the reduction of land-sourced impacts resulting from coastal tourism in African countries;

- A global project, “Engaging the agribusiness industry in partnerships to reduce the impact of excess nutrients on large marine ecosystems”, is being prepared for GEF funding in partnership with UNEP;
- Egypt, Morocco and Tunisia will use UNIDO’s Transfer of Environmentally Sound Technology (TEST) methodology to improve water efficiency and reduce industrial effluents. UNIDO is also using TEST in a water and sanitation project for a river basin in Honduras, funded by the MDG-F;
- In Bangladesh and India, efforts to mitigate pollution of groundwater by arsenic from soil minerals continue. Thousands of people have been trained in the use of simple equipment to remove arsenic from drinking water, hundreds of water sample tests have been made and a number of household arsenic removal units have been supplied. Two “arsenic-free” villages will soon be the result, and it is not only intended to replicate the project but also to develop a global strategy for arsenic-free water supplies in rural areas.

B. Energy efficiency and renewable energy

To promote more efficient use of energy in industrial activities, UNIDO is undertaking a wide range of activities:

- With GEF funding, countries with economies in transition, in Latin America and the Caribbean and in South-East Asia are being helped to adopt energy management standards;
- Technical assistance projects combining policy support, funding and technical training are being implemented in, or under development for, more than 20 countries in all regions;
- The Organization is cooperating with the International Organization for Standardization (ISO) on the development of an international energy management standard (ISO 50001). This work reflects two key functions of UNIDO: It makes a normative contribution to the fight against climate change and helps to strengthen technical and policymaking capacities for industrial energy efficiency in developing countries. More details on this activity are given in section 7C.

The planning of new facilities for ICHET in Istanbul, Turkey, is drawing to a close. In addition to R&D, achievements of the Centre in 2008 include:

- Two hydrogen generation projects on the islands of Bozcaada and Sedef in Turkey, which will eventually provide energy to houses and health centres, and for small boats and golf carts;

- Development of a hydrogen-powered internal combustion engine;
- Development of fuel-cell power supply and fuel-cell powered forklifts, motor scooters, boats and carts.

A project to introduce hydrogen-powered three-wheelers in Agra, India, for use in the Taj Mahal complex is at the planning stage. It is to be executed by an international partnership.

As pointed out in section 1F, UNIDO has a leading role in promoting system-wide collaboration in the field of energy, orchestrating a coherent and consistent approach on key energy issues. In this context the Organization has also led consultations on issues of industrial energy efficiency and technology transfer within the UN-Energy framework.

UNIDO has also continued its global forum activities in the field of energy, and organized four important conferences in 2008:

- Dakar, Senegal, April: International Conference of Renewable Energy in Africa. The conference, co-organized with the Government of Senegal, the AU and the German Ministry for Economic Cooperation and Development, assessed the potential role of renewable energy in meeting the continent's energy challenges, reviewed the available technologies, identified policy options and actions to encourage the use of renewable energy sources, and discussed what would be needed to make markets for renewable energy work. Participants represented a cross section of all stakeholders in international development.
- Foz do Iguaçu, Brazil, May: Global Renewable Energy Forum. This was organized jointly with the Brazilian Ministry of Mines and Energy and the power companies Eletrobrás and Itaipu Binacional. Its purpose was to discuss the potential for renewable energy in Latin America and the Caribbean, and to share knowledge and experience with participants from all over the world. The forum was attended by more than 1,500 participants from more than 40 countries, as well as representatives from United Nations organizations, NGOs and the private sector.
- Lviv, Ukraine, May: Regional Workshop on Renewable Energy in the Carpathians. Participants reviewed energy policies, opportunities for renewable energy, cross-border cooperation and funding mechanisms for renewable energy. A concrete outcome was a joint project by UNIDO, FAO, UNEP and other partners to stimulate renewable energy development in the Carpathian region which is to be funded by the EU.

- Abuja, Nigeria, September: Fourth Hydropower for Today Forum. Organized in cooperation with ECOWAS and the African Energy Commission, this forum was attended by over 100 participants from African countries, China and India. The discussions of policymakers, energy experts and manufacturers of hydropower equipment resulted in an action plan for small hydropower development in Africa, in which cooperation with the UNIDO centres for hydropower in China and India will play an important role.

These events brought together high-level decision makers, experts and private sector representatives. Many lessons were learned from concrete case studies and best practices from around the world. Participants committed themselves to common action for market-based drives to increase the use of renewable and energy-efficient technologies.

In Latin America and the Caribbean, work on the establishment of an observatory for renewable energies was initiated in Argentina, Costa Rica, Ecuador and Paraguay. This will be a virtual platform for the exchange of information among renewable energy producers, R&D centres and development agencies.



A bio-fuels study tour for representatives from six African countries accompanied the May forum in Brazil. Apart from giving the representatives an insight into the various aspects of biofuel policy, research and production, the study tour also prepared the ground for cooperation between African countries and Brazil. A similar study tour to Colombia took place in November.

C. The Montreal Protocol

In the past fifteen years, UNIDO has made great contributions to the protection of the ozone layer through the implementation of projects in 63 developing countries. Over 600 investment projects and over 500 non-investment activities have helped these countries to comply with their obligations under the Montreal Protocol. A project example for Venezuela is given in section 7C. So far the Organization's projects have contributed to phasing-out more than 18 per cent of the consumption of ozone-depleting substances by the developing countries included under Article 5 of the Protocol.



Albania is one of the many countries benefiting from UNIDO's successful programme to phase out ozone-depleting substances.

In 2007, parties to the Montreal Protocol reached a historic agreement on the accelerated phase-out of hydrochlorofluorocarbons (HCFCs). In response, UNIDO launched consultations with its counterparts in developing countries that culminated in a seminar in Vienna in February on alternative technologies and associated challenges. This initiative, along with UNIDO's past achievements and network, laid the basis for an HCFC programme in no less than 39 developing countries. UNIDO contributed to the finalization of the guidelines for HCFC Phase-out Management Plans, which were approved by the Executive Committee for the Implementation of the Montreal Protocol.

These Plans are the first step towards compliance with the Montreal Protocol measures for the phase-out of HCFCs, providing an overarching strategy and identifying activities for reaching the freeze target in 2013 (when no further increase in the consumption and production of these chemicals will be allowed) and a 10 per cent reduction in 2015. They will take account of the overall environmental impact of different HCFC removal options, including climate change benefits, energy savings and public health.

UNIDO is also preparing several pilot demonstration projects in this area. One of these, approved in November, will support the phase-out of HCFCs at a large manufacturer of commercial refrigeration and air-conditioning equipment in Jordan. Such demonstration projects create an understanding of the technical and financial requirements associated with the adoption of alternative technologies and substances. Additional investment and demonstration projects will follow in 2009.

UNIDO will continue to play an important role in phasing out the remaining methyl bromide and chlorofluorocarbons: The Organization is currently implementing 11 national phase-out plans, 14 terminal phase-out plans and five sector phase-out plans. Among other activities, the Organization is successfully reducing methyl bromide use in China's agricultural sector, as well as in Honduras and Morocco. A large phase-out project for chlorofluorocarbons (CFCs) in metered-dose inhalers was approved by the Executive Committee in November (\$13.5 million). These inhalers are widely used by poor people with respiratory problems. The project aims to convert the entire production of CFC-based inhalers in China to hydrofluorocarbons. Meanwhile, the implementation of earlier phase-out projects for inhalers in Egypt, the Islamic Republic of Iran and Mexico continues in cooperation with technology providers.

In November, the parties to the Montreal Protocol agreed to replenish the Multilateral Fund for the implementation of the Protocol by \$470 million during 2009-2011. The funds will cover outstanding commitments from the previous funding cycle and cover the costs associated with new activities under the accelerated HCFC phase-out schedule.

D. New technologies for a green future

Technologies with a broad range of applications have profound implications for long-term economic transformation across sectors. For example, biotechnology (including new bioprocesses, bioremediation and the use of genetic resources for productive purposes) is of enormous importance for sustainable industrial development. UNIDO is therefore strongly engaged in capacity-building in this area:

- An expert group meeting in Salvador, Bahia State, Brazil, surveyed potential applications of biotechnology in the context of the use of plant feedstock for industrial purposes in arid and semi-arid regions;
- Funds for a regional project for new industrial uses of the bast fibre crop kenaf based on biotechnology, covering Bangladesh, China and Malaysia, were approved by the Common Fund for Commodities. Implementation is expected to begin in the first quarter of 2009;

- Progress was made with the establishment of the Industrial Biotechnology Network. Its objective is to stimulate sustainable industrial practices in the developing world through awareness creation, demonstration projects and capacity-building.



Biotechnology makes it possible to use kenaf, widely grown in Asian developing countries, for new industrial products.



Many UNIDO activities for human security and LDCs focus on employment and business skills for youth.

6 | CROSS-CUTTING PROGRAMMES

A. South-South cooperation



Efforts at increasing South-South industrial cooperation were intensified in 2008.

The UNIDO Centre for South-South Industrial Cooperation (UCSSIC) in India, established in February 2007, initiated a number of new programmes:

- Energy efficient, environmentally friendly stoves (China);
- Bamboo skills development and demonstration centre (Timor-Leste);
- Research on sources of ethanol (Brazil);
- Renewable energy for productive use (five African countries);
- Institution-building for industrial research (Kenya);
- Institution-building for trade and industrial policy (Nigeria);
- Establishment of an agro-business park (West Africa);
- Cotton-textile-garment value chains and networks (Burkina Faso and Mali).

Cooperation in the areas of leather, pesticides, industrial clusters, pharmaceuticals, affordable housing technology, building materials and ICT is being discussed with several African and Asian countries.

A new Centre was formally opened in Beijing on 23 July 2008. Its activities since July have included:

- Developing local and international networks with public and private sector enterprises, research institutions and training facilities, as well as UNDP's China Technical Cooperation among Developing Countries (TCDC) Network, the China-Africa Business Council, the World Eminence Chinese Business Association, and other UNIDO centres in China;
- Partnership-building with the China Development Bank and the Export-Import Bank of China to promote investment in other developing countries;
- Setting priorities for interventions including new and renewable energy, chemicals information technology, agro-industry and new, environmentally friendly, affordable building materials and housing.

The potential for cooperation between the two UCSSICs is being explored in areas such as the transfer of renewable rural energy technology from China to India, and joint support to the housing and construction materials industries in Afghanistan.

Other developing countries also show an interest in setting up UCSSICs. Based on a memorandum of understanding signed by UNIDO and the Government of the Islamic Republic of Iran, discussions have taken place about a Centre in Tehran. It is expected that the new Centre will be formally established in 2009, with initial funding of \$3 million from the Islamic Republic of Iran. Countries such as Egypt, Indonesia and Morocco have also expressed their interest in the initiative.

A modus operandi for the UCSSIC projects was drafted in 2008 and is being discussed within UNIDO. It specifies the principles guiding the initiation of South-South cooperation projects and the life cycle of such projects, and is expected to become an important tool for the coordination of Centres that will be established in the future.

Efforts to create synergies among UCSSICs and UNIDO's ITPOs continued with discussions about the creation of online networking tools. ITPO Bahrain will work with the new Centre in Beijing in setting up an entrepreneurship development institute in Beijing, using Bahrain's approach to entrepreneurship development as a model.

As a follow-up to an expert group meeting for Latin American countries in late 2007, a Technical Assistance Knowledge Bank for the countries in the region has been created. It operates as a platform where expertise and experience on industrial issues can be shared. Cuba and Mexico have already offered expertise and other countries have confirmed their interest in participating.

B. Least developed countries

While the developing countries' share of global manufacturing has risen considerably in recent decades, that of the LDCs remains relatively small. Recent global financial turmoil has added to the urgency of mobilizing the potential of LDCs.

UNIDO's engagement in trade capacity-building and Aid for Trade initiatives was boosted following a request issued by the November 2007 Ministerial Conference of the LDCs to the Director-General to "take special account of the needs of the LDCs" in implementing the 2008-2011 MTPF. UNIDO responded by intensifying its collaboration with WTO and other core members of the EIF, developing eight pilot project proposals for LDCs in Africa (Benin, Lesotho, Mozambique, Rwanda and Senegal) and Asia (Cambodia, Lao People's Democratic Republic and Yemen) during 2008.

The proposals were reviewed and updated at a workshop in Kigali, Rwanda, in September as part of the preparations for the November Ministerial Conference of the LDCs in Siem Reap, Cambodia. The Conference was a milestone in reaching a shared understanding of UNIDO's role in helping to build up LDCs' supply-side capacities for integration in global trade. It also helped to cement partnerships with Aid for Trade stakeholders.

UNIDO's policy to allocate more resources to LDC programmes has resulted in an average annual increase of almost 30 per cent in technical cooperation delivery, particularly in Africa, during 2004-2008, as Table 3 shows.

Table 3. Technical cooperation delivered to least developed countries, 2004-2008 (\$ million)

Year	2004	2005	2006	2007	2008
Delivery	8,157	9,363	15,283	17,481	22,112

Over the period, almost 80 per cent of LDC programme delivery has been to African countries, including African Arab countries. The focus on Africa is also reflected in the ranking of seven countries with the largest delivery during 2004-2008:

Table 4. LDCs with the largest programme delivery during 2004-2008 (\$ million)

Sudan	14.0
Bangladesh	7.6
Uganda	6.4
United Republic of Tanzania	5.6
Mozambique	5.5
Senegal	5.3
Ethiopia	4.7

The November 2008 Ministerial Conference of the LDCs urged UNIDO to "use the opportunities provided by Aid for Trade and the EIF to further develop and expand its

concept of South-South industrial cooperation”.¹ Closer links between South-South cooperation and LDC-specific programmes can therefore be expected in the future.

C. Human security coordination

Countries emerging from crises such as war, conflicts and natural disasters face special problems such as the destruction of productive capacities, livelihoods and infrastructure, environmental degradation and the erosion of social capital. Unless these problems are identified and effectively addressed, such countries face a high risk of sinking or relapsing into violence and social disintegration. In such circumstances, the most vulnerable groups in society are deprived of basic necessities such as water, energy, food and shelter and rarely have a reliable source of income.

As the specialized agency in the United Nations system mandated to reduce poverty and create wealth through industrial development, UNIDO's efforts to increase human security focus on stabilizing the economic position of these groups and helping them to initiate sustained development through capacity-building and employment creation in productive activities. The Organization is addressing development problems arising from conflict and crisis in the following countries:

- Africa: Côte d'Ivoire, Ghana, Guinea, Liberia, Malawi, Sierra Leone, Rwanda, Uganda
- Arab region: Iraq, Sudan
- Asia and the Pacific: Afghanistan, Bangladesh, Indonesia, Lao People's Democratic Republic, Sri Lanka, Timor-Leste, Solomon Islands
- Europe: Armenia
- Latin America and the Caribbean: Haiti

Funds mobilized for this purpose in 2008 include over \$11 million from the UNTFHS. Projects range from rehabilitating dairy plants to reintegrating former combatants into the local economy. Some of the other activities are briefly described below and a more detailed example of a project in Iraq is given in section 7A.

In Afghanistan, working with local partners, UNIDO completed a two-year human security project in June. The project helped poor rural communities in 43 village clusters in the Ghazni and Herat regions. Over 2,000 Afghans benefited from efforts to increase agricultural productivity, improve crop processing and develop viable micro-enterprises. This involved skill transfers and better access to appropriate equipment and other inputs.

¹ Declaration of the Ministerial Conference of the LDCs, Siem Reap, Cambodia, 19-20 November 2008.



With new equipment, the rebuilding of a Sri Lankan village economy is moving forward.

In the eastern, tsunami-affected province of Sri Lanka, UNIDO is implementing a two-year human security project with a budget of \$1.7 million. Around 3,000 rural households will be able to revive agricultural activities and increase productivity through mechanization. The project will also stimulate micro and small business development in agro-based industries and related services, and will strengthen the supply chain in the sector, identifying new markets. Repair and maintenance services for agricultural and food processing equipment and other essential technical services in rural communities will be established by training and equipping local artisans. With the active participation of the local population, the communities will be stabilized and the resettlement of internally displaced persons will be facilitated. The project also improves the local organization of post-harvest operations, increasing food quality and incomes.

UNIDO is involved in some major post-conflict activities in the countries of the MRU. These include:

- Building up the capacities of the MRU Secretariat so that it can fully resume its role within the Union, including the design and provision of political and technical advice to member countries;
- Launching an innovative South-South programme for entrepreneurship development jointly with the Arab Gulf Programme for United Nations Development Organizations. This replicates and adapts enterprise and entrepreneurship development approaches from the Arab region. It targets young entrepreneurs and has a large microcredit component;
- Skills upgrading and the establishment of production centres at the community level to stimulate small-scale income generation activities. The centres combine apprenticeship or training programmes with small-scale industrial activities;
- Detailed studies of small hydropower potential and design of hydropower plants in Guinea and Sierra Leone.

In addition, there was a wide range of activities during the first year of implementation of the joint UNIDO/ILO/UNDP Multi-stakeholder Programme for Productive and Decent Work for Youth in the MRU countries. The Programme has promoted youth-led businesses and social projects, established programmes for employment skills together with the private sector and launched a scheme to engage youth organizations actively in youth-led community development projects. Young people are also involved in the Programme through a web-based communication platform, national communication campaigns and the organization of a Youth Forum. ILO is building up employment services. In the longer term, as discussed in section 1G, the usefulness of the concept of resilience in building peace and stimulating development in the MRU is to be explored. For its first year, the MRU Youth Programme received a \$5 million contribution from the Government of Japan.

A similar project, focusing on the rehabilitation of training infrastructure, is being executed in the Wau region of southern Sudan with financial support from the EU.

D. Research for industrial strategy

On the basis of UNIDO's industrial statistics and research activities a new set of country needs assessments was completed serving as inputs for the programming process. The assessments analyse the manufacturing sector and its main subsectors and identify priority areas requiring technical cooperation to boost sustainable industrial development. In this way, UNIDO's regional and field operations and its technical cooperation activities are directly supported by relevant and effective statistical and research inputs. In addition, as discussed in Chapter 2, much has been done to improve UNIDO's analytical work and to increase the dissemination of the results.

UNIDO made a substantial contribution to the first annual conference of the Sanjaya Lall Programme for Technology and Management for Development, "Confronting the Challenges of Technology for Development: Experiences from Brazil, Russia, India, China and South Africa (BRICS)", organized by Oxford University and attended by more than a hundred leading researchers and practitioners. UNIDO set the scene of the event by presenting long-term world productivity trends. In addition, the Organization sponsored the participation of several researchers from developing countries and contributed to the successful completion of their papers, which have been issued in UNIDO's Working Paper Series.

In 2008, UNIDO's World Productivity Database (WPD) was launched globally. User feedback shows that the research community already regards it as a unique tool for economic studies. WPD will also be used as an educational tool by the UK Efficiency and Productivity Analysis Network at the University of Leicester. Several UNIDO research papers have been and are being produced based on WPD.

UNIDO updated the Competitive Industrial Performance Index, or Industrial Development Scoreboard, reflecting structural change in more than 120 countries, as well as the drivers

of industrial development for the benchmark years 1993, 1998 and 2003. The Scoreboard was disseminated to 168 institutions worldwide and is being used, inter alia, by the Ministry of Trade and Industry, Singapore, the Irish Department of Enterprise, Trade and Employment, and the Economist Intelligence Unit. UNIDO also launched a survey of national systems of innovations in emerging market economies.

To study the wider applications of the One Village One Product movement for poverty reduction in LDCs, originally developed in Japan, research was undertaken on the advantages and disadvantages of the concept, and the experiences with it in developing countries. The resulting paper recommended combining the advantages of the top-down approach of some developing countries with the original bottom-up approach in order to accelerate its impact and, at the same time, increase its sustainability.

As part of the medium-term research programme, studies were initiated on organizational learning in the areas of investment and innovation. These aim at understanding the external and internal factors that affect learning among production groups within enterprises. In 2008, the first paper was produced on the theoretical background of organizational learning and its implications for development projects, as a contribution to technical cooperation.

UNIDO's new publication *Public Goods for Economic Development* addresses factors that promote or inhibit successful provision of the four key international public goods: financial stability, an international trade regime, international diffusion of technological knowledge and safeguards for the global environment. The important role of these is implicitly recognized by the MDGs and targets for education, health, governance and environmental sustainability have been set. In addition to this publication, a compendium of selected background papers prepared in the context of this research project addresses specific thematic issues and regional aspects.

The newsletter *Research Update* continued to highlight the latest contributions to research and statistics and to offer original perspectives on economic trends. In late 2008, work began on a new series of papers, *Topical Issues in Industrial Development*, which was briefly discussed in section 2D. In response to the current turmoil in the global economy, the first paper, due to appear in early 2009, will examine the impact of the financial crisis on industries in developing countries.

E. Industrial statistics

Under its United Nations mandate to collect, compile and disseminate industrial statistics globally, UNIDO continued collecting annual data on major industrial statistical indicators from United Nations Member States, in cooperation with the Organization of Economic Cooperation and Development (OECD). Country data received from national statistical offices were validated and supplemented with UNIDO estimates, and their international comparability was improved. Statistical tables for recent years were presented in the

International Yearbook of Industrial Statistics 2008. More detailed data were disseminated through compact discs (CDs) and publication of country briefs on the UNIDO website, as described in Appendix O.

The shift of the Industrial Statistics Database (INDSTAT) database from the mainframe to the client server environment was completed, resulting in an Integrated Statistical Development Environment with many new statistical applications. The system allows data compilation and dissemination in accordance with the internationally recommended standards of the Statistical Data and Metadata Exchange, and the implementation of these standards will be the next important development phase of UNIDO's statistical systems.

F. Regional programmes and supporting activities

UNIDO prepared a strategy paper for the Organization's cooperation with the countries of Central Asia and the Caucasus² in response to the challenges faced by these countries. At present, the region is underrepresented in the Organization's technical assistance activities. The paper focuses on future UNIDO programmes that will have an optimum impact on the development needs, aspirations and demands of the countries. There is a high demand for the various types of expertise UNIDO can provide and which complement those of other international organizations and donors. On the basis of ongoing UNIDO projects, discussions with high-ranking officials, meetings with government representatives, reports received from the countries and fact-finding missions, the paper suggests a number of technical cooperation areas. In addition, the study lists potential sources of funds and proposes strategic partnerships with other international actors in the region.

In September, the Deputy to the Director-General visited Kazakhstan, Kyrgyzstan and Uzbekistan in order to stimulate dialogue with governments, multilateral agencies and other organizations on the proposed expansion of technical cooperation with those countries. Government representatives particularly welcomed the planned regional initiatives in the field of investment promotion and trade capacity-building. A number of opportunities for GEF-related projects in the area of industrial energy efficiency, POPs and renewable energy have also been identified. The project concepts will be developed into full-fledged regional and country programmes and projects and UNIDO's field presence in the region will be strengthened.

In Latin America, UNIDO has created consultative mechanisms at the subregional and national levels. The function of these mechanisms is to assess the development of the Regional Programme for Latin America and the Caribbean countries. National-level consultative bodies with high-level representatives of several ministries became active in Colombia, Mexico, Peru and Uruguay. The consultative mechanisms have provided substantive inputs to the programmes, reviewed project implementation, facilitated interaction with national stakeholders and defined new areas for technical cooperation with UNIDO based on country needs. In cooperation with a number of regional entities

² Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

including Peru's Ministry of Production and the Community of Andean Nations, a workshop on Regional Integration and Competitive Industrial Development was organized in Lima, Peru, in September. Participants included several ministers and vice-ministers from various Latin American countries and representatives from the EU, the private sector, academia and research institutions.



UNIDO has a special place in the United Nations system: its projects create wealth and reduce poverty through manufacturing.

7

SELECTED PROJECT PROFILES

A. Poverty reduction through productive activities

Moroccan women mean business



Moroccan women have built up thriving agro-processing enterprises.

Project title: Development of female entrepreneurship in the agro-industrial sector.

Programme component: Rural and women entrepreneurship development.

Objective of the component: Poor people – especially women, youth and rural people – benefit from new or expanded business.

Planned outcomes: Institutions offering training and support services to build up sustainable entrepreneurial capacities.

Project results:

- Several hundred women were trained in different aspects of running a business.
- Custom-made business software was made available.

One of the objectives of UNIDO's Integrated Programme for Morocco is to strengthen agro-processing capacities and develop the potential of young school leavers and university graduates in rural areas. Stimulation of the rural economy will increase employment and reduce poverty. Apart from consolidating earlier achievements, the second phase of this programme, now under way, intends to make local support services available to some

200 local agro-processing micro, small and medium enterprises (MSMEs) which are to be established in different regions, and to train 2,000 graduates and young entrepreneurs in agro-processing technologies, management and marketing.

The Programme contributes to the MDGs not only because it reduces poverty among marginalized people, but also because it promotes gender equality. In the year under review, the development of female entrepreneurship was an important element in the cooperation between Morocco's Ministry of Commerce and Industry (MCI) and UNIDO. Achievements include the following:

- 330 women were trained in production management, technological improvements and systems assuring safety and quality in manufacturing;
- About twenty women who produce olive oil and dried figs and plums received training in marketing, communication, business management and the use of tracking software specifically developed to support women entrepreneurship;
- Women participated in trade fairs in Spain and Italy, and in a number of domestic trade fairs, building up their understanding of markets and market requirements;
- More than 70 women were trained in spinning, weaving and finishing as well as receiving training in management, accounting and maintenance reporting;
- Modern processing technologies were introduced;
- Local authorities became very supportive of this type of initiative.

The project has resulted in the development of small enterprises managed by rural women who have acquired sufficient skills to ensure the continuity of their businesses. Meetings of UNIDO, MCI and the Agencia Española de Cooperación Internacional para el Desarrollo (a partner in the project), and the evaluation undertaken by the three parties, have confirmed that, thanks to its integrated nature (covering the technical, management and marketing aspects of manufacturing from production to markets), the project makes a significant contribution to rural development and women entrepreneurship. The evaluation shows that:

- Rural and small industries can access export markets (fair trade organizations in several European countries are marketing the products, and exports of olive oil have multiplied under the project);
- Their activities are sustainable;
- They offer stable employment; and
- Women in rural areas can create wealth and improve their standing within their families and communities through economic activities.

Finally, by teaching women to adapt to changes and discuss solutions to problems, the project helps to ensure that their enterprises will be flexible enough to respond to the evolving demands of the economy.

Green energy for local development in Rwanda



Local communities in Rwanda are fully involved in grass-roots level projects for sustainable energy supply.

Project title: Rural energy development in Rwanda: mini-hydro demonstration projects.

Programme component: Rural energy for productive use.

Objective of the component: New income opportunities based on productive use of renewable energy in rural areas.

Planned outcome: Rural communities use renewable energy sources productively and sustainably.

Project results:

- Work on mini-hydropower pilot plants was completed or is in progress.
- Local technical capacities have been created.
- A decision has been made to build eight additional plants.

Stimulating economic activities in rural areas in Rwanda requires access to affordable modern energy sources. The project, largely financed by the Rwandan Government, makes local communities aware of what electric power can do for development and what it involves technically. It creates technical capacities through training and technology transfer, and builds mini-hydropower plants on a pilot scale. Locations are selected on the basis of their development potential. Sustainability is the key concept of the project, from the establishment of the hydro facility to its operation, management and maintenance. Apart from these grass-root-level activities, the project reviews existing policies, proposes new policies and builds institutional capacity at the national level.

The project achieved the following in 2008:

- A pilot mini-hydropower plant of 200 kW was built at Mutubo, in the western province of Rwanda. The facility (civil engineering, generating equipment, transmission and distribution lines, service wiring of 200 local beneficiaries) was completed, and the

operation and maintenance team was trained. The selection procedure for a private contractor for operation and management is under way.

- A similar plant was established near Butare. Construction has been completed here as well, with the exception of some of the transmission and distribution lines. The operation and maintenance team was trained and the private contractor is being selected.
- Work on the second power plant at Nyamyotsi has started and the access road and civil engineering have been completed.
- Through a process of learning by doing, the beneficiaries have acquired a strong sense of ownership and local technical capacities have been created.
- Motivated by the results of the project, the Government has decided to build another eight hydropower plants. South-South cooperation, promoted by UNIDO, will play a key role.

In the longer term, domestic manufacturing of components for the plants is to be stimulated and a regional conference on hydropower, to be held in Rwanda, is planned where participants from all African countries can exchange experiences and lessons.

India's stone carvers build a cluster



Carving out a better life: the Konark Stone Crafts Self Help cluster in Orissa.

Project title: MSME cluster development programme in the state of Orissa.

Programme component: SME cluster and network development.

Objective of the component: Strengthened clusters and networks of SMEs contribute to pro-poor growth.

Planned outcomes: Government institutions implement cluster development initiatives; clusters undertake joint initiatives; competitiveness of SMEs in supported clusters is increased.

Project results:

- Groups of artisans have increased their productivity.
- Links between artisans and buyers have stimulated a shift to high quality products; artisans' profits have increased significantly.
- Women are participating in these activities.

Stone carving is among the oldest crafts in the State of Orissa in eastern India. The world-renowned thirteenth-century Sun Temple of Konark in Orissa is a fine example of the craft. Stone carving forms a cluster in the Puri-Konark-Bhubaneswar area. This is potentially one of the State's top clusters, in terms of turnover, artisan concentration, strategic location and market outreach, if it can overcome its many constraints, which include lack of access to credit and markets, limited availability of machinery, lack of raw materials and organization, limited product development and design, and poor working conditions.

UNIDO was given a mandate to develop the cluster, working with the Government of Orissa, in the framework of the project "Enabling pro-poor economic growth in Orissa", funded by the United Kingdom's Department for International Development. Implementation began in April 2005 and the project was completed in May 2008.

The implementation strategy of the project was to organize artisans belonging to the same product categories into networks such as self-help groups and cooperatives to address the critical issue of access to formal credit. It then promoted the development of joint actions in the cluster to increase productivity, for which modern machinery was provided. Direct marketing linkages were established by organizing visits of artisans to higher-end markets in other states in India (Bangalore, Delhi, Jaipur and Hyderabad) and bulk buyers were identified who could cater for the national and export markets. Women artisans were encouraged to participate through the formation of their own self-help groups and cooperatives; regular health awareness campaigns were part of this activity.

The programme had the following impacts:

- Artisans in self-help groups and cooperatives were given loans at much lower rates of interest than those charged by informal moneylenders, and all credit is invested in productive activities;
- Products of the cluster are sold in new markets as a result of the establishment of direct market linkages, and increased sales and prices for high-quality products have raised the income of both skilled and semi-skilled artisans;
- Productivity of the units has increased by 15 to 20 per cent, product quality has improved and the cost of production has decreased while mechanization has made work easier and improved living conditions;
- Women artisans are able to sell their own products and have gained greater self-confidence in doing so in markets within and outside the state.

Most importantly, a strong partnership was forged with the Directorate of Handicrafts in the State Government of Orissa in the process of applying the cluster methodology, creating an enabling environment for the development of major craft clusters and strengthening the capacities of local agencies for implementing cluster development initiatives.

Rebuilding local economies in Iraq



The United Nations has commended UNIDO's community livelihood and micro-industry project in northern Iraq.

Project title: Community livelihood and micro-industry support project in rural and urban areas of North Iraq.

Programme component: Human security/post-crisis rehabilitation.

Objective of the component: The recovery of productive structures and economies of countries emerging from crisis, and enhancement of security of vulnerable groups.

Planned outcomes: Institutional capacity is rebuilt and/or strengthened; productive capacity is built up at community level.

Project results:

- 2,000 people have been provided with skills and tools for income generating activities.
- Marketable skills of 600 youth and members from other vulnerable groups have been improved.
- 15 production groups have been established.
- The training infrastructure in the region has been strengthened.

The joint UNIDO/FAO project “Community livelihood and micro industry support project in rural and urban areas of Northern Iraq” was initiated in 2006. It aims at helping poor and marginalized communities in the Erbil and Sulaymaniyah Governorates in Iraq to start viable non-farm agro-enterprises. Processing equipment is supplied to improve technology and production levels in the targeted districts and villages. This is complemented with technical and business skills training which targets women, youth and internally displaced persons in particular. Apart from food processing, training is also provided for metal working, leather processing, carpentry, textiles and garment production. Training focuses on locally marketable skills. The impact of the project has been recognized in a recent report by the UNDG Iraq Trust Fund.

The following has been achieved in 2008:

- A core cadre of 62 trainers has been established in the Ministry of Agriculture and the Ministry of Industry and these will conduct training in various manufacturing and related business development skills;
- Seven industrial training institutes and handicraft centres have received training equipment for machine tooling, agro-mechanics, welding, weaving and spinning, tailoring and wood work. These can now accommodate an additional 200 trainees per year;
- Along with technical know-how, 500 project beneficiaries (including displaced persons) have received toolkits enabling them to make a living through self-employment or by working in the construction, manufacturing or service sectors;
- Fifteen production groups in the food and non-food sectors will be given technological support to move into more dynamic industrial activities;
- Better skills have enabled over 80 per cent of the target beneficiaries to engage in viable and farming-related or non-farm activities.

The long-term goal of the project is to turn the selected production groups into models of best practice in the industries mentioned. UNIDO is therefore also establishing a carefully targeted mentoring and management coaching programme to help ensure good manufacturing practice and work safety standards. In addition, the preparation of business plans and opportunity and feasibility studies will be supported. This will put local micro-industries on the way to further growth.

B. Trade capacity-building

The transition to healthy and safe food



Evaluation of project results at the final conference of "FutureFood6".

Project title: Healthy and safe food for the future – a technology foresight project in Bulgaria, Croatia, Czech Republic, Hungary, Romania and Slovakia.

Programme components: Innovation systems, technology management and foresight.

Objectives of the components: National and regional innovation systems are supportive to innovative companies.

Planned outcomes: Government and public institutions adopt policies and strategies for strengthening national and regional innovation systems.

Project results:

- A vision of the future of the industry with different development scenarios, initiated after extensive studies and consultations with stakeholders.
- A road map for realizing the vision.

Food quality and safety are prime policy objectives of the EU. The food processing sector in the countries in Central and Eastern Europe, which is undergoing sweeping organizational, technological and financial changes, must bring safety and quality standards in line with those prevailing elsewhere in the EU. Substantial changes in the support infrastructure for the industry including financial services, wholesale markets and transport infrastructure are also needed, along with a better supply response to the rapid developments and increasing diversity in demand. With strong policies, the sector can achieve all this.

The EU project “FutureFood6”, initiated in 2007, was an answer to this challenge. The objectives of the project were:

- To promote a new decision-making culture among managers and policymakers which puts quality and safety issues into the centre of food chain management;
- To identify future key technologies and new business models that will promote quality and safety in food production through a food and safety platform in the Central and East European countries.

Implementation of the project was entrusted to a consortium in which UNIDO was the coordinating partner. The Spanish Fundación Observatorio de Prospectiva Tecnológica Industrial acted as the methodology adviser and the Vienna Institute for International Economic Studies as the socio-economic adviser. In addition, six institutions with foresight and innovation expertise covered the target countries.

“FutureFood6” invited experts from Bulgaria, Croatia, the Czech Republic, Hungary, Romania and Slovakia to deal with the question of how the food industry in these countries might and should look in 2020. It drew a strong response from food industry managers, chambers of commerce, consumer organizations, ministries and certification agencies. The basic methodology used was UNIDO’s Technology Foresight, which has proved to be very successful where complex long-term development scenarios involving many stakeholders are needed.

The foresight tools used included:

- The mobilization of stakeholder groups (policymakers, entrepreneurs, scientists and civil society) from all the countries;
- A socio-economic survey of the views of the various groups in society concerned with the food industry and the impact of the technologies;
- Interviews with specialists from relevant disciplines and affiliations including industry and public authorities;
- A survey of key technologies needed to address the industry’s challenges;
- The creation of a development vision with different scenarios, based on the experiences and views of the main stakeholder groups;
- Preparation of a technology road map describing in detail the implications of the different scenarios and actions to exploit opportunities and counter threats.

The project ends in early 2009 with a final conference evaluating the results and recommendations that are relevant to the future development of the food industry in the participating countries.¹

¹ Additional information can be found on the project website www.FutureFood6.com.

Peru looks to joint efforts for export success



Small textile manufacturers in Peru have boosted their exports through consortia.

Project title: Promotion of SME export consortia.

Programme component: SME export consortia.

Objective of the component: SMEs have better access to export markets.

Planned outcomes: SMEs adopt the export consortia approach; policy institutions adopt the export consortia approach to SME promotion.

Project results:

- 28 export consortia were established in eight different industries and regions.
- Support institutions improved their know-how of consortium building.

The Peruvian economy has been growing steadily in the past years and exports have increased by almost 150 per cent between 2003 and 2007. The SME sector has hardly played a role in the boom, accounting for only 3 per cent of the total value of exports. Common problems of SMEs are lack of knowledge and funds, inability to comply with foreign regulatory and quality requirements, and insufficient production volume to meet foreign demand.

In an export consortium, SMEs can combine their knowledge, financial resources and contacts to overcome such problems, increasing their export potential while reducing the cost and risk inherent in penetrating foreign markets. UNIDO was therefore requested by the Peruvian Government to support the establishment of export consortia. The project, completed at the end of 2008, was funded by Italian Cooperation and targeted Peruvian institutions in the private and public sector, strengthening their ability to promote SME export consortia. It was based on a public-private partnership involving twenty different institutions, including the Ministry of Production, the Ministry of Trade and Tourism, the Peruvian Export Promotion Agency and the Chamber of Commerce of Lima.

The main project activities and achievements were:

- Two workshops on export consortia (in Arequipa and Lima) during which about 85 representatives of public and private sector organizations received training in the UNIDO methodology for export consortium building;
- The creation of 28 consortia in eight regions covering eight different industry branches, with agro-processing, jewellery and garments as the most prominent industries.

An in-depth evaluation of the project has been conducted in 2008. According to the evaluation:

- The project has demonstrated the viability of export consortia in Peru. Local efforts have resulted in successful export drives and the export performance of the participating enterprises has improved;
- Expenditure was focused on triggering institutional and organizational changes so that funds were not used for subsidies. Where consortia needed additional resources (financial and otherwise), the project has been an effective tool for leveraging such resources;
- Export consortia can help to stimulate economic activities among the poor. A consortium of tour operators in the Cusco area, for example, is cooperating with local communities. Tourists can stay with local people, exchanging views and familiarizing themselves with local culture, rituals, crafts and food. This has generated new employment in the villages.

A proposal for a second project phase has been submitted to the donor. Activities would include the consolidation of existing consortia, the establishment of new ones and the creation of a financial scheme to support promotional activities, which would operate as a revolving fund.

Gains from responsible manufacturing in China

Project title: Corporate social responsibility in the Chinese textile industry.

Programme component: CSR for market integration.

Objective of the component: CSR standards in SMEs implemented.

Planned outcomes: Institutions inform SMEs about CSR standards and their implementation at company level; assisted SMEs introduce CSR.

Project results:

- The CSR capacity (training material, trained experts) of the China National Textile and Apparel Council has been strengthened.
- 30 companies participated in training, and have benefited through higher labour motivation, productivity and competitiveness.
- Five case studies on best practice will be disseminated.

Chinese enterprises must respond to the growing demand for products that take social and environmental standards into account. SMEs therefore increasingly take measures to comply with CSR standards through improved operational management. In contribution to these efforts, UNIDO and ILO, supported by the Swiss State Secretariat for Economic Affairs, have implemented the pilot project “Corporate Social Responsibility in the Chinese Textile Industry”. The project focused on labour management, working conditions, environmental management and productivity. It was carried out in partnership with the China National Textile and Apparel Council, and it also built up that institution’s capacity to deliver comprehensive, integrated CSR training, advice and information to enterprises wishing to improve their labour and environmental standards.

This was one of the first cases of ILO and UNIDO collaboration on a project at the country level. Applying their complementary expertise and resources in the domains of labour, industry and the environment, the organizations helped to improve enterprise competitiveness in an integrated way.

The project received positive feedback from various beneficiaries, including a CSR manager of a leading brand manufacturer who after extensive fieldwork concluded that this ILO-UNIDO-CNTAC programme was one of the best CSR programmes in China.

The specific achievements of the project were:

- Training material for consultants (training of trainers) as well as for companies (factory training) was developed and tested. It is adapted to the needs of the Chinese textile industry. A website has been set up and a CD-ROM has been produced to make the training material easily available;
- Five national experts have been trained to hold workshops on the five modules of the training package. The project has also helped to increase the demand for the services of such CSR experts by the textile industry;
- The immediate improvements that companies experienced from the implementation of the cleaner production component have led to a higher motivation for social improvements;
- At the company level, the improvements in the labour and environmental domains have led to increases in productivity and competitiveness. The project has therefore proved that a holistic approach of integrating economic, social and environmental issues is successful;
- Five case studies have been written that can be used to illustrate best practice in the context of future projects.

With these results, the project has built a very good basis for future activities in the area of CSR in China. The intention is to replicate this pilot project in other countries, starting in 2009.

Ethiopian leather conquers global markets



“Those involved acquire the technical know-how, business skills and fashion contacts to make this web of small businesses self-sufficient and strong.” (Time magazine on Taytu, 10 November 2008)

Project title: Ethiopia – strategic assistance to the development of the Ethiopian leather and leather products industry.

Programme component: Modernization of export-oriented agro-industries.

Objective of the component: Export-oriented agro-industries adopt improved production technologies, enhance quality of products and access new markets.

Planned outcome: Industry support organizations provide support services to export-oriented companies on a sustainable basis.

Project results:

- The Ethiopian Leather and Leather Products Technology Institute has been built up and exports have greatly increased.

Ethiopia’s leather and leather products industry is in the forefront of leather sector development in Eastern and Southern Africa. For many years it was Ethiopia’s second most important export earner after coffee, but the export share fluctuated from 1997 to 2004 without a steady growth trend, and from 2000 onwards export earnings declined. The industry was clearly stagnant and losing momentum.

What was the best strategy for a new take off? The Government of Ethiopia asked UNIDO to find an answer to this question. This resulted in a master plan and a business plan for the industry, based on the major competitiveness factors, which would help it integrate into the global value chain for leather and its products.

The strategy for the development of the industry uses a “top-down (pull)” approach (TDA) whereby downstream producers in the leather products sector are to “pull” the tanneries to a higher level by demanding better supplies (in terms of both quantity and quality) of finished leather. This will again result in an increased demand by tanners for more and better quality raw material. The strategy gives priority to the footwear industry, with the development of the leather garments and leather goods production as a secondary objective. The development of a “Made in Ethiopia” brand could become an important instrument for gaining access to the highest segments of foreign markets for leather goods. The strategy sets targets for production and export earnings. These targets constituted the basis for a five-year business plan for the development of the leather and leather products industry.

Since July 2005, when the implementation of the strategy started, activities carried out by UNIDO have ranged from building up the Leather and Leather Products Technology Institute, creating a basis for greater productivity and better finished leather products, to the formulation and implementation of a benchmarking system with key technical standards and performance indicators to be attained by the Ethiopian footwear industry.

Special mention should be made of the project “Made in Ethiopia-Taytu”, which promotes a sophisticated range of leather goods and accessories. These products are designed and manufactured exclusively by a group of 12 Ethiopian companies under the umbrella of the company Taytu Trading, and target the highest fashion market segment in European countries, Japan and the United States of America. “Made in Ethiopia-Taytu” was given a full-page report in *Time* magazine in November.

In 2008, the project achieved the following:

- The export earnings of the sector have registered an average annual increase of 17 to 20 per cent since the introduction of the TDA approach in June 2005. In 2008, exports of leather and leather products exceeded \$100 million for the first time (in 2004 and 2005 the figure was \$66 million, and in 2007 approximately \$90 million);
- About 36 per cent of the foreign exchange generated by the industry during 2007-2008 was in the form of finished products, an increase from 15 to 25 per cent in earlier years.
- Three major Italian footwear manufacturers and one from Germany have made subcontracting arrangements with five Ethiopian footwear manufacturers in Addis Ababa, resulting in increased exports of footwear to EU markets;
- A well-renowned British tanning group has relocated its production of high-quality finished sheep and goatskin leather for gloves to Ethiopia with the intention that products be exported to East Asian markets such as Japan;

- “Made in Ethiopia-Taytu” products have made a breakthrough in the United States market and are sold by major department stores in New York and in Los Angeles.

The project will continue to upgrade the technical and managerial capabilities of all the actors in the Ethiopian leather and leather products industry, creating favourable conditions for increased exports and FDI flows to this industry. Particular attention will be given to cross-cutting issues such as gender and the environment.

Competitive car components from India

Project title: Support to small and medium size manufacturers in the automotive component industry in India.

Programme component: Enterprise upgrading for trade enhancement.

Objective of the component: Improved performance/competitiveness and export capacity of upgraded enterprises.

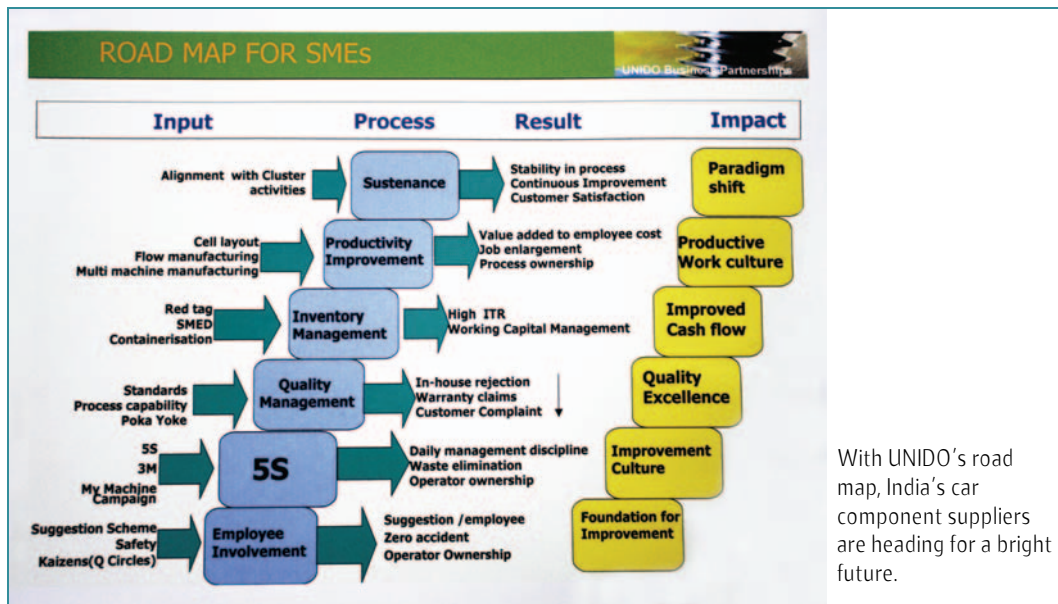
Planned outcome: National upgrading schemes are operational and enterprises are upgraded.

Project results:

- Above average growth rates for many of the participating firms.
- Increased business with large automotive firms.
- Firms have added many new products to their product range.
- Strong increase in the number of quality certificates.

India’s automotive component suppliers can only be competitive in global and domestic markets if they and their sub-suppliers embrace globally accepted best practices. To meet the requirements of vehicle manufacturers and generally to increase the performance of the industry, the Department of Industrial Policy and Promotion, the Ministry of Heavy Industry and the Automotive Component Manufacturers Association of India (ACMA) and UNIDO launched the UNIDO Partnership Programme for the Indian automotive component industry in 1999. Over 60 firms took part in phases 1 and 2 of the programme. Phase 3 started in 2005. So far, 42 companies have completed the upgrading programme in that phase and 27 companies across the country are taking part at present.

The structure of the Programme is based on the road map shown here: training and involvement of staff leads to clear improvements in performance which in turn will lead to a different business approach.



The benefits of the Programme are clearly visible in the firms. They range from higher productivity and involvement of employees to fewer accidents and breakdowns as well as lower rejection rates and inventories. According to ACMA, the intangible benefits have been even higher. Relations between management and employees have improved, and the work culture has been transformed so that there is more openness, a desire to learn and share, and trust and respect for each other.

An independent impact assessment of the Programme highlighted the following results:

- Sales of 15 of the 30 firms on which data were available have grown at a rate of almost 63 per cent in the period 2002 to 2005. This is above the industrial average;
- Many customer acquisitions of the industry, including big brands such as Caterpillar, Volvo, General Motors, Valeo and Ingersoll Rand, can be attributed to the programme;
- Apart from improving quality and other parameters, the intervention transformed the look and feel of shop floors to such an extent that customers who would otherwise not have placed an order with participating firms now felt confident that the firm would deliver;
- Firms added from two to 143 new products to their range during the Programme with half of them adding ten or more products to their range;
- Training received during the Programme has often contributed to acquiring quality certification, which is a clear indication of quality improvement.

The assessment confirmed that the Programme has helped to bring about a cultural change in many firms. In spite of initial union resistance to output increases, workers have adopted technical changes and are willing to increase production.

High standards for Uruguay's health products



Uruguay's Bio-Phyto brand is heading for a prominent place in the market for high-quality natural products.

Project title: Fostering Uruguayan entrepreneurial activities: support to the SME sector to facilitate access to export markets

Programme component: SME export consortia.

Objective of the component: SMEs have better access to export markets.

Planned outcome: SMEs adopt the export consortia approach.

Project results:

- Nine enterprises have been upgraded in terms of quality, productivity safety and management and joined the export consortium for plant-based pharmaceutical products.
- Measures have been taken to safeguard product quality and the potential for new products is being explored.

It is difficult for SMEs in Uruguay that make products based on medicinal plants to be competitive because their technical levels are low, they lack quality standards and their limited capacities prevent them from exploiting scale economies. Collaboration among enterprises, which would help to solve the problems, is limited. Because this is an industry of special interest, it was selected for support through the UNIDO export consortia programme funded by the Government of Italy.

Phyto Uruguay, the export consortium for medicinal plants, currently has nine members. It is hoped that new members will join and use this channel for commercializing their products. The creation of the consortium involved a number of steps:

- Members made visits to international fairs and other events to learn about global markets. This gave them an understanding of the technical and management capacities of their firms that needed to be strengthened;
- The shortcomings were remedied through training in good manufacturing practices, hazard analysis and critical control point (HACCP), aspects of foreign trade and cost management;
- In a strategic alliance between the University of the Republic, Uruguay, and the Sapienza University of Rome, Italy, the properties of local herbs which could be used for innovative products targeting large consumer markets were analysed;
- A common brand, Bio-Phyto, was created for food and cosmetics based on vegetable raw materials and other organic products. It serves as a guarantee for product quality, company ethics, adherence to the prescribed technical and scientific procedures, and the correctness of information in advertisements;
- To strengthen the competitiveness of the consortium and facilitate access to foreign markets, a regulation protocol based on international standards was established on the recommendation of UNIDO experts. The protocol requires firms to adhere to management, organic production and other standards that are essential for international competitiveness. While the brand is a registered trademark, the protocol is a public good which can be used by any Uruguayan enterprise willing to adhere to the rules of the protocol;
- Audits in enterprises belonging to the consortium were carried out jointly by the Italian and Uruguayan-Austrian certification bodies (Ethical and Environmental Certification Institute (ICEA), Latu Sistemas and Quality Austria) and improvements were suggested where needed. Six enterprises and more than 40 products have now been certified as meeting the private standard established under the protocol and the Bio-Phyto brand. ICEA also trained Uruguayan technicians in organic certification.

The creation of a culture of quality, which is essential for access to foreign markets with these products, was a very important aspect of this project. However, the consortium is not only making joint efforts to promote and sell its products in world markets (negotiations are under way with major buyers). It also targets the domestic market and has entered into a commercial agreement with the main supermarket chain in the country.

C. Environment and energy

Creating an international energy management standard



An international standard will help to optimize energy use throughout industrial systems.

Project title: Support to the development of an international energy management standard for industry.

Programme component: Industrial energy efficiency and climate change.

Objective of the component: Transfer of energy-efficient and other climate-friendly technologies.

Planned outcome: An ISO energy management standard that helps governments to promote energy efficiency.

Project results:

- Participation of developing countries and transition economies in the ISO development process has been enhanced and their needs have been taken into account in the draft ISO 50001 standard.

Energy management standards are a key instrument for sustainable energy efficiency in industry. From UNIDO's perspective, an internationally recognized standard would be particularly useful to developing countries and transition economies that still lack national standards, policies and mechanisms. The standard would also help to harmonize different national standards and facilitate international trade. Key stakeholder groups from these countries should therefore participate in its creation.

UNIDO initiated a dialogue on the standard in 2007. An expert group meeting in March of that year, attended by representatives of many developing and developed countries as well as ISO, resulted in a request to ISO to undertake the development of an international energy management standard. UNIDO started a support project in July. It concentrated on

raising awareness of the importance of energy management standards and ensuring that the interests of the developing countries and transition economies would be taken into account.

The project had a full timetable during 2008:

- February: ISO established a project committee (ISO/PC 242) to develop the new ISO Management System Standard for Energy ISO 50001. As of December, the committee included 33 member and six observer countries.
- April: UNIDO and the Standardization Administration of China organized a meeting on energy management standards which was attended by public and private sector representatives from 14 countries. The main outcome was a Framework for Action presenting the major themes to be used by ISO/PC 242 in preparing the standard.
- June: UNIDO experts prepared a Survey on Management Systems for Energy in Industry. The purpose of the Survey was to raise awareness in the industry about management system standards, to present industry views to ISO/PC 242, and to contribute to the design of national and international programmes supporting the adoption of an energy management standard.
- July: UNIDO received category A liaison status with ISO/PC 242, which gives the Organization an active role in the drafting of ISO 50001.
- July-August: UNIDO, Singapore's Standards, Productivity and Innovation Board and National Environment Agency tested a questionnaire and collected data from local industries for the first ISO/PC 242 meeting.
- August: Together with the Brazilian Association for Standardization, and with a contribution from the Renewable Energy and Energy Efficiency Partnership, UNIDO organized a meeting for public and private sector stakeholders in Latin America. It introduced the work on the standard and offered the stakeholders an opportunity to present their views on energy management standards.
- September: The first meeting of ISO/PC 242 was held and attended by representatives from UNIDO and 25 member countries. The outcome was a first draft of the new standard.
- November: Preparations for the execution of a UNIDO survey in Brazilian enterprises of different industrial sectors were completed. The survey is to be executed during the first quarter of 2009.

The result was great progress towards the achievement of the project's objectives:

- UNIDO's contributions to the development of ISO 50001 have ensured that the situation and needs of industry in the developing countries are taken into account in developing the standard. The Organization was asked by ISO/PC 242 to continue to present the views of these countries and highlight issues that are important for them. ISO 50001 is to be ready for publication by the end of 2010.

- Policymakers and standard setting authorities from more than 30 developing countries and transition economies participated in the meetings organized by UNIDO. They have gained a better understanding of the importance of energy management standards, and some are now members of ISO/PC 242.
- UNIDO's leading technical role in the field of energy efficiency and energy management standards has been consolidated and internationally recognized. GEF funding has been made available for future projects and new requests for regional meetings on energy efficiency and standards have been received.

The project ends when the survey in Brazil is completed. A follow-up intends to:

- Support the continued involvement of key stakeholders in developing countries and transition economies in the development of the ISO standard while increasing their capacity for complementary efforts at the national level;
- Enhance understanding of the needs of and challenges for industry in these countries in adopting ISO 50001 and identify the related technical assistance services;
- Consolidate UNIDO expertise and tools to support Member States and their industries more effectively in improving energy efficiency;
- Ensure that UNIDO continues to contribute actively to the development of ISO 50001.

Cleaner production in Uganda

Project title: Establishment of a National Cleaner Production Centre in the Republic of Uganda.

Programme component: Cleaner and sustainable production.

Objective of the component: Reduced resource consumption, emissions and industrial wastes demonstrated in companies or sectors, as a model for further dissemination.

Planned outcomes: Support institutions offer services to industry on a sustainable basis; increased adoption of environmentally sound technologies and processes in industry.

Project results:

- A growing network of consultants, assessors and institutions trained in cleaner production methods and technologies.
- Large reductions of water use and CO₂ emissions in various industries.
- ISO 14001 certification of 14 firms.

The Uganda Cleaner Production Centre (UCPC) was established in October 2001. It operates under the guidance of an Executive Board and an Advisory Board on which key national stakeholders from the private sector, government, research institutions and industrial associations are represented.

The Centre is involved in the full spectrum of activities for cleaner production:

- Information dissemination and awareness raising. The Centre has published a number of brochures, including case studies, while dozens of seminars or similar activities have been organized to increase the understanding of cleaner production concepts, methods and technologies. To date, almost 1,600 people have attended these events.
- Training. This is available for staff of enterprises and institutions as well as for those wishing to become cleaner production assessors or licensed consultants. More than 240 people have over the years participated in long-term training.
- Direct involvement in the introduction of cleaner production at the enterprise level. This covers aspects such as plant assessment and the introduction of good housekeeping methods as well as technological improvements. The industries range from dairying and tanning to furniture and iron and steel. Staff motivation and the creation of healthier working conditions are important aspects of this activity.
- Support institution building. A number of consulting companies, universities and national institutions have included cleaner production in their activities in cooperation with UCPC.
- Contributing to the promotion of cleaner production across Uganda's borders. The Centre participates in regional and international programmes; specifically, it has introduced the cleaner production concept in Rwanda and Lesotho.

By late 2008, 14 firms had obtained an ISO 14001 certificate with support from the Centre, annual CO₂ emissions from assisted firms had been reduced by 1.6 million tons and total annual savings from cleaner production options identified under the Eco-Benefits Programme amounted to \$2.5 million. Results in specific industries include an average reduction of biochemical oxygen demand in sugar factories by 77 per cent and a reduction of water consumption in fish processing factories from 14 m³ to 8 m³.

UCPC intends to continue to expand its successful activities. Particular attention is to be given to:

- Energy efficiency;
- Mainstreaming cleaner production in large private and public sector investments and institutions; and
- Helping policymakers to integrate cleaner production concepts in policies and strategies.

The Centre will also increasingly target broader sustainable development issues, introducing topics such as life cycle analysis, eco design and CSR. It is envisaged that UCPC will eventually play a major role in the execution of large sustainable development programmes and create a strong internal revenue base. The management framework of the Centre will be strengthened accordingly.

Sound refrigeration services for Venezuela



Proper servicing of cooling equipment in Venezuela helps to protect the ozone layer.

Project title: National CFC phase-out plan for Venezuela.

Programme component: Montreal Protocol.

Objective of the component: To assist countries to comply with their obligations under the Montreal Protocol by transferring non-ODS based technologies.

Planned outcomes: Enterprises meet international market standards through the adoption of non-ODS based technologies; the country has been helped to comply with its obligations under the Montreal Protocol.

Project results:

- Over 3,000 technicians were trained and certified; a number of them received equipment.
- Trainers at 46 institutions were trained and their equipment was upgraded.
- A code of practice is being implemented.

Chlorofluorocarbons (CFCs) are compounds made of carbon, fluorine, chlorine and hydrogen. They are used in a wide range of applications ranging from cleansing agents for electronic components to coolants, but deplete the ozone layer.

Under UNIDO's Montreal Protocol programme, CFCs are being phased out in Venezuela under a national plan approved in 2004. CFCs are consumed mainly for refrigeration and air conditioning. Surveys have shown that less than 40 per cent of service technicians have basic technical training; the rest rely on experience. Therefore, training in good refrigeration practice for service technicians is essential for the successful phasing-out of CFCs. The following activities were undertaken:

- Selection of potential training institutions at national level;

SELECTED PROJECT PROFILES

- Preparation of a manual for good refrigeration practices;
- Training of trainers at selected institutions;
- Providing the national training institutions with educational material and the latest tools for refrigeration service;
- Implementation of a training and certification programme for technicians;
- Implementation of a certification programme for repair and maintenance services approved by the labour, environment and industry ministries;
- Provision of tools to certified technicians, enabling them to follow good practice;
- Development and implementation of a code of practice.

By 2008, the three-year project had achieved excellent results:

- 46 training institutions joined the programme; their equipment was upgraded and the trainers were trained;
- Of the more than 3,350 refrigeration technicians trained, 2,950 were certified;
- More than 380 sets of tools were distributed to certified technicians;
- A code of practice was developed and is being implemented.

As a consequence of these positive results the programme has been extended and the final target is to have 5,000 certified technicians.

A CFC recovery and recycling scheme complements the project. Under the scheme, recovered CFC is purified and reused, limiting the need for new refrigerant.

Online off-grid in Mozambique and Zambia



Solar energy powers business centres in rural Mozambique and Zambia.

Project title: Renewable energy powered rural business support centres for small rural enterprises and communities in off-grid regions.

Programme component: Rural energy for productive use.

Objective of the component: New income opportunities based on productive use of renewable energy in rural areas.

Planned outcomes: Support structure for modern energy services introduced and operational.

Project results:

- Two solar-powered business and community centres have been established in Mozambique and Zambia.

Without ICT, participation in today's global knowledge-based economy is unthinkable. Lack of resources in developing countries is widening the digital divide and creates additional barriers to LDC development in particular. A reliable energy supply is one of the preconditions for ICT use, but in developing countries, especially outside urban areas, there is often no such supply. In countries in sub-Saharan Africa, the least electrified region of the world, usually less than 5 per cent of the rural population has access to electricity and conventional grid electrification is too costly because of the dispersed character of rural settlements. A common approach to ICT and electricity supply is needed to overcome the further marginalization of people in rural Africa. The electricity must be generated from renewables since these constitute the only viable supply source.

UNIDO's renewable ICT initiative provides a solution by establishing solar-powered rural community and business telecentres. The initiative targets regions characterized by small-scale farming communities without any access to electricity or modern communications. The first two centres, with trained staff and a good business plan, have been established in rural areas in Mozambique and Zambia. Support is continuing to ensure smooth transition to a self-reliant institution.

The centres provide a variety of communication and business services including public and mobile phones, Internet access and up-to-date information. It is expected that the centres will make a great contribution to the improvement of living standards of the communities. They will not only provide market information, new ways of selling and buying goods and training for different target groups, but they will also be meeting places, and can be used for entertainment purposes.

UNIDO intends to extend this initiative to other regions and to make best practices and lessons learned from the existing centres generally available through a publication.

D. Cross-cutting programmes

Africa builds up business services



Experience gathered through networking is a key factor in improving business development services for WED/YED.

Project title: Strengthening of capacities of private sector agencies and NGOs in selected African countries through regional networking and ECDC/TCDC supporting women and youth entrepreneurship.

Programme components: LDC and South-South cooperation.

Objectives of the components: The exchange and use by Governments and the private sector of best practices within a partnership framework.

Planned outcomes: Strengthened regional cooperation.

Project results:

- Effective regional (and national) networking to support improvements in business services for female and young entrepreneurs.

UNIDO has developed partnerships with public and private sector agencies supporting Women and Youth Entrepreneurship Development (WED/YED) in Eritrea, Kenya, Malawi, United Republic of Tanzania and Zimbabwe. Based on requests from these countries, UNIDO is now taking these partnerships a step further to improve business development services (BDS) for women and young entrepreneurs in their agro-industries. Business support organizations providing these services can benefit greatly from regional and national networking and it can help them to respond better to market trends, strengthen their ability to provide services, and develop new ways of stimulating competitiveness in agro-business, a sector of crucial importance in the economies of Southern and Eastern Africa.

In 2007, the Thirty-First Annual Meeting of Ministers for Foreign Affairs of the Group of 77 supported UNIDO's initiative to build up BDS through a regional project based on South-South cooperation and networking in Southern and Eastern Africa, with a focus on agribusinesses. The project is co-funded by the Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries (PGTF) and UNIDO. Its objective is to use the resources and opportunities that are available within the region and at national level more effectively by linking WED/YED initiatives.

The experiences shared and the processes initiated at the regional level by the project help the participating countries to initiate and sustain their own activities related to BDS, technology diffusion and networking among support groups. Through public-private sector partnerships, a common approach is evolving for:

- The development of entrepreneurship and entrepreneurial culture and mindset within organizations;
- Addressing agro-business constraints, and accessing resources which are essential for increased competitiveness;
- A sustainable, market-driven BDS system;
- Team and trust building for networking and to achieve common goals;
- Management development, including reporting and proposal writing, record keeping, data processing and the application of RBM.

The following was achieved in 2008:

- A series of regional and national-level seminars was initiated in collaboration with the project partners. Thus far, regional seminars have been held in Malawi and the United Republic of Tanzania;
- A regional network was established and a common goal and a shared vision were adopted by the project partners who have expressed their commitment and developed a joint agreement on implementation priorities and a regional workplan;
- The partners agreed to set up a project website serving as a forum for networking and information exchange;
- National network-building to mainstream WED/YED in business services was supported;
- UNIDO's holistic approaches to the development of entrepreneurship and BDS markets were reviewed and are being applied;
- Project partners reached consensus about a common approach to BDS market development;
- Country strategies for BDS network-building, with six-month workplans, were drafted, presented and reviewed;

- WED/YED support experience in Africa, also covering tools and approaches, was shared with ILO, the Bank of Industry of Nigeria and the Equity Bank of Kenya.

It is clear that the project is beginning to have an impact. The partners are improving their entrepreneurship development concepts and the awareness has grown that, in addition to public-private partnerships, better cooperation and coordination within the private sector are needed. The ability of the countries to help enterprises to diversify, innovate and increase their value-added has improved, as illustrated by the general increase in BDS support and credit disbursed to these groups. Requests for similar regional WED/YED networks have been received from West Africa, Central America and the Economic Cooperation Organization of West and Central Asian countries.

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 173 Member States. A list of all Member States is shown on page 113 .

UNIDO employs about 650 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 estimated total volume of UNIDO operations for the biennium 2008-2009 is €382 million.

The structure of the Organization is shown on page 114 .

B. UNIDO's primary objective

The primary objective of the Organization is the promotion of sustainable 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 IDB 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 IDB 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 scheduled to take place from 7 to 11 December 2009.

Industrial Development Board

The IDB 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.

The Board meets once in General Conference years, and twice in other years. The thirty-fourth session of the IDB took place from 14 to 16 May 2008 and resumed on 2 September 2008. The thirty-fifth session of the IDB took place on 2 and 3 December 2008.

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

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		

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-fourth session of the Programme and Budget Committee took place on 3 and 4 September 2008.

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 IDB (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 IDB at its twenty-sixth session in 2002 (IDB.26/Dec.7). The Guidelines were conceived as an important contribution to the efforts to make UNIDO a more efficient and effective organization; they seek to further sharpen the focus of UNIDO's technical cooperation activities.
- 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;

Environment and energy, 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.

- In December 2008, the Director-General presented to the thirty-fifth session of the Board the proposals for the Medium-term Programme Framework (MTPF) 2010-2013.¹ The MTPF represented a significant departure from previous MTPF documents. For the first time, the MTPF contained an overarching development objective explicitly linking industrial development to the three thematic priorities – “Industrial development for poverty reduction, inclusive globalization and environmental sustainability”. The development objective provides the overall context in which UNIDO aims to deliver on the mandate given by its Member States and contribute to the achievement of the MDGs. The MTPF was taken note of with appreciation by the Board and was recognized as an important and flexible tool for implementing the Organization’s mandates.²

E. UNIDO around the world

- In 2008 UNIDO maintained a field network of 28 regional and country offices around the world, some of which cover more than one country. In addition, 15 UNIDO Desks had become operational by 2008 under the Cooperation Agreement with UNDP signed in 2004.
- A network of ITPOs and Investment Promotion Units (IPUs) around the world promote investment and technology flows to developing countries and countries with economies in transition. There are also a number of International Technology Centres at various stages of development that work closely with the ITPOs.
- In addition to the above, there are numerous NCPCs and National Cleaner Production Programmes (NCPPs), established by UNIDO and UNEP, and more are under establishment.
- UNIDO maintains Offices in Brussels (EU), Geneva (United Nations) and New York (United Nations).

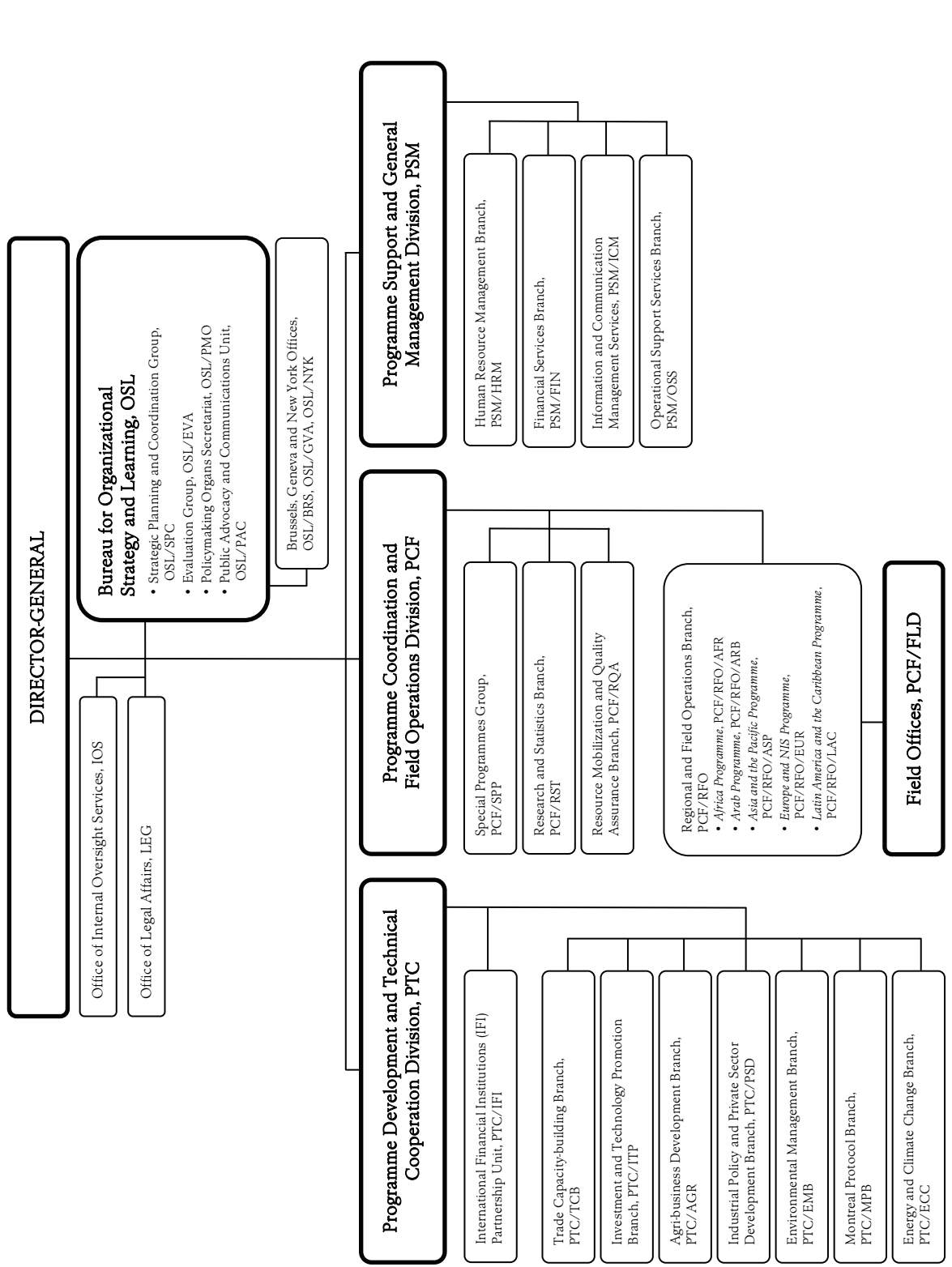
¹ IDB.35/8/Add.1.

² Decision IDB.35/Dec.6.

Member States of UNIDO

Afghanistan	Djibouti	Libyan Arab	Samoa
Albania	Dominica	Jamahiriya	Saudi Arabia
Algeria	Dominican Republic	Lithuania	Senegal
Angola	Ecuador	Luxembourg	Serbia
Argentina	Egypt	Madagascar	Seychelles
Armenia	El Salvador	Malawi	Sierra Leone
Austria	Equatorial Guinea	Malaysia	Slovakia
Azerbaijan	Eritrea	Maldives	Slovenia
Bahamas	Ethiopia	Mali	Somalia
Bahrain	Fiji	Malta	South Africa
Bangladesh	Finland	Mauritania	Spain
Barbados	France	Mauritius	Sri Lanka
Belarus	Gabon	Mexico	Sudan
Belgium	Gambia	Monaco	Suriname
Belize	Georgia	Mongolia	Swaziland
Benin	Germany	Montenegro	Sweden
Bhutan	Ghana	Morocco	Switzerland
Bolivia	Greece	Mozambique	Syrian Arab Republic
Bosnia and Herzegovina	Grenada	Myanmar	Tajikistan
Botswana	Guatemala	Namibia	Thailand
Brazil	Guinea	Nepal	The former Yugoslav Republic of
Bulgaria	Guinea-Bissau	Netherlands	Macedonia
Burkina Faso	Guyana	New Zealand	Timor-Leste
Burundi	Haiti	Nicaragua	Togo
Cambodia	Honduras	Niger	Tonga
Cameroon	Hungary	Nigeria	Trinidad and Tobago
Cape Verde	India	Norway	Tunisia
Central African Republic	Indonesia	Oman	Turkey
Chad	Iran (Islamic Republic of)	Pakistan	Turkmenistan
Chile	Iraq	Panama	Uganda
China	Ireland	Papua New Guinea	Ukraine
Colombia	Israel	Paraguay	United Arab Emirates
Comoros	Italy	Peru	United Kingdom of Great Britain and Northern Ireland
Congo	Jamaica	Philippines	United Republic of Tanzania
Costa Rica	Japan	Poland	Uruguay
Côte d'Ivoire	Jordan	Portugal	Uzbekistan
Croatia	Kazakhstan	Qatar	Vanuatu
Cuba	Kenya	Republic of Korea	Venezuela (Bolivarian Republic of)
Cyprus	Kuwait	Republic of Moldova	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 6. Organizational chart of UNIDO*



* As at 31 December 2008.

List of abbreviations and acronyms

A

AAITPC	Asia Africa Investment and Technology Promotion Centre
ABB	Asea Brown Boveri
ACMA	Automotive Component Manufacturers Association of India
ACP	African, Caribbean and Pacific (Group of States)
AE	Associate Expert
AfDB	African Development Bank
AfriPAnet	African Investment Promotion Agency Network
AGFUND	Arab Gulf Programme for United Nations Development Organizations
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
AWP	Annual Work Plan

B

BAPPENAS	National Development Planning Agency of Indonesia
BAT	best available techniques
BDS	business development services
BEP	best environmental practices
BIPM	Bureau International des Poids et Mesures
BQSP	Bangladesh Quality Support Programme
BRICS	Brazil, Russia, India, China and South Africa
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
CCS	Committee on Common Services
CD	cluster and networking development
CDM	clean development mechanism
CD-ROM	compact disc read-only memory
CE	Conformité Européenne
CEB	United Nations System Chief Executives Board for Coordination
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	chlorofluorocarbon
CFC	Common Fund for Commodities
CIP	competitive industrial performance
CLARIS	Community Livelihood and Rural Industry Support Programme
CO ₂	carbon dioxide
COMFAR	Computer Model for Feasibility Analysis and Reporting
CNBC	Consumer News and Business Channel

GENERAL INFORMATION ON UNIDO

CNTAC	China National Textile and Apparel Council
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
ECDC	Economic Cooperation among Developing Countries
ECO	Economic Cooperation Organization
ECOWAS	Economic Community of West African States
EDIP	Enterprise Development and Investment Promotion
EGM	expert group meeting
EIF	Enhanced Integrated Framework
EOS	Egyptian Organization of Standards
EPA	Economic Partnership Agreement
ERP	Enterprise Resource Planning
EST	environmentally sound technology
ETRACE	Egyptian Traceability Centre for Agro-Industrial Exports
EU	European Union
EU REACH	Registration, Evaluation, Authorization and Restriction of Chemical substances
EUREPGAP	European Retailer Produce Working Group Good Agricultural Practice
EVA	Evaluation Group
F	
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FP	UNIDO National Focal Point
FPCS	Financial Performance Control System
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
GET-IT	Graduate Entrepreneurship Training through Information Technology
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
HLCM High-Level Committee on Management
HLCP High-Level Committee on Programmes
HP Hewlett-Packard
HQ Headquarters
HRM Human Resource Management Branch
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
ICAMT International Centre for Advancement of Manufacturing Technology
ICEA Istituto per la Certificazione Etica e Ambientale
ICETT International Centre for Environmental Technology Transfer
ICHET International Centre for Hydrogen for Hydrogen Energy Technologies
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
IT information technology
ITAP Investment promotion and technical assistance programme

GENERAL INFORMATION ON UNIDO

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
IWG	International Working Group
IW LEARN	International Waters Learning and Exchange and Resource Network of GEF

J

JAC	Joint Advisory Committee
JCDCMAS	Joint Committee on Coordination of Technical Assistance to Developing Countries in Metrology, Accreditation and Standardization
JEC	Joint Executive Committee
Jl	joint implementation
JIU	Joint Inspection Unit
JP	joint programme
JPO	Junior Professional Officer
JSC	Joint Government/United Nations Steering Committee

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

MDG	Millennium Development Goal
MDG-F	Millennium Development Goals Achievement Fund financed by Spain through the United Nations Development Programme (UNDP)
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
MTPF	Medium-term programme framework
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

NIP	national implementation plans
NIS	Newly Independent States
NITTRAD	National Institute of Textile Training and Research
Norad	Norwegian Agency for Development Cooperation
NPO	National Programme Officer
O	
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
OPSC	One Plan Steering Committee
OSL/EVA	Bureau for Organizational Strategy and Learning/Evaluation Group
OTA	Ochratoxin A
P	
P	Professional
P&B	programme and budget
PAC	Programme Approval Committee of UNIDO
PAD	project allotment document
PCB	polychlorinated biphenyl
PCF	Programme Coordination and Field Operations Division of UNIDO
PFC	perfluorocarbon
PGTF	Perez-Guerrero Trust Fund
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
Q	
QAG	Quality Advisory Group
QAU	Quality Assurance Unit
R	
RB	regular budget
R&D	research and development
RBM	results-based management
RCS	Resident Coordinator System
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
S	
SAARC	South Asian Association for Regional Cooperation

GENERAL INFORMATION ON UNIDO

SADC	Southern African Development Community
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
SITPC	Shanghai Information Technology Promotion Centre
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
STDF	Standards and Trade Development Facility
T	
TBT	technical barriers to trade
TC	technical cooperation
TCB	trade capacity-building
TCDC	Technical Cooperation among Developing Countries
TCPR	triennial comprehensive policy review
TDA	top-down (pull) approach
TEST	transfer of environmentally sound technology
TIC	Tanzania Investment Centre
TRTA	trade-related technical assistance
TVE	township and village enterprise
U	
UCPC	Uganda Cleaner Production Centre
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
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UND	UNIDO National Director
UNDAF	United Nations Development Assistance Framework
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

VEHS Vienna Environment for Human Security
VIC Vienna International Centre
VTC Vocational Training Centre

W

WED/YED Women and Youth Entrepreneurship Development
WHO World Health Organization
WIPO World Intellectual Property Organization
WPD World Productivity Database
WTO World Trade Organization

Y

YEN Youth Employment Network
YPP Young Professionals Programme



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