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UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



# **UNIDO INVESTMENT PROMOTION A RETROSPECTIVE**

## ACKNOWLEDGMENTS

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## INTRODUCTION

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Investment has been recognized as a central element in economic and social development for decades, as increased national and foreign investments lead to enhanced productivity and competitiveness.

The United Nations Industrial Development Organization (UNIDO) was the first international organization to promote foreign investment to developing countries and is the only one with comprehensive expertise in industrial development, including policy advice, impact assessment of new technologies, technology transfer, quality and environmental concerns, and private sector development. Throughout its history, UNIDO has been widely recognized for its ability to assist developing countries in attracting foreign direct investment - a key driver in the industrial process, stimulating technological and institutional upgrading and fostering knowledge transfer and job creation. Foreign direct investment has the potential to ignite and sustain the dynamics of change that allow societies to combat poverty and achieve economic prosperity.

This year marks UNIDO's fiftieth anniversary, and throughout 50 years of operation, the Organization's approach and methodologies for promoting investment have been revised, modified, and adapted to changing global circumstances and to the priorities of developing countries in order to offer demand-driven and quality services to clients and partners. At its inception, UNIDO offered basic investment advisory services focused on inward investment. Over the years, these services have evolved into robust tools and methodologies aimed at promoting high-impact and socially responsible investments that are closely linked with sustainable technologies.

Today, in an effort to achieve its vision of Inclusive and Sustainable Industrial Development (ISID), UNIDO provides investment services to improve the business and policy environment for the private sector, assisting in the creation of productive capacities. UNIDO's programmes support investment and technology opportunities to help enterprises, especially small and medium-sized enterprises (SMEs), improve productivity and innovation, and achieve systemic competitive advantages. Through its global network aimed at fostering investment, technology and other partnership opportunities, UNIDO seeks to enable

SMEs to capitalize on their unique dynamism and flexibility by strengthening synergies among enterprises and with support institutions.

UNIDO offers these services through its unique networks and programmes: the Network of Investment and Technology Promotion Offices (ITPOs), National Cleaner Production Centres, the South-South Cooperation Programme, the Subcontracting Partnership Exchange (SPX) Programme and the Regional AfriPANet Programme, among others. The Organization also supports industrial investment through its new, comprehensive Programmes for Country Partnership (PCPs).

UNIDO's vision of an inclusive and sustainable industrial development is even more important today than 50 years ago, and can only be achieved through the promotion of investment and the transfer of environmentally responsible technology. The following pages will provide a look into the past, present and future of UNIDO's investment promotion services and activities.



*UN General Assembly Resolution 2152 (XXI) establishes UNIDO, 1966*

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## 1966-1975: THE EARLY YEARS

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On 17 November 1966, UN General Assembly Resolution 2152 (XXI) established UNIDO as a subsidiary organ of the UN system, naming Mr. Ibrahim Helmi Abdel as first Executive Director. During its early years, UNIDO profiled itself as the United Nations entity supporting structural transformation, focusing on the green revolution (agriculture) and economic self-sufficiency through industrialization. The UNIDO work programme concentrated on launching industries in countries where they were nonexistent and supporting fledgling ones in others. The Organization supported the establishment of agro-related and basic industries, including metallurgy, construction materials, chemicals, fertilizers, pharmaceuticals and pulp and paper, but also light, small-scale and export-oriented sectors.

Even during these early years, investment promotion was considered one of UNIDO's most important programmes. Since its establishment, UNIDO recognized and focused on promoting large investment opportunities and supporting public institutions of developing countries and economies in transition in their endeavors towards industrialization.



*Foundation of UNIDO, 1966*

In the Second United Nations Development Decade (1971–1980), UNIDO became the UN organization responsible for industrial development. In the context of the 1974 UN General Assembly's call for action to establish the New

International Economic Order, the Lima Declaration, signed during UNIDO's Second General Conference in 1975, called for developing countries' share of world industrial production to be raised from the prevailing 7% to 25% by the year 2000. Promoting investment was seen as a crucial aspect in achieving this goal.



*UNIDO General Conference, Lima, 1975*

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## 1976-1985: SOLIDIFYING THE ROLE OF INVESTMENT PROMOTION AT UNIDO

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Within the framework of the New International Economic Order, UNIDO transitioned from supporting industrialization based on central planning, state-owned enterprises and import substitution to private industries and export-led growth. At the same time, there was a greater focus on South-South cooperation and solidarity. Technical cooperation increasingly focused on traditional activities such as investment promotion.

During this shift, the role of UNIDO in the field of investment promotion was reformulated directly from the Lima Declaration, which highlighted the need to “encourage enterprises to participate in investment projects within the framework of the development plans and programmes of developing countries,” as well as the importance of “the sharing of experience in dealing with foreign investments.”

In order to carry out these tasks and as part of its overall strategy to raise developing countries' share of world industrial output, UNIDO established a programme within its Industrial Operation Division devoted entirely to investment: **the Investment Cooperative Programme (ICP)**. This programme offered many services focused on investment planning and promotion which were often linked with development finance institutions (DFIs) and for which UNIDO gained international recognition.

**UNIDO also began establishing Investment Promotion Services (IPs)** for the benefit of developing countries that were unable to establish and operate their own overseas investment promotion agencies, seeking the cooperation and support of developed countries in establishing these special investment promotion offices to provide common promotional facilities and services.

Another part of UNIDO's investment promotion strategy was the establishment of a system of continuing sectoral consultations and dialogues between developed and developing countries, which became known as the **System of Consultations**. The System of Consultations became a useful dialogue mechanism for experts, industry and government representatives in achieving consensus on facilitating and deepening international industrial cooperation.

At the end of this period, in 1985, the long process of ratifying UNIDO's establishment as a specialized agency of the United Nations was finally concluded, paving the way forward for future activities.

#### **Main tasks of the Investment Cooperative Programme (ICP):**

- » Identifying/preparing bankable industrial investment projects for consideration by multilateral and bilateral financial institutions and investors
- » Mobilizing financial resources and investment transfers to developing countries
- » Collaborating with the World Bank Group on industrial sector studies and on the identification, preparation and appraisal of specific industrial projects.

**In 1985, the UNIDO portfolio contained 2,140 projects in 71 countries. In the same year, five investment promotion meetings were organized, during which:**

- » **780** industrial investment projects were presented and discussed
- » **600** partners participated
- » **125** letters of intent were signed



#### **World Bank-UNIDO Cooperative Programme**

In 1976, UNIDO began working closely with the World Bank Group on providing support to financial institutions in developing countries interested in issues related to industrial investment. The purpose of this collaboration, which became known as the World Bank-UNIDO Cooperative Programme, was to draw upon the respective strengths of both organizations in identifying and preparing industrial projects in developing countries.

**Between 1973 and 1980, missions were undertaken to 48 countries in 5 regions by the World Bank-UNIDO Cooperative Programme:**

- » 13 in Africa
- » 4 in Latin America and the Caribbean
- » 8 in Arab States
- » 9 in Asia and the Pacific
- » 4 in Europe

### Main tasks of the World Bank-UNIDO Cooperative Programme:

- » Carrying out **pre-investment activities** in developing countries, with the ultimate goal of combining UNIDO's technical assistance delivery with the World Bank Group's lending activity
- » Providing **advisory services** to financial institutions, such as the African Development Bank and the Arab Fund for Economic and Social Development
- » Preparing **pre-feasibility studies**
- » The construction and building materials industries were focal points of the activities of the Programme

### Beginning feasibility and pre-investment studies

UNIDO also began developing methodologies for carrying out **feasibility studies**. The **Feasibility Studies Section (FEAS)** was created in 1976 to conduct a variety of studies ranging from project profiling to complete feasibility studies in sectors such as ceramics, brewery and mechanics.

In 1978, UNIDO published the **Manual for the Preparation of Industrial Feasibility Studies**. The Manual was designed to provide developing countries with a tool for improving the quality of investment proposals and to contribute to the standardization of industrial feasibility studies, which had previously often been found to be both incomplete and ill-prepared. Persistent efforts propagating the need for standardization produced positive results and UNIDO's methodology and software using international criteria was accepted.

### Between 1980 and 1985:

- » 39 feasibility analysis and financial planning training seminars were organized in 29 countries with 1,100 participants including government officials and members of the private sector

### Technology Promotion

During the 1980s, UNIDO established a Technology Programme to help strengthen developing countries' capacities in the selection, acquisition and development of technology. This Programme was intertwined with UNIDO's investment promotion services and activities, as UNIDO found that the promotion of investment and the transfer of technology often work hand-in-hand in helping to achieve industrial development.

### Activities and methodologies developed under the Technology Programme:

- » The Manual on Technology Transfer Negotiation
- » The Technology Exchange System (TIES)
- » The Manual for the negotiation of joint venture agreements
- » A training manual for the acquisition of technology, including joint ventures
- » Technological profiles were prepared and published under the title: "How to start Manufacturing Industries: Technological and Investment Perspectives"

### Networks established to promote worldwide investment

**The first Investment Promotion Service (IPS)** was opened in **Brussels in June 1976**. IPS Brussels provided services to several countries in the European Economic Community, and particularly to Benelux countries, France, and the United Kingdom. The expected objective of this service was to facilitate closer cooperation between UNIDO and the European Economic Community, the European Development Fund, the European Investment Bank, bilateral agencies in several European countries, and with industry in those countries.

A second UNIDO IPS was opened in 1977 in New York to provide investment services throughout North America.

An investment promotion meeting for executives was organized by IPS New York using a new approach which would provide training in industrial promotion techniques to officials from developing countries. Eleven training sessions were conducted for investment promotion officers from Haiti, Morocco and Sri Lanka. Other short term programmes included a one month orientation programme for representatives from developing countries as well as for commercial attachés from foreign embassies present in the United States. **This initiative later became known as the UNIDO Delegate Programme.**



*UNIDO moved to new Headquarters, Vienna International Centre (VIC), 1979*

The success of the IPSs in Brussels and New York led to the opening of two more offices: in Cologne and Zurich in 1978. IPS Cologne and IPS Zurich actively worked in establishing a contact network and in encouraging connection between their communities and interested government institutions in developing countries.

Although the IPSs primarily performed “match-making” activities for UNIDO’s Investment Cooperative Programme, they also served other important purposes, especially with respect to the mobilization of financial resources and assistance in the transfer of technology. Through the Investment Cooperative Programme and its four IPSs, UNIDO maintained a complete roster of more than 2,000 proposals for investment assistance in 1979. In 1980, IPSs were opened in Paris, Tokyo and Vienna.

The **UNIDO Delegate Programme**, the innovative initiative started by IPS New York, allowed UNIDO to further its resources and introduce UNIDO’s tools and methodologies for promoting industrial investment through officials and representatives from developing countries. This Programme achieved promising results and was expanded throughout the IPS Network.

#### **UNIDO’s investment activities in 1983:**

- » 40 representatives from 30 developing countries participated in the Delegate Programme
- » 14 missions to 39 developing countries to identify and prepare industrial investment project proposals
- » 820 industrial investment projects
- » IPS Warsaw officially opened

#### **UNIDO Investment Promotion Services (IPSs) and year of establishment \***

Brussels	1976
New York	1977
Cologne	1978
Zurich	1978
Paris	1980
Tokyo	1980
Vienna	1980
Warsaw	1983
Washington	1984
Milan	1985
Athens	1992
Manama	1995
Seoul	1997

\*Some of these IPSs later evolved into ITPOs, while others discontinued their services.



From 1975-1985, UNIDO carried out various activities to facilitate contact between potential foreign and local investors through meetings, events and fora as a means to promote investment projects and support investment dialogue. Some specific events included:

- » **1975 The Netherlands and Romania:** Over 200 specific investment projects promoted
- » **1975 Switzerland:** Fifth European Management Symposium attended by 450 companies and banks
- » **1978 Switzerland:** UNIDO event and industrial project exchange at the eighth European Management Symposium
- » **1978 Europe:** Meetings in Czechoslovakia, Germany and Switzerland
- » **1981 United Arab Emirates:** Investment meeting for Gulf countries on the establishment of joint ventures and the provision of technology
- » **1982 China:** Investment promotion meeting in Guangzhou was the largest of its kind ever organized by UNIDO and included 400 potential investors representing 260 public and private companies from 24 countries
- » **1983 Zambia:** Regional investment promotion meeting for Southern African Countries arranged in line with the “Industrial Development Decade for Africa”, 150 investment projects presented
- » **1983 Peru:** Investor’s forum with 200 foreign participants and an equal number of local sponsors/participants
- » **1984 Regional Meetings:** Regional investment meetings organized in the Caribbean region, the Economic Community of West African States (ECOWAS) and the South Pacific region
- » **1985 Arab Region and Latin America:** Regional meeting for Djibouti, Egypt, Somalia, the Sudan and Yemen organized, 300 project suggestions submitted. An agro-industry and fishery forum organized in Colombia, 230 projects presented and 2,027 individuals meetings took place. An investment forum in Ecuador hosted 92 participants and 60 industrial investment proposals were presented

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## 1986-1996: UNIDO ADOPTS A MARKET-DRIVEN APPROACH FOR INVESTMENT PROMOTION INTERVENTIONS

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The end of the Cold War period changed the global political and economic climate, and accelerated trends towards globalization and the liberalization, integration and interdependence of markets, as well as international cooperation on global issues. At the same time, the Washington Consensus, which promoted trade liberalization and the expansion of the role of market forces within the economy while limiting the role of industrial policy, became very powerful in shaping economic policymaking. The international community replaced the concept of economic self-sufficiency with a trade-focused approach.



*Furniture Factory, Nigeria*

These shifts in global trends, the increased demand from member states and the need to respond more quickly to the ever-changing global market led to the development of a new structure within UNIDO. This new structure, put in place after UNIDO officially became a specialized agency in 1985, would revitalize the scope and impact of UNIDO’s technical assistance programmes and investment promotion activities. UNIDO expanded its services, field presence and international investment support programmes for developing countries and economies in transition.

Under the new UNIDO structure, the Industrial Promotion, Consultations and Technology (IPCT) Department was created, which encompassed three Divisions: System of Consultations, Development and Transfer of Technology and the **Industrial Investment Division (IID)**. The Industrial Investment Division (IID), one of UNIDO's largest divisions at the time, was molded from the former Investment Cooperation Programme (ICP).

The Industrial Investment Division (IID) was increasingly called upon to assist developing countries in **attracting foreign investment**. This trend was evidenced by a growing number of requests for quality and integrated investment technical programmes. IID also made progress in improving operational links with other international, regional and bilateral financial and development institutions, such as the Andean Development Corporation (CAF), the Central American Bank for Economic Integration (CABEI), the International Finance Corporation (IFC) and UNDP.

UNIDO also increased its implementation of national investment promotion programmes in developing countries and was called upon to support the restructuring of the industrial sector and state enterprises looking to facilitate a transition to the free market trend. These national investment promotion programmes included a range of enabling services, methodologies and tools to assist developing countries in their investment promotion to attract FDI. These enabling services were applied, in an integrated manner, at three levels of intervention: Government/policy level; institutional level; and enterprise level, and included formal and informal networks, specific methodologies and advisory services, and analytical and business performance computer software.

During the second half of the 1980s, UNIDO programmes and services began to take international activities such as the relocation of industries, subcontracting, build-operate-transfer (BOT) and South-South cooperation into account as important factors for industrial development.

During the 1990s, UNIDO's funding mechanism evolved, as it ceased to be funded by UNDP and began relying on member state contributions. Therefore, an effective method for mobilizing project resources became necessary. The generation of technical cooperation projects under self-financing and third-party trust fund arrangements became a regular practice for the Organization.

## Scope of UNIDO activities widens over time

The World Bank-UNIDO Cooperative Programme evolved into a broader and more flexible type of cooperation aiming at a wider range of issues, such as the **promotion of foreign direct investment (FDI)**, development of small industries and industrial structure (e.g. training), with a particular focus on the Sub-Saharan Africa region.



In order to enhance the quality-impact of UNIDO's technical assistance programmes and to mobilize resources, an integrated regional and sectoral approach was reinforced within the Industrial Investment Division (IID) with the creation of four **Regional Investment Programmes**: the Africa Programme, the Latin America and Caribbean Programme, the Arab Programme and the Europe and Mediterranean Programme. This regional mechanism was established to encourage investors with sound proposals, to help generate an environment conducive to investment and to mobilize investment resources at the field level.

UNIDO began developing its own methodology for the preparation and evaluation of pre-investment studies and the reinforcement of investment promotion agencies (IPAs). This methodology included the **identification, screening, selection, formulation, promotion and follow-up of investment projects**. Various software packages including Project Profile Screening and Pre-appraisal Information System (PROPSPIN), Computer Model for Feasibility Analysis

and Reporting (COMFAR) and Database for Investment Project Profiles (DIPP) were developed to support these services.

UNIDO's methodology was also presented in the revised and expanded edition of **the Manual for the Preparation of Industrial Feasibility Studies**. By early 1992, more than 150,000 copies had been sold in 20 different languages, making it one of the best-selling publications of the entire United Nations System. UNIDO's methodology was adopted by investment promotion agencies, government ministries, universities and other institutions of higher learning, as well as by banks, consulting firms and the investors themselves. The ultimate goal to strengthen investment promotion capabilities of developing countries was largely achieved.

### UNIDO Networks grow in size and importance

The IPS Network continued supporting the implementation of UNIDO's technical assistance investment programmes. After an evaluation of the IPS Network (1995-1996), the functions of the Network were redefined and an IPS operational manual was created. The new aim was to enforce UNIDO's integrated approach for the design and implementation of investment programmes, which included advice on policy and legislation, improvements in investment infrastructure and strengthening of IPAs and related institutional mechanisms.



UNIDO staff, 1990s

UNIDO's Subcontracting and Supplier Development Programme was established with the aim of assisting developing countries in establishing and strengthening the operations of specific areas of their industry for international subcontracting.

#### In 1990, the IPS Network:

- » Generated \$202 million in foreign investment in developing countries
- » Hosted 32 delegates from 16 developing countries
- » Expanded to include IPS Beijing

### 1996-2006: MOVING INTO A NEW MILLENNIUM - A PARADIGM SHIFT IN UNIDO'S INVESTMENT PROMOTION ACTIVITIES

The trends towards globalization, the liberalization, integration and interdependence of markets, and international cooperation on global environmental issues continued. Emerging economies and markets played an increasingly important role in the global economy and development cooperation.

The changing development cooperation paradigm had a substantial impact on UNIDO in the form of the departure of leading Member States. Member States responded to the changing global environment in 1997 when the Organization underwent a major transformation and its "Business Plan for the Future Role and Function of UNIDO" was approved. Against a backdrop of continued high demand for technical services, UNIDO underwent further restructuring towards efficiency and effectiveness, stronger cooperation with the private sector and diversification of its funding sources through increasing cooperation with funding institutions.

The global paradigm shift towards social sectors in international development cooperation was reconfirmed in 2000 with the adoption of the Millennium Development Goals (MDGs). Official development aid and lending for economic infrastructure and industrial cooperation was reduced accordingly. In response to the adoption of the MDGs, UNIDO worked on its integrated programmes in areas of its comparative advantage.



*UNIDO ITPO Shanghai established in 2001*

One of the most significant changes within UNIDO was the introduction of the demand-driven integrated programmes, formulated in line with its long-term goal of sustainable industrial development. The “3 Es” became the focus of UNIDO’s work: **competitive Economy, productive Employment, and sound Environment**. UNIDO’s continued focus on the **promotion of investment** was highlighted with the creation of the **Quality, Investment and Technology Branch**.

### **Linking investment and technology**

UNIDO continued to recognize the importance of combining investment promotion with technology transfer. In this regard, **UNIDO’s Global Technology Centres** became a valuable mechanism, established in 1997 to link technology promotion with investment opportunities in new businesses, acting as vectors facilitating international collaboration for the development of partnerships and strategic alliances.

Four centres were established: the International Centre for Science and High Technology (ICS), the International Centre for Application of Solar Energy (CASE), the Hangzhou International Centre for Small Hydro Power (HIC), and the International Centre for Materials Evaluation Technology (ICMET).

While former investment and technology promotion activities were implemented around promotional events

such as investment fora, tech fairs and combined investment/technology fairs, this new strategy primarily focused on the capacity building needs of targeted countries and institutions.

The scope of international industrial partnership promotion was broadened to encompass not only traditional joint ventures, licensing agreements and subcontracting exchanges, but also new and evolving concepts such as strategic alliances and public-private partnerships for infrastructure projects.

The investment and technology programmes were not only reinforced through tools and methodologies, reflecting the intrinsic linkage between investment and technology, but also through the strengthening and expansion of UNIDO through its many networks and centres, which embraced a broad cross-section of industrial stakeholders in different areas, included in the Subcontracting and Partnership Exchange (SPX) Programmes, South-South Centres, International Technology Centres and the Network of Investment and Technology Promotion Offices (ITPOs).

These networks and centres, with UNIDO as their hub, provided information and promotion services that could facilitate investment and technology flows to developing countries and countries with economies in transition. Other investment-related activities included projects financed by China and India for the promotion of investment into their respective countries, but also in the context of economic cooperation among developing countries.



*UNIDO investment and technology promotion staff, 1990s*



*Dr. Yo Maruno, Deputy Director General and Managing Director of UNIDO visiting ITPO Bahrain, 2001*

### The IPS Network evolves into the ITPO Network

For the IPS Network, 1996 was a year of innovation and consolidation. The IPS operational manual was revised to include new procedures for decentralization, leading to the strengthening of the network and its Delegate Programme.

By the end of the 1990s, in a further effort to enhance the emphasis on the interaction of investment and technology, the IPS Network was renamed to the **Network of Investment and Technology Promotion Offices (ITPOs)**, which would prioritize investment promotion and technology transfer in Africa, and in LDCs, in particular.

Investment Promotion Units (IPUs) were also created to complement the ITPO Network with a number of decentralized offices established to implement on-the-ground investment activities. IPUs were technical cooperation projects that played major role in providing a source of investment and technology projects to be promoted through the ITPO Network. IPUs were established in Saudi Arabia and Egypt, followed by Tunisia, Jordan and Morocco. The IPUs became an integral part of the ITPO Network.

UNIDO's supplier development programme to encourage subcontracting, known as the **Subcontracting and Partnership Exchange (SPX) Programme**, began adopting new tools including software and methodologies to develop, manage and analyze technical information. By 2003, 60 SPXs had been established in more than 30 countries, forming part of a global industrial outsourcing network - the

largest UNIDO network at the time. Several new SPX Centres were established in the MENA region and in Africa.

The **UNIDO Exchange Portal** was also created as a web-platform to underpin the activities of the ITPOs and IPUs by providing a range of online instruments and complementary sets of dedicated information and services aim at facilitating:

- » A broadened outreach of the activities and services of the network's focal points
- » The promotion of screened and validated business and technology opportunities
- » The support of decision making processes, be it at enterprise or at policy making level
- » Interactions between the private and public sector
- » Knowledge and business partnerships between qualified enterprises

The web portal revolved around five main complementary areas of information and services including news and events, knowledge sharing, a marketplace for the dissemination of investment opportunities and technology, online business tools (performance and investment evaluation services) and forums.

In early 2000, UNIDO's capacity to promote business partnerships was strengthened considerably by combining the cooperation work performed by the different but complementary networks: the Investment and Technology Promotion Offices (ITPOs), the Investment Promotion Units (IPUs), the International Technology Centres, the Subcontracting and Partnership Exchanges (SPXs), the Asia-Africa Investment and Technology Promotion Centre and the regional South-South Centres.

#### From 1996-1997:

- » Investment projects in Asia and the Pacific increased from 26% of the total portfolio of UNIDO investment project portfolio to 35%
- » Investment projects in Africa increased from just 9% to 26%, reflecting the **greater emphasis on activities in Africa**
- » One-third of delegates participating in the **Delegate Programme** were from the Africa

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## 2006-2013: REINDUSTRIALIZATION, INVESTMENT AND GROWTH WITH QUALITY

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The impacts of the global economic recession, climate change and oil price shocks caused a reevaluation of global economic, environmental and energy policies. At the same time, attention to environmental and energy issues became increasingly important, both in industrialized and developing countries.

With the paradigm of a market-driven, services-based and trade-oriented global economy called into question, the role of industrialization as an engine for social development and economic growth was reaffirmed. Important developed countries and regions adopted policies targeting “reindustrialization.”

The adoption of the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) emphasized the development cooperation trend towards harmonization and coordination of donor programmes and funding instruments, as well as a stronger emphasis on ownership and use of local capacities for execution.



*Feasibility Study Workshop in Japan, Ministry of Health, Labor and Welfare, 2014*

Delays in discussions on the Doha Development Agenda, as well as the financial crisis, shifted the political focus to the rise in inequalities between, as well as within,

countries. Consequently, new concepts to achieve not only development and sustainability but also inclusion were discussed, and industrialization was identified as crucial in this regard.

Given the global context, UNIDO adopted a more multidisciplinary and integrated approach in order to become an even more valuable partner for prosperity, with a new mission statement: “Growth with Quality and Delivering as One UNIDO.” In line with its new mission statement, UNIDO’s new strategic long-term vision set out three priority areas of its comparative advantage:

- » Poverty reduction
- » Trade capacity building
- » Environment and energy

Within these thematic areas of intervention, UNIDO’s efforts in promoting investment and technology were reinforced once again. UNIDO created the **Investment and Technology Promotion Branch** to support the growth of industrial productivity in developing countries and countries with economies in transition by helping them to bridge the investment gap and technology divide. The Branch therefore worked to help these countries mobilize foreign and domestic investment and modern technologies to increase their productivity, competencies and competitiveness.

### Investment for sustainable industrial projects

The Africa Investment Promotion Agency Network (AfrIPANet) became an important part of UNIDO’s investment promotion services. AfrIPANet was established to provide African Investment Promotion Agencies (IPAs) with a common platform to discuss and design investment promotion strategies focusing on quality investment over quantitative.

An important feature of AfrIPANet is the Africa investor survey, launched to investigate the interactions between foreign and domestic firms in Africa and study the influence of foreign investment on the domestic sector. Through this survey, UNIDO published reports analyzing investor performance, accompanied by an econometric study of the impact different types of foreign investment have on growth and productivity of domestic firms. The ultimate goal of the survey was to provide African policymakers and IPAs with a means to predict good performance and high impact.

### **Main tasks of the Investment and Technology Promotion Branch:**

- » Strengthening the capacities of developing countries and countries with economies in transition to attract investment for industrial projects and establish sustainable mechanisms for the promotion of business alliances
- » Assisting developing countries and countries with economies in transition in the acquisition, adaptation and management of new technologies
- » Supporting and coordinating the activities of the international network of ITPOs

Today, AfrIPANet organizations and partners, in cooperation with local statistics offices, spearhead the biannual Investor Surveys and collaborate jointly through the UNIDO Investment Monitoring Platform (IMP). The IMP hosts a database of 7,000 foreign and domestic companies operating in Africa, containing more than 300 variables per surveyed company (investor characteristics, investor performance, investment motivations and perceptions), and includes a business directory of 5,000 companies to promote business partnerships. The survey was designed to change the culture of investment promotion agencies by building their capacity to provide accurate, up-to-date investor information through the IMP.

In line with its new long-term vision, UNIDO utilized its Global Network of Sustainable Energy Centres to promote investment in cleaner technologies. At the time, the Network included Centres in Africa, the Caribbean, the Pacific and other regions. The Centres were established as a means to respond to the urgent need for increased regional cooperation and capacities to mitigate existing barriers to renewable energy and energy efficiency investment and markets. They were tasked with responding to the individual needs of the respective national governments. The Centres complemented and strengthened ongoing national activities in the areas of policy and capacity development, knowledge management and awareness-raising, as well as investment and business promotion.

UNIDO's South-South Industrial Centres in India (2006) and in China (2007) were established to provide a practical means of harnessing the experience of more advanced developing countries and sharing it with others, in particular the LDCs. They were utilized to promote trade and investment and industrial development through partnerships that strengthen information and technology transfer.



*Factory, Hanoi, Vietnam*

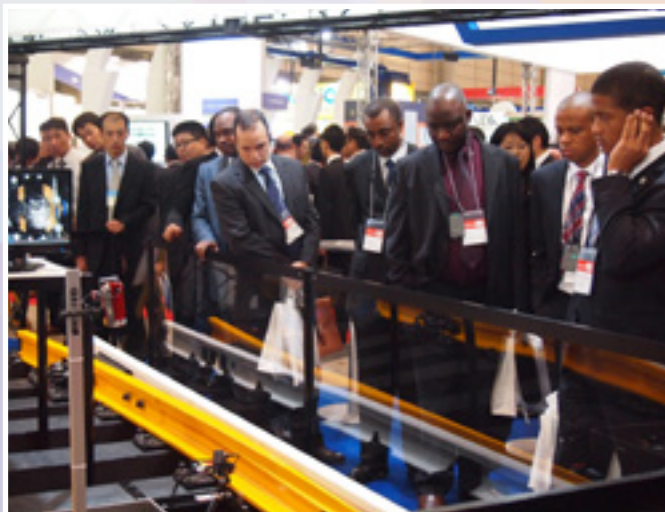
### **Networks remain important**

In 2009, a new vision and strategy for UNIDO's Network of Investment and Technology Promotion Offices (ITPOs) was adopted. This new vision was based on the findings of an independent evaluation of the ITPO programme carried out the previous year, as well as the outcome of two meetings: the Asian ITPO meeting held in Shanghai in September, and the European ITPO Coordination meeting in Rome in October. Throughout the year, emphasis was placed on the integration of UNIDO technical cooperation activities, with a special focus on green investments and expanding operations in the African region.

## 2013 TO TODAY AND LOOKING INTO THE FUTURE : ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

### UNIDO strengthened its investment and technology networks, which included:

- » Investment and Technology Promotion Offices (ITPOs)
- » Investment Promotion Units (IPUs)
- » Africa Investment Promotion Agency Network (AfrIPANet)
- » South-South Industrial Centres
- » Subcontracting and Partnership Exchange (SPX) Centres
- » International Technology Centres
- » Global Network of Sustainable Energy Centres
- » National Cleaner Production Centres (NCPCs)
- » Global Network for Resource-efficient and Cleaner Production (RECPnet)



*Railway technologies exhibition in Tokyo, 2013*

At UNIDO's General Conference held in Lima, Peru, in December 2013, UNIDO's Member States adopted the landmark Lima Declaration towards inclusive and sustainable industrial development (ISID), which has refreshed and strengthened the Organization's mandate.



*Director General Li Yong with the President of Peru, Ollanta Humala, and UN Secretary General, Ban Ki-moon, Lima, 2013*

On 25 September 2015, the 193 countries of the UN General Assembly adopted the 2030 Development Agenda titled Transforming our world: the 2030 Agenda for Sustainable Development. The Sustainable Development Goals (SDGs) outlined in this Agenda are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. These 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities.

Over the past few years, the international community has made a quantum leap in advancing new approaches to accelerate progress and pave the way for a more ambitious, inclusive and universal development framework beyond 2015. While industrialization was not factored into the Millennium Development Goals framework, inclusive and sustainable industrialization now features strongly in the post-2015 development discourse.



The UN Open Working Group on Sustainable Development Goals (SDGs) proposed as goal 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.” This confirms the provisions of the Lima Declaration and the relevance of ISID for the new global development architecture.



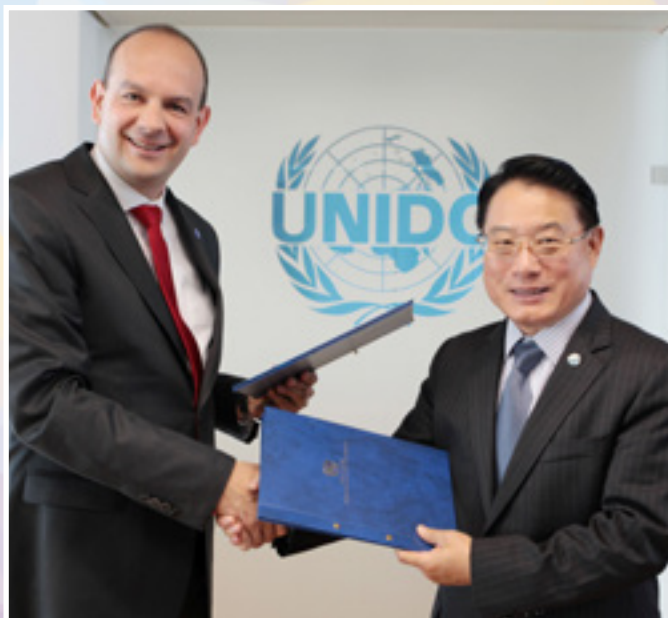
*First International Agro-industry Investment Forum in Ethiopia, 3-D model of an industrial park at exhibition, Addis Ababa, 2016*

ISID is credited with promoting value addition, realizing productivity gains and returns to scale, creating jobs and income, enhancing international competitiveness and trade, building efficient and effective productive capacity, supporting economic diversification, and building green industries. This structural transformation unleashes an enormous development potential as it features close linkages to infrastructure development, innovation and the efficient and sustainable use of resources, as well as to a wider range of other sustainable development priorities.

Going forward, UNIDO recognizes that responsible investment and sustainable technology are crucial in achieving economic prosperity; a rapidly-changing global investment landscape and revolutionary technical advancements bring many new opportunities, and many new challenges. Investment and technology are essential for economic transformation: they create jobs and generate income; help diversify the economy by expanding the

production base while improving market access and infrastructure development.

To facilitate the efforts of governments in implementing ISID and in harnessing quality investment, UNIDO has launched its Programme for Country Partnerships (PCPs), currently implemented in Senegal and Ethiopia. Each PCP is a concept designed to attract and support quality investment in developing countries and is aligned with the beneficiary country’s industrialization priorities and development plans so as to mobilize external partners and additional resources in order to extend the impact of the organization’s technical cooperation and accelerate ISID in the selected countries.



*Strategic partnership with the World Association of Investment Promotion Agencies (WAIPA), Director General Li and Bostjan Skalar, CEO and Executive Director of WAIPA, 2016*

The current interventions of UNIDO’s Investment Promotion Division are based on Monitoring (analysis and assessment of challenges and opportunities); Learning (information sharing and knowledge dissemination for project identification, formulation and promotion); and Networking (linkages to potential partners throughout the business partnership process).

### **UNIDO's investment services today include:**

- » Matchmaking between buyers and suppliers and business partnership support
- » Mobilizing investments through targeted institutional cooperation
- » Promoting technology transfer, with a focus on green technologies
- » Strengthening institutional capacity of public and private partners
- » Encouraging public-private partnerships
- » Fostering entrepreneurship to attract more domestic and foreign investment
- » Mitigating investment risk through strengthened business environment and capacity building

### **UNIDO's flagship programmes and tools include:**

- » The global Network of Investment and Technology Promotions Offices (ITPOs)
- » The worldwide Network of Subcontracting and Partnership Exchanges (SPXs)
- » The UNIDO Investment Learning Centre (ILC), including modules on project identification and validation as well as on the financial appraisal of feasibility studies through the Computer Model for Feasibility Analysis and Reporting (COMFAR) software
- » The Enterprise Development and Investment Promotion (EDIP) programme to build a strong base of companies to attract investment and technology flows



*Bernardo Calzadilla-Sarmiento, Impact Investment for Sustainable Cities, 2016*

UNIDO will continue using its tools and methodologies in guiding the sponsors of investment and technology projects in the initial phases of project formulation and assisting them in the search for potential partners in developing, emerging and industrialized countries. As the first international organization to promote foreign investment to developing countries and the only one with a comprehensive expertise in industrial development, UNIDO plans to continue offering these services in an effort to realize its vision of inclusive and sustainable industrial development worldwide.





Ibrahim Helmi Abdel-Rahman, 1967-1974



Abd-El Rahman Khane, 1975-1985



Domingo L. Siazon Jr., 1985-1993



Mauricio de Maria y Campos, 1993-1997



Carlos Magarinos, 1997-2005



Kandeh Yumkella, 2005-2013



Li Yong, 2013-present



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