

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION



UNIDOScope

weekly internet newsletter

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Third JICA/UNIDO Investment Promotion Programme for SEE countries

Tokyo, Osaka, Kyoto, Fujisawa, Japan 16 - 27 May 2004



JICA Director General, Satoru Kohiyama at the SEE Investment Seminar

The third JICA/UNIDO joint programme on investment promotion for South East Europe took place in Japan in May. [JICA](#), the Japan International Cooperation Agency and UNIDO's Tokyo Investment Technology Promotion Office, [UNIDO ITPO Tokyo](#), implemented the programme with the [South East Europe \(SEE\) Regional Roundtable \(RRT\) on Investment Promotion](#). SEE RRT is a key component of the [Investment Compact](#), set up in July 2000 within the framework of the [Stability Pact](#) and led by the [OECD](#), (Organisation for Economic Co-operation and Development). SEE Participants at the third JICA/UNIDO Programme were from: [Albania](#), [Bosnia &](#)

[Herzegovina](#), [Bulgaria](#), Croatia, [Macedonia](#), [Moldova](#), [Romania](#), [Serbia & Montenegro](#) and [Ukraine](#). The first JICA / UNIDO SEE Investment Promotion Programme was held in May 2002 ([see UNIDOScope 2 - 8 June, 2002](#)); the second, in May 2003 ([see UNIDOScope 6 - 12 July, 2003](#)). According to current JICA budgetary allocations, the programme will continue on an annual basis until 2006.

The Third JICA/UNIDO Programme started off in earnest on 18 May, with a general orientation on the Japanese society and economy. On 19 May participants were briefed on JICA's activities in SEE by Mr. Dai Mizuguchi of JICA's Europe Division and given an overview of Japanese politics and business culture under the banner of "how to attract Japanese companies?", by Director of CzechInvest Japan, Jan Kubicek. On the morning of 20 May the group were introduced to the Ministry of Economy, Trade and Industry ([METI](#)), by Deputy Director, Europe, Middle East & Africa Div., Mr. Akashi. For the afternoon, they moved on to the Japan External Trade Organization ([JETRO](#)), for a seminar on JETRO activities, given by Director of the Foreign Direct Investment Division, Mr. Akihiro Oyama. Friday 21 May started off with a visit to the [SONY](#)

show-room, followed by a review of automotive industries in Japan and the activities of the Japanese Automobile Manufacturers Association ([JAMA](#)). The last item on Friday's programme was a session on *How to hold effective Investment Promotion Meetings* and a review of UNIDO ITPO Tokyo's activities, that included a meeting with [UNIDO ITPO Tokyo investment promotion delegates](#). Monday 24 May was taken up with a visit to the [SUNTORY](#) headquarters in Osaka and brewery in Kyoto. Tuesday the 25th started off with an overview of the activities of the Japan Bank of International Cooperation [JBIC](#) and a seminar on *Trends in Japanese Investment*. This was followed by one of the major events on the Programme, ***the Investment Seminar on South East Europe***, held at the JICA Institute for International Cooperation ([IFIC](#)). The 26th of May was spent at the [Isuzu](#) Motors Fujisawa Factory. On the 27th, it was back to the lecture room at ITPO Tokyo for a two-day workshop on the UNIDO [COMFAR software](#) given by ITPO Tokyo Deputy Head Jun Nishida. The final item on the agenda was a session evaluating the JICA/UNIDO programme. (COMFAR is a UNIDO computer software for simulating the short- and long-term financial and economic situation of investment projects. The software can be used to analyse industrial as well as non-industrial projects, whether new investments, rehabilitations, expansions, joint venture or privatization projects).

The Investment Seminar on South East Europe on the 25th May, began with opening remarks from JICA Director General, Satoru Kohiyama and UNIDO Tokyo Deputy Head, Jun Nishida. Director of the Investment Compact for SEE, Declan Murphy made a video presentation. Each of the following SEE representatives then gave their country presentation: **Albania**, Mr. Bashkim Sykja, Director, Ministry of Economy; **Bosnia & Herzegovina**, Ms. Selma Uzicanin, Head of R&D Dept. Foreign Investment Promotion Agency (FIPA); **Bulgaria**, Mr. Stefan M. Minchev, Senior Expert, Bulgarian Foreign Investment Agency (BFIA); **Croatia**, Ms. Mirela Mrvelj, Head of Office Trade and Investment Promotion Agency; **Macedonia**, Ms. Slavica Taseva, Advisor, Ministry of Economy; **Moldova**, Mr. Ion Serbusca, Investment Advisor, Moldovan Export Promotion Organization (MEPO); **Romania**, Ms. Iustina M. Lutan, Counselor, Romanian Agency for Foreign Investments (ARIS); **Serbia & Montenegro**, Mr. Milivoje Mandic, Head of FDI Dept., Serbian Investment and Export Promotion Agency (SIEPA), and Mr. Dragoljub Jankovic, Deputy Director Agency for Economic Restructuring and Foreign Investments, Montenegro; **Ukraine**, Mr. Olexander Rybii, Head, Dept. of Legal Provision of Investment Activity, Ministry of Economy and European Integration of Ukraine.

The Investment Seminar attracted a larger crowd than the previous two SEE programmes, with some 95 participants from Japanese companies and organizations.

Albania's participation in the JICA/UNIDO SEE Programme was augmented by the presence of Executive Director of the Albanian Foreign Investment Agency (ANIH), Ms. Estela Dashi. Since the ANIH was only recently established and in urgent need of capacity building, ITPO Tokyo and OECD invited Ms. DASHI to participate in the ITPO Tokyo Delegate Programme during the period 16 to 29 May 2004 so she could also participate in the Investment Promotion Seminar and other SEE Programme activities.

As with the first two JICA/UNIDO SEE events, ITPO Tokyo will continue to work closely with UNIDO Vienna, JICA and OECD with follow-up activities for South East Europe, such as further delegate programmes at ITPO Tokyo and further COMFAR workshops in SEE. Since the May meeting in Japan, discussions continue between one of the SEE participants with a Japanese company that expressed an interest in doing business with spring/wire makers; and the Romanian participant has assisted with a Japanese company's mission to Romania.

MORE INFO ► Yuko Tanaka, ITPO Tokyo, Tel: +81-3-3402-9341 Fax: +81-3-3402-9384, Email: ytanaka@unido.or.jp

Industrial Clusters and Poverty Reduction towards a methodology for poverty and social impact assessment



Industrial clusters, or geographical concentrations of firms and ancillary units engaged in the same sector, can generate a number of advantages for small firms, from agglomeration economies to joint action benefits. The cluster model emphasizes internal linkages, whereby cluster gains are furthered by local firm cooperation, local institutions and local social capital. [UNIDO has a robust Cluster Programme](#) and the growing evidence on small firm clusters in developing countries competing in local and global markets has driven much of the policy enthusiasm on promoting clusters.

A new UNIDO study, [available here for viewing or downloading](#), addresses the relationship between industrial clusters and poverty. It specifically asks if cluster development initiatives, that improve access for local firms to local and global markets and promote local governance, can have positive poverty impacts that enhance income, employment and well-being of workers and entrepreneurs within a cluster. This is an important, albeit neglected, aspect of the research and policy agenda on industrial clusters.

[view or download publication](#)

The paper, prepared by Khalid Nadvi and Stephanie Barrientos of the Institute of Development Studies of the University of Sussex and funded by the [Swiss Agency for Development Cooperation](#), first presents the conceptual framework for analysing the relationship between clusters and poverty. It outlines current debates on poverty, to show how our understanding of poverty is changing. The debate has moved from the relatively narrower notions of income-metric measures to a wider understanding of poverty that takes into account questions of assets, vulnerability, diversity and participation. Linking the “capabilities” approach (developed by Sen) to a value chain framework provides a framework to assess how industrial clusters can impact on poverty.

The next section considers the conceptual links between clustering and poverty. This involves a consideration of cluster features that lend themselves to a poverty agenda. It addresses the clustering processes that mitigate poverty—through agglomeration gains, through joint action, and through the presence of social capital and social protection. Finally, consideration is given to the differentiated nature of gains, by firms and workers, and implications for poverty, as clusters grow.

Given the paucity of material that directly addresses the poverty implications of industrial clusters, the next section of the paper revisits the existing cluster literature from a poverty perspective, using the framework of cluster features, cluster processes and cluster dynamics. On the basis of the review of the evidence, the section concludes by developing a typology for undertaking a cluster to poverty mapping.

Then the paper turns to the issue of measurement of the social and poverty impacts of clustering. To date there have been few attempts to develop impact assessment tools for clusters, and none that explicitly focus on the poverty and social impact of cluster development. Hence, the current thinking on the development of impact assessment methodologies that take on board the wider poverty and social concerns is considered. This helps point to ways in which impact assessment methodologies can be developed for cluster development initiatives. On the basis of the discussion in this and the previous section, a diagnostic framework to identify the types of clusters where policy interventions would most likely have a direct impact on poverty reduction is put forward. The question of how an impact assessment methodology can be developed for industrial clusters drawing on the value chain and capabilities approaches is examined. Thus, this section outlines the issues that need to be addressed in formulating such impact assessment tools that

can be of relevance to cluster settings.

The paper concludes by considering the policy implications that arise from adopting a pro-poor agenda on cluster development. Given the dearth of research on links between clusters and poverty, important questions on the trade offs between support to growth oriented clusters on the one hand, the traditional focus of cluster development programmes, and “survivalist” clusters of poor producers and workers needs to be tackled. This has important consequences for local cluster-based institutions, which provide key services for clustered producers, and for external support agencies, that seek to promote cluster development. This implies that policy measures may need to be more exploratory, targeting poorer groups within clusters, seeking to promote growth, being aware of the need to offset differentiating impacts within cluster growth trajectories, focusing especially on issues of labour and working conditions as one key aspect of poverty, and using impact assessment approaches that provide a learning tool to improve policy interventions.

MORE INFO ► Fabio Russo, Tel: +431 26026 / 3611, E-mail: F.Russo@unido.org

MORE INFO ► Michaele Clara, Tel: +431 26026 / 3676, E-mail: M.Clara@unido.org

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Send your comments to the editor: K.Timmins@unido.org