UNIDO and the Least Developed Countries

Partners for Prosperity

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Partners for Prosperity
Foreword

In the 1960s, the United Nations system resolved to pay special attention to the needs of those countries facing the greatest development challenges, namely the least developed countries (LDCs). Nearly fifty years on, LDCs continue to face immense challenges; more than ever, this group of countries needs our combined assistance.

The recent financial and economic crisis has had a devastating impact on LDCs. They have been forced to cope with reduced inflows in foreign direct investment and remittances, a slowdown in exports, and consequently a deceleration in growth. These same countries tend not to have diversified economies and to rely on commodity exports, which have been subject to great volatility in the wake of the crisis.

UNIDO, as the UN’s specialized industrial development agency, has a long history of involvement in addressing poverty in LDCs through its activities in agribusiness, trade capacity-building, and access to clean energy. These programmes aim at building resilience by boosting productive capacities, and promoting access to regional and global markets.

We in UNIDO also believe that expanding the economic opportunities available for women in LDCs is vital for poverty eradication. Our programmes target the integration of women into the growth and development process, as this is more than likely to yield positive multiplier effects for households, communities and ultimately national economies.

We sincerely appreciate the key role that the Government of Turkey has assumed for the advancement of LDCs through the hosting of this Fourth United Nations Conference on the Least Developed Countries (LDC IV). As we are all aware, this Conference has been mandated by the General Assembly to arrive at the adoption of a concerted and renewed partnership between the LDCs and their development partners throughout the next decade.

The success of the event requires the active participation of all stakeholders, including governments, civil society, the private sector, business associations, academia and media, in order to mobilize global solidarity and knowledge sharing in favour of the LDCs.

In this connection, UNIDO is pleased to organize a side event panel discussion during this Conference on ‘Enhancing the role of small and medium enterprises (SMEs) in agribusiness global value chains’.

UNIDO is committed to responding to the need of LDCs for strategic advice and policy support towards structural change and economic diversification. Together with our sister UN agencies, we stand ready to become an even stronger partner for their prosperity.

Kandeh K. Yumkella
UNIDO Director-General
UNIDO and the least developed countries, partners for prosperity

The past decade has been one of mixed fortunes for the world’s least developed countries (LDCs). Some countries have undoubtedly made progress in meeting the goals set out at the Third UN Conference on LDCs in Brussels in 2001, with improvements seen between 2001 and 2008 in the macroeconomic environment and in social indicators. But many continue to live in poverty and deprivation, unable to enjoy the fruits of economic progress.

At the Fourth UN Conference on LDCs (LDC IV) in Istanbul we have a new opportunity to help put LDCs on the path to sustained development.

This path should build on the gains of the past decade but must go further in placing productive capacity-building at the heart of efforts to reduce poverty and foster economic inclusion.

The Brussels Programme of Action (BPoA) for the LDCs for the Decade 2001-2010 set out to provide:

“a framework for a strong global partnership to accelerate sustained economic growth and sustainable development in LDCs, to end marginalization by eradicating poverty, inequality and deprivation in these countries, and to enable them to integrate beneficially into the global economy”.

In the boom years of the mid-2000s, LDCs recorded an average gross domestic product (GDP) growth rate of 6%, while in many countries the rate of inflation fell and fiscal deficits shrunk. The number of children enrolled in primary schools has risen by 18% in Africa in the past 10 years and by 11% in Asia, reaching 89% of all children. Infant mortality has fallen in some countries, with a considerable improvement seen in Malawi, Niger and Ethiopia.

There have also been steps forward in good governance and in recognizing the importance of strong institutions; for example, 19 out of 29 African countries that have joined the African Peer Mechanism Review set up under the New Partnership for Africa’s Development (NEPAD) are LDCs. At the same time, exports have risen, and in some countries such as Burkina Faso and Uganda they are now more diverse.

But these improvements remain overshadowed by the scale of the work still to be done to put LDCs on a sustainable path to development. Much of the progress made has been uneven and the gains in growth have failed to push poverty levels down.

Since the UN first listed the world’s least developed countries as a category in 1971, their numbers have virtually doubled to 48. In that time, only three countries – Botswana, Cape Verde and most recently the Maldives – have graduated from LDC status. But many of the people living in the world’s least developed countries continue to live in poverty. Over half of them are forecasted to be living in extreme poverty by 2015.

A United Nations Development Programme (UNDP) assessment report on progress towards meeting the Millennium Development Goals (MDGs) points out that despite years of sustained economic growth, Botswana, the first country to graduate from LDC status, has seen inequality levels rise hugely. An overreliance on diamonds, a lack of agricultural diversity and disproportionately high levels of rural poverty are the source of these structural problems.
It is clear that growth cannot help to reduce poverty unless it is based on productivity, job creation and an even distribution of income.

In 2007-08, the world financial crisis brought the boom to an abrupt end. Developing countries, in particular LDCs, were hardest hit by sharp rise in energy and food prices which accompanied the crisis, demonstrating once again the fragility of commodity-led growth.

At the 2009 LDC Ministerial Conference held in Vienna, ministers agreed to a plan of action which recognized the urgent need to diversify LDC economies. Without moves towards greater productivity, they would remain vulnerable to external shocks and fall further behind in reaching the MDGs.

The action plan focused on building-up agro-industries, developing private-public partnerships, innovation, technology transfer and productivity, industrial infrastructure and institution building. Improving regional links and developing South-South trade were also highlighted.

UNIDO, as the UN’s specialized industrial development organization, has a long history of involvement in all these areas and continues to work through its trade, sustainable energy and agribusiness projects to boost productive capacity in LDCs and to enhance their trade status as a spur to development.

The Organization supports and promotes industry as a driver of sustainable growth. It is a breeding ground for entrepreneurship, creates jobs and strengthens links to agriculture and services. Without industrial development, LDCs will not be able to trade competitively or become fully integrated into the global economy.

Speaking at the LDC Ministerial Conference in December 2009 in Vienna, UNIDO’s Director-General Kandeh K. Yumkella said “More than ever, UNIDO is willing to assist LDCs in their efforts to develop; helping them come out of the clutches of structural constraints is a top priority for the Organization”.

Participants at the 2009 LDC Ministerial Conference held in Vienna
These sentiments were echoed by participants at a pre-conference meeting in New York in January 2011, where LDC representatives called for greater efforts to develop productive capacities as a way to grow out of poverty.

There is broad consensus that the promotion of agro-industry, which affects food security and industrial and rural development, is an increasingly important part of efforts to build productive capacities.

This view was also endorsed at the high-level Conference on African agro-industry in Abuja in March 2010, where UNIDO’s African Agribusiness and Agro-Industries Development Initiative, or 3ADI, was launched. The programme will be run together with the international Fund for Agricultural Development (IFAD) and the Food and Agriculture Organization (FAO) to provide specific country support to agribusinesses, all the way from source to market.

The Africa-EU summit in November 2010, which produced a Joint Action Plan for 2011-13, looked at ways to cooperate with 3ADI efforts to upgrade agribusiness capacity. The action plan also incorporated UNIDO’s Accelerated Industrial Development for Africa plan (AIDA), developed with the African Union in 2008, as part of a policy to increase trade and productive capacities.

Another key area of discussion in Istanbul will be trade. According to the World Trade Organization (WTO), three products account for three-quarters of an LDC’s merchandise exports and, in eight LDCs, the top three products make up over 95% of export earnings. This makes policies on improving diversification, enhancing Aid for Trade and on structural reform key if trade is to be used successfully as an engine for growth.

Since setting-up its Trade Capacity-building (TCB) branch, UNIDO has been working with partners such as WTO, the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Centre (ITC) to improve trade access among LDCs by helping to remove supply-side constraints and by offering technical assistance to overcome some of the barriers they face on questions of standards and quality. Around 70% of the Organization’s TCB portfolio covers LDCs, with the majority of funding from the European Union (EU).

The Vienna 2009 LDC Ministerial Conference gave UNIDO the chance to work with its partners on trade-related issues again. LDCs asked UNIDO to use opportunities provided by the WTO Aid for Trade programme and its Enhanced Integrated Framework (EIF) to further expand South-South trade, which is becoming an ever more important driver of growth among developing countries.

Aid for Trade was launched in 2005 during ongoing discussions on the WTO’s Doha Development Round. It is designed to give more development assistance to trade-related programmes in developing countries. The EIF aids LDCs, which often lack the appropriate infrastructure or institutions, to identify and define priorities for support and helps them to incorporate trade strategies into their national development plans.

LDC ministers also recognized UNIDO efforts at the 2007 LDC conference to design pilot supply-side support programmes for LDCs with UNCTAD and ITC and to look at capacity-building on WTO sanitary and phytosanitary measures; already, a first pilot phase has been launched to this effect.

Trade issues were further taken up at the 2008 LDC Ministerial Conference on ‘Aid for Trade: An Industrial Agenda for LDCs’, which took place in Siem Reap, Cambodia, and was organized by UNIDO with the support of WTO.

At the 2009 Vienna Conference WTO Director-General Pascal Lamy acknowledged the importance of UNIDO’s role as an Aid for Trade partner, noting that:

“An enhanced capacity to produce is central to ensure that real benefits will result from the successful conclusion of the Doha Round”.

UNIDO’s trade capacity building programme is increasingly being recognized as a good model for the implementation of the Aid for Trade initiative. UNIDO has also been building stronger ties with the EIF to tackle supply-side
constraints. It has been doing this through its programmes to help upgrade production and product quality. It also runs special programmes which support developing countries in quality control, metrology, standards and conformity measures as part of its work to enhance competitiveness in SMEs.

Other areas of equal importance to be addressed at Istanbul are energy, technology and investment, especially private-sector investment. UNIDO played an active role in the UN-OHRLLS pre-conference event in Portugal in October 2010 on mobilizing financial resources for LDCs, which emphasized the need for renewed political will on aid and investment. The Organization, together with the Scientific and Technological Research Council of Turkey (TUBITAK), also organized a preparatory event on Science, Technology and Innovation in LDCs, which was held in February 2011 in Istanbul.

Speaking at the event, UNIDO Policymaking Organs Secretariat Director Fatou Haidara, drew attention to the many obstacles facing LDCs in the information and technology field: “these obstacles went beyond a mere lack of infrastructure; the number of researchers per million in the LDCs was 95.4 in 2010, compared to 4,000 per million in the OECD countries”. She added, “better access to science and technology is needed to speed-up development and to break this vicious circle”.

Access to energy was a key element of a pre-conference event in New York in March 2011 on promoting universal services to LDCs, and was moderated by UNIDO.

According to the latest International Energy Agency World Energy Report, produced in conjunction with UNIDO, more than US$36 billion a year is needed to enable the world’s 1 billion energy-starved people to access energy supplies at home by 2030. Today, around 1.4 billion people have no access to electricity; if a “business as usual” approach is taken, by 2030 the numbers without electricity will have dropped to 1.2 billion. So it is clear that business as usual will not be good enough.

As chairman of UN-Energy, the inter-agency mechanism created to coordinate the UN’s activities on sustainable energy, UNIDO’s Director-General has put energy issues at the centre of efforts to tackle poverty.

Kandeh K. Yumkella says:

“Energy is at the heart of every challenge we face today: be it economic growth, equity, climate change, poverty reduction, or food security. There is a large consensus that current energy systems are inadequate to meet the needs of the world’s poor and are jeopardizing the achievement of the MDGs”.

To improve this situation, investment is key. The World Bank says US$100 billion will be needed over the next decade to fund Africa’s infrastructure, half of it for power supply alone.

UNIDO is currently engaged in a number of projects which provide technical assistance to LDCs looking to develop more sustainable and affordable energy sources. It is also supporting South-South cooperation as a way to transfer technical know-how through its regional development centres and small hydropower centres in China and India. And it is working to assist governments to create the required institutional framework to develop more renewable sources of energy.

Projects range from setting up mini-grids to providing cleaner energy for cooking, critical for the well-being of millions of women across the developing world.

And finally, the question of gender in LDCs should not be forgotten. Women are still at most risk from disease because of dangerous fuels used to light and heat their homes, still suffering higher levels of unemployment and poverty and lower levels of overall education. Still dying in childbirth and still held back by lower status. The position of women cuts across all areas of development in LDCs.
Speaking on International Women’s Day in March 2011, UNIDO’s Director-General said: “Countries that eliminate gender disparities in primary and secondary education will indirectly accelerate progress toward reducing poverty, hunger, maternal mortality, and improving child health. If women are able to access credit to invest in business ventures, markets to sell their products, knowledge to expand their businesses, diversify and undertake value addition, they will be in a position to better contribute to economic growth and development”.

The UN’s focus on women this year is on access to education, training and science and technology. UNIDO is already very active in these areas and is providing women in developing and transition countries with knowledge, skills and technologies to enable them to engage in productive activities.

For example, UNIDO is currently carrying out projects in Mali in the shea butter sector and in Afghanistan in cottage-based businesses to provide women with training and equipment to improve their livelihoods. “Employment is the most important link between economic growth and poverty reduction. Providing income earning opportunities for poor women is crucial to overcoming poverty. Industry has the potential to offer the necessary jobs and opportunities”, Yumkella said.

Speaking in late 2010 in New York, the UN Special Adviser on Africa and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, Cheick Sidi Diarra, called the Brussels Plan of Action “unfinished business”.

At the Fourth UN Conference on LDCs in Istanbul, we have a chance to set out a new agenda, to prioritize policies and initiatives that can really make a difference to the lives of the bottom billion.

With enough political will, a new deal can be found for LDCs that will put them on the road to sustainable growth and improved livelihoods.
UNIDO-TIKA Side Event at LDC IV
Enhancing the role of SMEs in the global value chain approach

UNIDO is keen to use its expertise to help LDCs raise their productive capacities. As is already clear, agribusiness development offers the best hope for diversification and growth in many of the world’s poorest economies.

But if this is to happen successfully, small and medium-sized enterprises (SMEs), which are often absent from the economic landscape in poorer countries, need to be encouraged and supported.

UNIDO is working to boost SMEs and give them more links to the value chain by supporting the private sector through industrial policy improvements and better regulation – and by providing access to better resources to allow SMEs to be more competitive.

UNIDO and the Turkish International Development and Cooperation Agency (TIKA) are organizing a panel discussion entitled ‘Enhancing the role of small and medium enterprises (SMEs) in agribusiness global value chains’, which will look at how SMEs in least developed countries can participate fully in the global marketplace through greater diversification and better management.

UNIDO hopes that, as a next step after Istanbul, a special initiative will be launched to support LDCs, where a small group will be selected for technical cooperation projects, which will be funded by TIKA.

Technical cooperation for value chain enhancement
**Agribusiness and the least developed countries**

**UNIDO puts agribusiness at the centre of its work in LDCs**

Speaking at the March 2010 Abuja Conference on the Development of Agri-businesses and Agro-industry in Africa, UNIDO Director-General Kandeh K Yumkella called agribusiness the key determinant of overall growth and poverty reduction in most countries in sub-Saharan Africa.

*Kandeh K. Yumkella said*:

“There is a growing consensus that a development path based on increased productivity growth throughout the entire agribusiness value chain – covering farms, firms and markets – is the most effective means of achieving rapidly and widely shared economic growth and poverty reduction”.

A total of 33 LDCs are in sub-Saharan Africa. Over the past decade, their dependence on raw commodity exports has increased, leaving them ever more exposed to the vagaries of international markets. During the commodity boom years of the mid-2000s, this growing reliance on raw commodities meant industrial development suffered and food imports soared, exacerbating poverty levels further despite rises in GDP growth. According to UN figures, the number of people living in extreme poverty in LDCs rose by 3 million a year during the boom years of 2002-07, to 421 million.

When the global food crisis hit in 2007-08, LDCs were in a particularly vulnerable position as prices climbed. In 2009, GDP per capita fell in sub-Saharan Africa for the first time in a decade and food insecurity spread.

Such developments reinforce the view that commodity-led growth cannot be sustainable. If LDCs are to develop they need to participate fully in the global economy by turning raw materials into finished products and bringing them to market.

Given the importance that agriculture plays in LDC economies, and with 1 billion of the world’s poorest people engaged in agricultural activities, diversification of agro-industries is critical for their development and is therefore leading UNIDO’s role in poverty alleviation. Agribusiness adds value, reduces post-harvest losses and the price volatility associated with commodities, and is an inevitable part of the development process – UNIDO research on structural patterns of change shows that for countries at Africa’s level of income, as GDP grows, there is a sharp rise in agro-processing, particularly in food and textiles sectors.

**Working with others to get results**

In the wake of the 2007/8 global food crises, the 43 countries involved at the Abuja Conference asked UNIDO, FAO and IFAD to work together on the agricultural value chain. The result was the creation of the African Agribusiness and Agro-Development Industry Initiative, or 3ADI.

For UNIDO, the focus of the initiative is not only on growing crops but processing too – extending shelf life and raising quality in an effort to tackle poverty.

Joint agency action had already been discussed at UN forums on agribusiness in 2008 in India and China and in 2009 in Peru. Added to this, UNIDO had received a similar mandate from the African Conference of Ministers of Industry in 2009 and a request for intervention at the high-level LDC Conference in Vienna in 2009.
Against this background, it was now time to act: an initial 12 countries were chosen and funding of €750,000 was secured upfront from Member States to develop country programmes, which are now moving ahead quickly.

UNIDO is working with IFAD and FAO to target specific sectors in selected countries, which will speed-up the development of agro-industries and ensure value-added gains. Products will be followed all the way from source to market with each organization bringing its own expertise. But the project will also bring in other partners where need be, making sure that all parts of the value chain are covered.

3ADI Country programmes:

- Comoros
- Democratic Republic of the Congo
- Ghana
- Liberia
- Madagascar
- Nigeria
- Rwanda
- Sierra Leone
- Sudan
- United Republic of Tanzania

3ADI Partners:

Lead agencies:
- United Nations Industrial Development Organization (UNIDO)
- International Fund for Agricultural Development (IFAD)
- Food and Agriculture Organization of the United Nations (FAO)

Partners:
- Ecobank – the pan-African bank
- The Yangling Agricultural hi-tech Industries Demonstration Zone
Not business as usual

Rather than concentrating solely on its own technical service delivery, the Organization will also act as a catalyst to mobilize parallel resources from development finance institutions and, most importantly, attract private-sector development, with the ultimate goal by 2020 of establishing a productive agricultural sector with strong links to SMEs and capable of producing high-value goods.

The model of development of the 3ADI emphasizes UNIDO’s role as part of a bigger game – it doesn’t mean resources will come through the Organization but that 3ADI is important as a ‘broader picture’ towards economic development and poverty alleviation, whereby UNIDO acts as a catalyst for large flows of resources, adding more with no trade-off.

For example: in the Democratic Republic of the Congo (DRC), it is increasingly hard to supply enough cassava to the rapidly growing population of Kinshasa, which now stands at 10 million. Under the umbrella of the 3ADI, UNIDO can alert other agencies when it identifies bottlenecks in the supply chain, such as poor roads, and see what action is needed.

Cassava, a staple which provides food and income for 70% of DRC’s people, is one of three products earmarked under the 3ADI, along with palm oil and wood. The idea is to improve supplies to the capital and to expand the supply of palm oil and cassava in three provinces around Kinshasa.

The Government of Japan is providing US$1.3 million to help set-up a pilot food processing facility in Kimpese, in the province of Bas Congo, as part of the programme. From mid-2011, UNIDO hopes to expand the number of countries involved and further develop downstream activities.

UNIDO’s support to the most vulnerable in Nangarhar, Afghanistan

Nangarhar, Afghanistan’s most densely populated province, covers the fertile plain which sprawls westwards from the base of the Kyber Pass on Pakistan’s border. Its economy centres on agriculture, with oranges, olives and aubergines among the produce sent from here to all parts of the country.

But natural disasters and conflict have exacerbated poverty in this resource-rich land, with parts of the region suffering the highest levels of food insecurity in the country. In the latest flooding in summer 2010, thousands lost their homes and livelihoods and the area’s already weak rural infrastructure took another blow.

As part of efforts to alleviate poverty among vulnerable groups, in February 2011 UNIDO launched a project which will target the needs of small farmers and cottage-based agro-industries, in particular those run by women working in the home.

The project will focus on providing them with the necessary equipment to develop their products and train them in entrepreneurial skills needed to bring these products to market. Around 1,800 people will benefit directly, with knock-on effects reaching many more in the region, once a hotbed of poppy cultivation for the illegal drugs trade.

Small-scale farmers and those working in home-based businesses, especially in rural areas, often have limited access to urban centres to sell their goods. Poor transport links and lack of resources, along with scant business knowledge or vocational skills, limit their opportunities.

UNIDO will help farmers to develop better links between local and urban centres. It will also help to raise productivity through providing equipment such as tractors, tools and food-processing machinery for home-based micro-enterprises.
Cottage-based businesses are especially important in the case of women, many of whom remain in the home and are therefore less visible. Despite advances in women’s status since the fall of the Taliban in 2001, they remain among the poorest and least educated groups in the country today. UNIDO will provide entrepreneurial training for groups of women to help them develop their businesses and improve their incomes.

The project has a budget of US$850,000 and is funded by the Japanese Government, which is an active donor in the area. It will support the Government’s ongoing work to improve the lives of the rural poor.

The areas selected for assistance will form part of the recently launched 3ADI programme, which seeks to address food security and poverty by helping people in selected developing countries to produce higher value agricultural goods.

More broadly, UNIDO’s involvement in Nangarhar is part of overall efforts to expand its operations in Afghanistan under the 2009-2013 Country Programme of Technical Cooperation signed with the Government.

The main focus of activities has been in the western province of Herat and in Ghazni in the east. Both of these regions, where subsistence agriculture and related activities are the only means of livelihood for 85% of the population, have been among the worst hit by decades of war and strife.

The aftermath of conflict left the state administration in tatters and saw a breakdown in many social and economic structures, which has eroded the provision of basic services in both rural and urban areas.

UNIDO has been working to help create jobs and stimulate private-sector entrepreneurship as a means to improve livelihoods.

The Organization’s work will continue to concentrate on agro-industry projects (food-processing, cotton, textiles and carpets), private-sector development, trade capacity-building and renewable energy.
Trade Capacity-building and the least developed countries
Helping LDCs become more competitive

Since the last UN Conference on LDCs in 2001 in Brussels, tariff barriers to trade for LDCs have been falling. Exporters have seen some benefits from the commitment made by developed countries at the start of the WTO Doha Development Round for duty-free and quota-free access for LDC exports. Still, full benefits will only come if access is extended to cover 100% of products, rather than a minimum of 97% at present.

The last decade has also brought a rise in regional trade agreements and a surge in South-South trade. At the same time the European Union’s ‘Everything but Arms’ initiative has opened up EU markets to LDC exports.

But in the same period, non-tariff barriers have risen and are continuing to rise, in particular in relation to health and safety, environmental impact and standard and quality measures. Health scares such as mad-cow disease and avian flu, fears over pesticide residues in food and growing concern about the environment are driving these trends.

Existing non-tariff barriers also include WTO rules on technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures, which although designed to harmonize trade, are a particular challenge for LDCs who need help to comply with the provisions. The agreements cover rules on plant and animal exports, toxins in food, labelling, packaging and overall product safety.
If LDCs are to compete successfully on international markets they need to be able to meet these increasingly stringent requirements through strong national institutions that can test for quality and meet recognized standards.

Under its Trade Capacity-building programme, UNIDO helps LDCs to strengthen their quality infrastructure by supporting or setting-up national standards or accreditation bodies, strengthening metrology institutes, building product testing or calibration laboratories and training staff in how to run them.

UNIDO has also helped national standards bodies to become members of organizations such as the International Organization for Standardization (ISO), which gives their products greater legitimacy on international markets. And it is working with partners to provide technical assistance on TBT/SPS compliance.

**Why standards matter**

Consumers shopping in London, or New York or other developed cities can be reasonably sure when they go to the supermarket that the food on offer has been tested somewhere, that it has met strict national and international measurements of quality and safety. When they buy a washing machine or television they can expect it to work. Or if they purchase a house, the chances are it won’t fall down because of bad build quality.

These assumptions are possible in part thanks to internationally recognized standards, overseen by national bodies. Without them, consumers are at risk and countries are less able to produce or trade. The need for such institutions is not often at the forefront of policymakers’ minds, but they are fundamental to improving competitiveness and protecting citizens, which is why UNIDO’s work in this area is important for development.

One country where UNIDO is working to help set up a national standards body is Haiti, which is still struggling to cope with the aftermath of the earthquake in 2010.

**Haiti looks again at standards**

Haiti is the only LDC in the Americas and remains one of the poorest countries in the world. It has long suffered from years of political instability, economic stagnation and environmental degradation. The country’s problems were hugely compounded by the massive earthquake which struck in January 2010, claiming over 316,000 lives and leaving more than 1 million people homeless.

The Inter-American Development Bank (IADB) has put the cost of reconstruction at US$14 billion, or 15% of GDP. Donors have pledged US$5.8 billion but less than half has arrived and hundreds of thousands remain without proper shelter. Problems deepened further in October 2010 with the outbreak of cholera.

In the midst of this turmoil, something as basic as export standards and building regulations can help set Haiti back on its feet.

UNIDO is currently involved in an EU-backed programme to strengthen Haiti’s export capacity and improve its competitiveness in regional and international markets. The main focus of the project is to set up a national standards body (NSB), helping to create an environment that would support the reconstruction process, encourage exports and go some way to protecting consumers from poor quality imports.

UNIDO also selected small businesses in two sectors with good export potential – mangoes and textiles – to receive help to improve quality measures and standards.
In the first phase of the €440,000 project, which started in 2008 in collaboration with the Ministry of Trade and Industry, UNIDO set up premises, trained staff and worked with the government to prepare a law on standards and quality. Now, after some legislative delays, the EU has earmarked €600,000 for Phase II of the project, which is expected to restart before the end of 2011.

Following the earthquake in 2010, the poor construction quality of many buildings came under the spotlight, giving fresh impetus to the government to tackle the question of building codes. Like other parts of the Caribbean, Haiti has no building codes and it is also the only country in the CARICOM region without a national standards bureau. Haiti currently also has no internationally recognized laboratories for testing food safety or other products, nor do they have any sound metrology facility to check weights and measures against international standards.

Setting standards that are comparable with international ones, such as those of the ISO or the International Electro-technical Commission, are vital for Haiti’s ability to compete on international markets.

This creation of quality infrastructure such as a testing and certification facility should be the next stage in development and would mean more could be done in the area of food safety. UNIDO estimates that around €15-20 million would need to be invested over two decades to build-up a vibrant national quality infrastructure to enable Haiti’s entrepreneurs to meet international market requirements.

With these tools Haiti could not only improve its competitiveness, but resist being a dumping ground for poor quality products from elsewhere.

*Helping rebuild Haiti*

*Photo by UNEP/Creative Commons*
Environment/Energy and the least developed countries

Energy Poverty: turning the lights on

For most of us it is hard to imagine life without electricity. We don’t think twice about turning a light on, cooking meals on an electric stove or heating our homes with clean, safe energy. But for 1.5 billion of the world’s population, 80% of whom are in LDCs in rural sub-Saharan Africa and South Asia, light fades at sundown and does not return until sunrise.

Twice this number relies on fuel from plant or animal waste for basic cooking and heating, which is unstable and insecure. Women, who can spend hours every day collecting wood and other biomass, are often the worst affected by the toxins produced from open fires in poorly ventilated homes and consequently suffer greater respiratory diseases and other health effects. But improving energy access is not just about supplying lighting for homes and fuel for cooking. It must also mean energy for small businesses and industry to help people raise their incomes. At the same time, without adequate energy supplies schools cannot function, hospitals cannot be run safely and transport systems will fail.

This reality makes energy a critical development issue. UNIDO’s Director-General Kandeh K. Yumkella, who has been UN-Energy Chairman since 2008, has called it the defining issue of our time, linked to environmental degradation, poverty alleviation and food security.

“UNIDO recognizes sustainable energy as both a precondition and catalyst for economic and social development”, Yumkella said.

In the past few years, the question of energy access has gradually risen up the international political agenda but much more needs to be done to overcome the existing barriers to access in sub-Saharan Africa and parts of Asia. If a ‘business as usual’ approach is taken the numbers of people connected will not rise.

With this in mind, the UN Advisory Group on Energy and Climate Change (AGECC), under the chairmanship of UNIDO’s Director-General, produced a report in March 2010 setting goals to achieve universal access to modern energy by 2030 and a reduction in global energy intensity by 40% within the same timeframe.

“The establishment of good governance for the energy sector will be crucial for businesses to flourish”, Yumkella argued in a speech last year to oil industry executives in Stavanger, Norway, adding that “effective action will require an unprecedented level of cooperation amongst all major economies – including South-South”.

“We must push for universal access to energy by 2030. When we adopted the Millennium Development Goals (MDGs) in 2000, we did not appreciate the issue of energy access. Ten years hence, we realize that none of the MDGs are attainable without access to a reliable source of energy for cooking, pumping water, storing vaccines, lighting, and so on”.

Kandeh K. Yumkella, UNIDO Director-General

These issues, which will be further explored at the LDC IV Conference, were touched on in a pre-conference discussion on energy in New York in March 2011, chaired by UNIDO.
There, Senegal’s Minister for Renewable Energy and Biofuels, Louis Seck, emphasized the need for strong institutions to support the development of renewable energy and suggested the creation of a UN fund to develop green energy projects.

Dr. Bounthavy Sisouphanthong, Vice-Minister for Planning and Investment from the Lao People’s Democratic Republic, stressed that there were still major financial barriers for LDCs and called for greater levels of private-sector investment in energy projects. He also said that national political will would be crucial in driving through green energy developments, adding that more needs to be done in improve technology know-how and transfer of technology.

Finding sustainable solutions

In a drive to improve access, we need to grasp the opportunity to provide energy from clean, safe sources which reduce the impact of climate change and improve quality of life.

One initiative seeking to do this is the Global Alliance ‘100 for 20’. UNIDO is one of the founding members of this multi-stakeholder alliance, which is calling for 100 million homes to adopt clean cook stoves by 2020. Launched by US Secretary of State Hilary Clinton at the MDG summit in New York in September 2010, it is a private-public partnership which seeks to improve livelihoods, empower women, and combat climate change by creating a thriving global market for clean and efficient household cooking solutions. The US is committing more than US$50 million over five years to the alliance.

UNIDO’s Director-General spoke in support of the initiative in a speech to mark International Women’s Day on March 8: “Exposure to smoke from traditional cook stoves and open fires causes 1.9 million premature deaths annually, with women and young children the most affected. Cook stoves also increase pressures on local natural resources such as forests, and contribute to climate change at the regional and global level. Therefore there is a lot to be gained from developing and transferring the technology of clean cook stoves”.

In terms of power generation, use of renewable technology makes particular sense in LDCs as it allows them to tap into locally available sources of energy such as solar, wind or hydropower. At the same time, developing small-scale green sources of energy in poor, remote areas is much more affordable than connecting to the grid.

Greater use of renewables would also help to break dependency on fossil fuels which are environmentally damaging and subject to volatile price swings, seen by the recent rise in the price of Brent oil to over US$100 per barrel.

UNIDO is working to create the necessary legal and institutional framework to assist governments to develop the wider use of renewable energy. It does this by encouraging direct private-sector involvement through incentives such as special tariffs and green certificates. It has also set up a number of pilot projects to test out a variety of renewable technologies.

UNIDO is currently engaged in a number of projects to help provide cheaper, more sustainable and efficient energy to LDCs, with a focus on increasing their production capacity. It has also been working to enhance production activities and increase competitiveness in SMEs in rural areas through bio energy, solar, wind and hydro-power. Aside from projects, UNIDO has been involved in the creation of regional centres to encourage the use of renewable energy sources. The latest one is in West Africa.

ECOWAS renewable energy centre

One step on the road to achieving greater energy access for a number of LDCs was taken in July 2010 with the opening of the UNIDO-backed ECOWAS Regional Centre for Renewable Energy and Energy efficiency (ECREEE).
The Centre, based in former LDC Cape Verde, will have a pivotal role in drumming up the necessary funding to get renewables projects off the ground and to encourage the creation of energy efficiency markets in the region. As part of the 2009-15 Global Environment Facility (GEF) Strategic Programme on Energy in West Africa, ECREEE will support national bodies in 15 ECOWAS countries to put in place the appropriate policies and strategies to improve access to clean energy, work to attract crucial private-sector investment and provide technical training.

**ECOWAS members:**

- Benin
- Burkina Faso
- Cape Verde
- Côte d’Ivoire
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Liberia
- Mali
- Niger
- Nigeria
- Senegal
- Sierra Leone
- Togo

The ECOWAS countries hold 262 million people, or 40% of the population of sub-Saharan Africa. Together, they have some of the lowest rates of energy consumption in the world, with average electricity consumption of just 88 kWh per capita compared to a global average of 2,373 kWh per capita. Less than 10% of the population has access to electricity.

Uneven energy distribution, limited inter-country trade and an underdeveloped renewables sector mean that the region has struggled to attract investment. But thanks to GEF funding and multi-agency backing, ECREEE will be in a good position to pull in investors and unlock the region’s huge renewables potential.

UNIDO has the leading role in implementing the GEF programme, which supports a number of renewable and energy efficiency projects in the 15 ECOWAS countries plus Chad, Mauritania and Burundi. The idea behind the projects is to show how better access to clean energy in these economies can help to lift people out of poverty and raise incomes.

Under the programme, UNIDO is running projects to set up mini-grids in eight countries: Chad, Côte d’Ivoire, Cape Verde, Gambia, Guinea, Liberia, Nigeria and Sierra Leone. The grids will be developed using small hydropower (SHP), solar photovoltaic or bio energy. UNIDO believes that they will show the viability of renewable technologies and encourage their use across the region.
Small hydropower

To connect the millions of people currently living without electricity will require a number of different solutions depending on scale and location. One solution which has already seen successes, and which is being extended in many parts of sub-Saharan Africa, is small hydropower (SHP).

UNIDO has long backed the use of SHP as a good way to bring low-cost and low-impact energy to rural communities, especially in LDCs where people living far from the grid have little prospect of being connected.

The Organization is working on projects with the International Centre for Small Hydropower in Hangzhou China and Regional SHP centres in Trivandrum, India and Abuja, Nigeria. Under the umbrella of a regional programme, UNIDO hopes to set up many SHP plants in Africa by 2012 and to extend the programme to Asia and Latin America.

In Rwanda, where less than 2% of the rural population is connected to electricity, UNIDO has set up four mini-hydro plants which have brought power for the first time to almost 2,000 households, to schools, health centres and small businesses.

The UNIDO pilot projects have helped to encourage the spread of further small hydropower plants. As part of its policy to raise the number of people connected to electricity from 6% to 16% by 2020, the Government has started eight more SHP projects.

UNIDO is also carrying out a US$7.5 million GEF/UNEP project to establish three mini-grids in Zambia. It will provide a testing ground for three different technologies – solar, biomass and small hydro. It is co-financed with the Zambian Development bank and being developed in collaboration with the state utility ZESCO.

Local communities, consumers, and private investors will all contribute to the programme to ensure local involvement. The electricity generated from a 0.5MW biomass gasifier, a 1MW small hydro station and a 36kW solar plant will be used for income-generating activities and other energy services in isolated rural areas. The three mini-grids will be completed by the end of 2011.
South-South cooperation and the least developed countries
More important than ever

Over the past decade economic cooperation between the world’s developing countries has risen hugely. The south’s more developed economies have increased investment levels in less developed countries, which has gone some way to stimulate growth, while a more favourable regional trade environment has helped to reduce their dependency on aid.

UNIDO supports these dynamic efforts at greater regional and trade integration and believes more should be done to remove contradictory trade barriers and agricultural subsidies. It is especially important for LDCs to gain full open market access if they are to develop economically.

Recent trends are encouraging. Exports from developing countries now make up 37% of global trade, half of which is South-South trade.

But much more can be done in developing industrial capacity, improving links between institutions and providing more technical assistance. UNIDO, as the UN’s specialized agency on industrial development and international industrial cooperation, can play a pivotal role in stimulating South-South cooperation, and by extension in supporting LDCs.

It is widely accepted that technical cooperation among developing countries is crucial for their economic development. UNIDO has long supported these developments in South-South cooperation and in the past five years has initiated a number of projects transferring knowledge and technology from emergent economic heavyweights such as India and China to LDCs.

In September 2006, UNIDO set up the Centre for South-South Industrial Cooperation in China, followed six months later by the establishment of an India centre. These new institutions can play an important role in guiding and supporting trade and investment between emerging economies.

What UNIDO is doing

UNIDO is involved in a number of projects promoting South-South cooperation, including energy, agribusiness, and trade.

In the energy field, the Organization is working with the International Centre for Small Hydro Power (SHP) in Hangzhou, China, to provide essential energy services in rural areas in a number of LDCs, such as Zambia, Rwanda and Uganda. The facility is also looking into sites in Sierra Leone and Liberia suitable for SHP plants.

In 2010, UNIDO’s India centre launched a training facility for testing laboratories with Vimta Labs Ltd, which aims to ease some of the challenges developing countries face in exporting their products because of a lack of quality control. The centre will train chemists, scientists, analysts and laboratory management staff from food and agro-testing laboratories in developing countries, particularly LDCs.

The facility will also facilitate know-how transfer and skills development in operating and managing laboratories. The overall aim is to improve the technical and management capabilities of staff working in testing laboratories in the food and agro sectors, and ultimately enhance the trade capacity of exporting countries.
Bringing jobs to Timor Leste

Long buffeted by the tropical winds which sweep across the shallow Timor Sea, eastern Timor has also been rocked in recent decades by political storms, with a long independence battle finally ending when the new state was created in 2002.

One of the major challenges now facing the government of Asia’s newest independent state is how to provide jobs for the young, who make up two-thirds of the population. Overall unemployment currently stands at around 20%, but is considerably higher for men aged 20-24 years.

Education and skills levels are low and half the country’s 1.1 million people live on less than a dollar a day, making it the region’s least developed country. And despite holding sizeable oil reserves, 90% of the country’s population works on the land, with many of them underemployed.

In collaboration with the Indian Cane and Bamboo Technology Centre of Guwahati, UNIDO’s Agribusiness Development Branch and its Delhi-based Centre for South-South Industrial Cooperation (UCSSIC) set up the Timor-Leste Bamboo Skills Development and Demonstration Centre Project in 2008 to promote youth employment and bamboo processing, as an important niche market to stimulate economic activity.

The aim was to support an area where the country had a comparative advantage, and to develop a product which could help create jobs all the way along the production process. Bamboo, a grass which grows wild across the island, fitted the bill.
Sometimes referred to as poor man’s timber, bamboo is steadily rising in demand because of its environmental benefits – it works against soil erosion and is effective at sucking up CO₂ emissions. It also extremely strong and grows in three to four years rather than up to 70 years for tropical wood making it a good substitute for wood in the long term.

Starting with an initial staff of seven in 2008, the centre has gone from strength to strength and is now a fully functioning production and training facility employing 31 people. It produces 30 laminated bamboo boards a day, which are then turned into furniture destined for both the domestic and international markets.

The first phase of the project saw South-South cooperation in action with machinery and training expertise brought in from India. UNIDO’s expertise in agro-based product development also ensured that positive effects were felt all the way from farmers harvesting the bamboo to carpenters producing the furniture.

Stronger links between growers, carpenters and wood workers have benefited communities and the centre itself as the full value chain intervention has led to a cumulative gain for the entire bamboo sector.

The focus has now shifted to ensuring the project’s long-term viability through extending bamboo plantations, diversifying products and developing branding and marketing, with US$260,000 of funding divided between UNIDO and UCSSIC over the next two years.

UNIDO is also looking into obtaining carbon credits for the centre through its use of sustainable plantations and the promotion of bamboo as a wood substitute, and so combating deforestation.