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MEDIUM-TERM PROGRAMME FRAMEWORK, 2006-2009

Revised Proposals of the Director-General

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I. Introduction

1. In accordance with established practice and as anticipated in document IDB.29/6-PBC.20/6, the present document provides the revised and finalized proposals for the medium-term programme framework (MTPF), 2006-2009.

2. The initial proposals of the Director-General (IDB.29/6) had been presented to the twentieth session of the Programme and Budget Committee, in accordance with General Conference decision GC.2/Dec.23, as subsequently amended in decision GC.6/Dec.10, which requests the Director-General to submit to the Board in the first year of each fiscal period, through the Committee, a draft medium-term programme framework for the years that follow the current fiscal period. Document IDB.29/6, paragraph 17, foresaw that the resources required for the implementation of the MTPF 2006-2009 would have to be determined in conjunction with the finalization of its substantive content.

3. Meanwhile, the resources required for the implementation of the first phase of the MTPF for 2006-2007 have already been presented in the proposed programme and budgets for 2006-2007 (IDB.30/6) and subsequently in the revised proposals (GC.11/11). The present document should be considered in conjunction with those proposals, which are organized according to programme component.

II. THE PROGRAMMATIC CONTEXT

4. The broad programmatic objectives and priorities of UNIDO continue to be given by the Business Plan on the Future Role and Functions of UNIDO endorsed by the General Conference in resolution GC.7/Res.1. Further refined in a set of Strategic Guidelines, "Towards improved UNIDO programme delivery", these programmatic objectives and priorities were adopted by the twenty-sixth session of the Industrial Development Board in November 2002 and subsequently endorsed by the General Conference in resolution GC.10/Res.2 on the MTPF for 2004-2007.

5. UNIDO's programmatic objectives and priorities also continue to be determined by broader decisions taken by the international community with regard to development issues. The most important of these are given by the Millennium Development Goals (MDGs) derived from the Millennium Declaration adopted by the United Nations Millennium Summit in September 2000 and the outcomes of the 2005 World Summit of the United Nations General Assembly in September 2005.

6. Taking into account the stipulations of the Business Plan and the Strategic Guidelines, as well as

the relevant decisions taken by the international community in other forums, the Secretariat formulated a corporate strategy, entitled "Developing Industry: Productivity enhancement for social advance", for the Organization in 2003. With regard to the specific interventions undertaken by UNIDO, the corporate strategy notes that UNIDO's technical cooperation services and global forum functions can analytically be clustered around two key areas of comparative advantage: technology diffusion, and capacity-building for market access and development. In both areas, the corporate strategy provides for UNIDO's focus on the least developed countries (LDCs) and the poor to continue to be stressed and sharpened, and for the environmental sustainability of industrial development to remain an essential ingredient of UNIDO's services.

7. Based on the corporate strategy, a comprehensive review of UNIDO's services was undertaken in 2003, leading to the formulation of the following eight revised service modules:

- Service Module 1—Industrial governance and statistics
- Service Module 2—Investment and technology promotion
- Service Module 3—Industrial competitiveness and trade
- Service Module 4—Private sector development
- Service Module 5—Agro-industries
- Service Module 6—Sustainable energy and climate change
- Service Module 7—Montreal Protocol
- Service Module 8—Environment management

8. As indicated in document IDB.29/6, submitted to the twentieth session of the Programme and Budget Committee in September 2004, the MTPF for 2006-2009 has evolved from the MTPF for 2004-2007 and maintained a broad continuity with it. This continuity has been facilitated by the overlap of the two framework periods in the biennium 2006-2007, and by the broad adherence of the MTPF for 2006-2009 to the objectives laid out in the corporate strategy and the service modules derived therefrom. Similarly, the delivery mechanisms of UNIDO's services described above have also been left unchanged in the MTPF for 2006-2009.

9. As also anticipated in document IDB.29/6, the prioritization of UNIDO's services has been adjusted for the MTPF for 2006-2009 in order to take account of the evolving development agenda. The programmatic implications of these adjustments, with regard to UNIDO's technical cooperation and global forum activities and its research programme, are presented in chapters III and IV below. The presentation of UNIDO's technical cooperation activities and its service modules (chapter III refers) follows the results-based

management principles as laid out in the revised programme and budget proposals (GC.11/11).

10. Furthermore, taking cognizance of the needs of different regions, the MTPF for 2006-2009 provides for a greater regional differentiation in the provision of its services, as discussed in greater detail in a separate conference room paper (GC.11/CRP.3). A summary of the major programme support activities that will be provided by UNIDO to ensure the effective implementation of its programmes is also presented in the CRP.

III. PROGRAMME OF TECHNICAL COOPERATION

Service Module 1—Industrial governance and statistics

11. The services provided under this module are intended to improve the formulation, implementation and monitoring of industrial strategies and policies in order to enhance the contribution of industry to productivity growth and the achievement of the MDGs. Specifically, the module provides technical cooperation services in industrial governance and services related to the compilation, processing and dissemination of industrial statistics.

12. The technical cooperation services in industrial governance provided by UNIDO are intended to improve the decision-making capabilities of ministries and government agencies, private sector bodies such as industry associations and chambers of commerce and industry, and other industrial support institutions involved in the formulation, implementation and monitoring of industrial strategies, policies and programmes. Support is also provided in improving the system of industrial governance, and in particular in the establishment of public and private partnerships and consultation mechanisms.

13. The main outputs of the services in industrial governance provided by UNIDO include:

- Policy advisory services for the preparation of strategy and policy-related reports, studies and analyses;
- Executive training courses for policy makers in state-of-the-art approaches and knowledge on industrial strategies, policies and governance;
- Assistance in the establishment of industrial support institutions, public-private partnerships, and consultation mechanisms to encourage consensual policy-making and to create an enabling environment for industrial development.

14. The industrial statistics component is intended to increase the use of industrial statistics in monitoring and

analysing global and national industrial performances and trends by governments, the private sector and knowledge institutions, and to improve the capabilities in industrial statistics of national statistical offices. Following the recommendations of the United Nations Statistical Commission at its twenty-seventh session, UNIDO, in collaboration with the Organization for Economic Cooperation and Development (OECD), will continue to assume the responsibility for the collection, maintenance and dissemination of worldwide key industrial statistics. In addition, UNIDO will continue to offer technical support for various activities of the United Nations Statistical Commission and to the institutional capacity-building of national statistical offices in industrial statistics.

15. The major outputs of the industrial statistics component include:

- Annual updates of the UNIDO statistical databases;
- Technical cooperation projects in industrial statistics;
- Advisory services to the international statistical community for the production and dissemination of statistical information at the national and international levels.

Service Module 2—Investment and technology promotion

16. The services provided under this service module are designed to achieve the related but distinct objectives of stimulating domestic and foreign direct investment (FDI) on the one hand, and to increase technology transfer and diffusion on the other.

17. UNIDO's efforts to promote domestic investment, FDI and other forms of business alliances are intended to strengthen institutions for the provision of public goods for investment promotion and accessing supply chain networks in developing countries. Particular emphasis is placed on institutional arrangements and capacity-building for generating public information to facilitate more efficient markets, innovative financial instruments and global outsourcing networks to diffuse risk and reduce transaction costs through greater transparency.

18. The principal outputs of the investment promotion component comprise:

- Strengthening the competence of potential entrepreneurs and investors, and enhancing their awareness about doing business and associated legal and administrative frameworks;

- Provision of advisory services to reach investment goals and facilitate market access and technology sourcing and acquisition;
- Development of institutional capacities in the form of enterprise development units/centres, domestic investment promotion units, business/technology incubators, technology parks, etc., and the establishment or strengthening of national and international networks.

19. These outputs are intended to increase national capacities for designing and managing policies, strategies and instruments for investment promotion, an expansion of the number of domestic enterprises linked to global value chains and trade, and the promotion of domestic investments to facilitate the attraction of FDI and generate employment opportunities.

20. With regard to technology diffusion, it is recognized that an effective institutional infrastructure is needed to deliver the necessary public goods and to translate knowledge, information, and capacity-building into enhanced productivity, economic growth and sustainable development. The achievement of such an enabling technology diffusion set-up requires technological vision and drive, focused strengthening of institutions, adoption of best practices and best available technologies, and compliance with multilateral environmental agreements. The services provided are intended to assist in bringing together all of these elements.

21. The pre-eminent outputs of the technology promotion and diffusion component of this service module include:

- Advisory services for strengthening national innovation systems and assuring strong linkages and impact, specifically for priority industry sectors;
- Support and advisory services for the establishment and strengthening of national and international technology centres and technology parks;
- Advisory services and transfer of best international practices for the operation of technology centres and Investment and Technology Promotion Offices (ITPOs).

22. These outputs serve to strengthen the institutional capacity of national innovation systems, establish and strengthen international and national technology centres, ITPOs and related networks, and upgrade the innovative capacities of enterprises.

23. In addition to the technology-related services provided under this service module, UNIDO recently established an Emerging Technologies Group (ETG) to

oversee the Organization's programme of assistance to client countries in the areas of information and communication technology (ICT), biotechnology and hydrogen energy technologies. This group coordinates the systematic and focused development of programmes to mainstream new technologies as tools for industrial development in support of the broader range of UNIDO's technical cooperation activities.

Service Module 3—Industrial competitiveness and trade

24. The principal objective of this service module is to strengthen national capacities for consumer safety and trade development in standards, metrology, testing, product and enterprise certification, and accreditation. This reflects the fact that despite a considerable reduction of tariffs and quotas the growth of exports from developing to developed countries has been limited. The least developed countries, in particular, have remained marginalized in international trade and production chains.

25. This situation has two principal causes. The first is a lack of supply capacities to produce competitive products that meet the technical and regulatory requirements relating to health, safety and environmental issues set by the importing markets. Within the multilateral trading system, the World Trade Organization (WTO) has laid out a framework for such requirements, in particular in its agreements on technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS). The second cause is related to the need of developing countries to provide an internationally recognized proof of the conformity of their products with the international market requirements. If not available locally, such internationally recognized proof has to be established through service providers in foreign countries, resulting in increased costs.

26. The prerequisites for a successful integration into global production and trade value chains will become even more demanding in future. Private standards and technical regulations, set by major importers, supermarket chains, etc., will gain in importance, and will be more stringent than national or regional standards and technical regulations. The ability to achieve internationally recognized conformity with such requirements will constitute a major condition for entry into foreign markets. This will require the establishment, strengthening and international recognition of services for calibration and metrology, product testing, product and enterprise certification, laboratory accreditation, and mutual recognition between accreditation bodies.

27. Recognizing that trade-related technical assistance can make a significant contribution to helping developing countries increase the competitiveness of

their exports and benefit from an increased participation in global trade, this service module offers the following specific services:

- Advisory services in the area of standards, metrology, testing, certification, accreditation and quality;
- Support to strengthen national and regional capacities to set standards and to participate in international standard setting;
- Technical advisory services, equipment and training to upgrade metrology and testing laboratories;
- Advice and training in setting up national and regional accreditation and certification infrastructure;
- Promoting mutual recognition agreements and peer evaluation mechanisms between accreditation services;
- Advisory services for compliance of production processes with the WTO agreements on TBT and SPS, and with health, safety and environmental standards and technical regulations of targeted markets;
- Advisory services for the establishment of traceability systems;
- Guidelines, methodologies and software packages to improve the capacity of developing countries to monitor and improve business performance.

Service Module 4—Private sector development

28. This service module focuses on poverty alleviation through productive activities and on trade capacity-building. The first focus area is intended to assist in improving the business environment for small and medium enterprises (SMEs), to create or strengthen the support services for their development, to enable SMEs to enhance their collective efficiency through clustering and networking activities, and to promote rural and women's entrepreneurship development. The second focus area is aimed at facilitating the entry of SMEs into international markets and value chains through the promotion of export consortia and the promotion of corporate social responsibility (CSR) and business partnerships.

29. Acknowledging that a conducive business environment is a critical prerequisite for private sector and SME development, this service module will support capacity-building for designing coherent SME strategies, with pro-active participation of public and private stakeholders. Particular emphasis will be placed on building up a new support programme aimed at enhancing the organizational capacities of business

membership organizations, both as advocacy bodies for improving the business environment and as service providers for member companies. Support will also be given to enhance the competence of national and local authorities in formulating and implementing coherent sectoral and local strategies.

30. The services provided under this module will also focus on strengthening institutional structures for the provision of business information services, such as SME information systems and web-based products. This reflects the fact that the availability of efficient support services for ICTs is imperative to improve the productivity and sustainable growth of SMEs, especially in rural areas. In the period 2006-2009, emphasis will be given to the development of sustainable rural business support systems linked to national information infrastructures.

31. In this context, priority will continue to be given to the SME cluster development programme. There will be a concerted effort to expand it to new countries, and to refine the tools and methodologies used to promote the cluster and networking development approach. Increased emphasis will be given to the development of rural and artisanal clusters, and to promoting twinning relationships between existing clusters in developed and developing countries. Improved monitoring and evaluation mechanisms will also be introduced, and the scope for using the cluster approach as an improved delivery mechanism for broader SME development projects, e.g. in the fields of CSR compliance, will also be tested. In addition, the prospects for a more effective integration of the UNIDO SME cluster development approach in sustainable local structures will be explored.

32. On the global forum side, UNIDO will continue its collaboration with the International Labour Organization (ILO) in the field of cluster-related training but will also explore new partnerships (e.g. with universities) to improve content delivery in these training programmes. Opportunities for South-South collaboration in the field of cluster development will be furthered with the planned establishment of a centre of excellence in India. Finally, UNIDO will maintain its leadership role within the Committee of Donor Agencies for Small Enterprise Development in the identification of good practice in the field of cluster development. Special attention will be paid to assessing the synergy between cluster development, business linkages and access by SMEs in developing countries to global value chains.

33. The services addressing the development of rural and women's entrepreneurship draw on the fact that sustainable poverty reduction requires the creation of industrial productive capacities based on a dynamic transition from agricultural to rural non-farm activities.

They also recognize that poverty is much more widespread among women, thus increasingly compelling them to find livelihoods in agriculture or the informal sector. These services therefore emphasize the building up and strengthening of productive capacities through micro, small and medium enterprises, including informal sector activities, with a view to promoting the development of sustainable local markets, making entrepreneurship and rural development key drivers of improved economic performance and eventually preparing the ground for broader efforts aimed at national and export markets.

34. In 2006-2009, the services provided in the field of rural and women's entrepreneurship development will focus on LDCs and post-crisis areas, and will be geared towards:

- Gender analyses in SME and community development-related activities to identify needs and constraints and to provide policy advice and advocacy tools to local governments;
- Fighting the marginalization of micro and small enterprises as a result of globalization forces, through interventions such as growth-oriented business development, strategic marketing, productivity enhancement, and networking;
- Post-crisis rehabilitation and economic revitalization to improve human security in conflict-stricken areas;
- Community development activities, including youth entrepreneurship development programmes in rural areas to mitigate migration to urban areas through the creation of productive capacities and employment;
- Conceptualizing and disseminating best practices, tools and manuals.

35. In the second focus area of this service module, trade capacity-building, emphasis will be placed on promoting the development of SME export consortia, comprising voluntary groupings of enterprises, usually in the same or similar business or subsector. By combining their knowledge, financial resources and contacts within an export consortium, SMEs can significantly improve their export potential and reduce the costs and risks involved in penetrating foreign markets. From its current coverage of eight developing countries, this programme will be significantly expanded, through new technical cooperation projects and a wide range of awareness-creation activities, including publications, the establishment of an internet platform, and the development of training programmes and workshops.

36. A further set of services provided under the second focus area of this service module will be related

to helping SMEs to comply with the stringent environmental and social standards set by international markets. These services are grouped together in a dedicated programme for the promotion of CSR and business partnerships. The CSR programme will increasingly be integrated with other UNIDO programmes, such as the SME cluster and networking programme and the national cleaner production centre (NCPC) programme, to ensure a synergetic and complementary approach. In this context, UNIDO will continue to be actively involved in the United Nations Global Compact.

37. The rapid advances in ICT are having far-reaching effects on the international business operations of SMEs. Hence, access to tailor-made information and e-business platforms are key requirements for SMEs entering the global markets. Due to the relatively high costs and risks at the initial stage, there is an increasing need for these SMEs to be assisted in the use of ICT tools, in particular e-business tools. The ICT support programme for SMEs will focus on these newcomers and facilitate their integration into value chains and international trade networks through secure trading and marketing platforms.

Service Module 5—Agro-industries

38. Agro-based industries are of prime importance to developing countries in general, and LDCs in particular, as a means of providing their fast-growing populations with sustainable livelihoods. In this context, the agro-industries service module provides several important services to meet the needs of developing countries, which address both specific sectoral areas as well as broader thematic issues.

39. The sector-specific services are intended to meet the requirements of the food and non-food agricultural processing industries. In the food sector, these services are intended to help developing countries reduce high post-harvest losses and increase levels of value-added. High post-harvest losses and low value-added result in limited competitiveness and missed opportunities for employment creation and income generation. More specifically, the services address issues related to post-harvest systems in the food sector, covering post-harvest technology, food availability and accessibility, food safety and quality, and improved market access for developing countries.

40. Priority will be given to:

- Advice on development options and related policies to foster the equitable integration of small agro-food industries into market-oriented systems;
- Implementation of national and regional programmes to harmonize food safety and quality

systems according to international requirements and standards;

- Promotion of innovative post-harvest technologies through the establishment of regional centres of excellence in food processing, safety and quality control, packaging, labelling, testing standards, agro-machinery, automation technology, utilization of by-products, etc.

41. In the non-food sectors, priority will be given to supporting the processing of natural fibre-based materials such as cotton, wool, silk, hides and skins, bamboo and wood, which often constitute a major share of the indigenous natural resources of developing countries. Processing these fibres into a variety of finished goods provides a straightforward option for increasing diversification, value addition and income generation. Fibre-processing technologies by their nature are small- and medium-scale industrial activities particularly suited for facilitating rural industrialization and creating conditions for sustainable development in local societies while at the same time producing goods for which there is a continuous demand on the world market.

42. In this connection, the services to be provided will focus on four priority areas:

- Increasing and improving the supply of basic agro-based materials through more efficient collection mechanisms, enhanced handling, waste minimization, introduction of quality grading and related incentive schemes;
- Widening product ranges and introducing innovative designs and ideas in order to exploit the local material base and traditional skills more effectively while at the same time promoting niche marketing and appropriately focused production of finished consumer goods;
- Improving process technologies to increase the productivity, competitiveness and value added of local fibre-based processing activities and upgrading the quality and consistency of final products;
- Reducing the environmental impact of fibre-processing industrial units through the strengthening of occupational safety and health standards and industrial pollution control measures.

43. Among the thematic areas, particular emphasis will be given to product innovation and diversification for enhanced market access. Product development based on available agro-resources is the key to becoming a potential player in the global market and to facing the increasing competition of imported goods on the domestic market. Manufacturers should find their place in the context of international cooperation by

diversifying their products, entering into niche markets and enhancing their distinguishing features. In this respect, specific areas promising success are:

- Developing (semi-)final products and components for the local population and industrial units, leading to an increased specialization and productivity;
- Establishing and/or strengthening design and product development centres furnishing local manufacturers with fashion information and trends, pattern engineering, product specifications and recipes, engineering documentation and promotional tools, as well as consumer information;
- Establishing and/or strengthening technology support services capable of implementing efficient quality assurance systems, providing reliable material and product testing and certification, and (re-)training technical and middle-management staff of local industrial units.

44. Another important thematic area to be covered involves the enhancement of rural community livelihoods through efficient agro-supply chains. This area will be covered in collaboration with, and complement, the assistance provided by other agencies in basic sectors such as agriculture, health and education. Its main focus will be on upgrading traditional processing enterprises in rural areas to supply higher value domestic, regional or international markets. It will also seek to improve fresh produce value chains, and the development of supply chains for novel or non-traditional agro-produce/products for high value markets. Priority will be given to:

- Techno-economic support to pilot rural agro-enterprises through improved technology, upgraded skills, smoother production flow, improved quality, waste minimization and utilization of by-products, and improved packaging;
- Practical assistance in marketing of (semi-) finished agro-products on regional and global markets;
- Capacity-building in agro-machinery through the establishment of rural technology centres for technology transfer and repair and maintenance of basic agricultural tools and agro-processing equipment in rural areas;
- Accelerating the adoption of improved technical interventions for control of land degradation and desertification and rehabilitation of degraded areas.

45. A third thematic area to be covered is the advancement of human security in post-crisis situations. Countries emerging from such situations are generally faced with the urgent need to rehabilitate or reconstruct

damaged essential socio-economic infrastructure, such as that pertaining to the supply of food, provision of repair and maintenance services, and immediate generation of employment. UNIDO's interventions will therefore:

- Support the emergency need for spare parts for farm machinery and equipment and ensure that an adequate supply of these inputs is continuously provided through the establishment/rehabilitation of repair and maintenance facilities;
- Provide livelihood support by ensuring that the agricultural capacity and rural non-farm income generating activities are sustained through the provision of essential technologies and associated training for cottage industries;
- Provide strategic support to the relevant national bodies and institutions to enhance their capacity to provide essential services for rehabilitating and sustaining the agro-industrial sector;
- Provide technical assistance and inputs for the rehabilitation of existing agro-processing factories.

Service Module 6—Sustainable energy and climate change

46. UNIDO's services under this service module cover the fields of rural energy for productive use and energy efficiency, as well as climate change.

47. The rural energy programme aims at providing modern energy services to the rural poor using renewable energy technologies. It conforms to the MDGs and UNIDO's corporate strategy since energy can reduce poverty and prevent hunger by facilitating income-generating applications, establishment of micro-enterprises, as well as providing power for the basic needs such as pumping water, processing/grinding food, and cooking.

48. UNIDO projects in this area include:

- Studying the feasibility and demonstrating the social and economic viability of the different energy generating approaches;
- Encouraging sustainable local enterprises that can deliver reliable energy services based on renewable energy technologies;
- Identifying income-generating activities related to the production/generation or use of energy in rural areas;
- Encouraging local manufacturing and construction enterprises to participate in energy projects.

49. Examples of UNIDO's rural energy projects being developed or replicated include renewable energy-based

electricity generation for isolated mini-grids, renewable energy-based rural ICT systems and the application of modern biomass technologies in rural areas.

50. UNIDO's energy efficiency programme addresses the fact that industry is one of the biggest users of energy. Therefore, industrial energy efficiency is very important to increase productivity and to optimize energy intensity of manufacturing and services. Energy-efficient industry can compete better, pollute less and help to achieve national energy security. UNIDO projects in this field are directed at such energy-intensive sectors as hand tools, ceramics, glass, cement, bricks, coking and metal castings. They are aimed not only at improving energy efficiency but also at reducing pollution.

51. Further, UNIDO applies a systems-based approach aimed at optimizing the efficiency of factory-level energy systems based on electricity, gas and other fuels. This does not need the adoption of expensive new technologies but is based on the transfer of skills, knowledge and information, which can be replicated through in-country training.

52. In the field of climate change, UNIDO's technical cooperation services will continue to focus on capacity-building to create an enabling environment for industrial projects under the project-based flexibility mechanisms of the Kyoto Protocol, and on facilitating their development and implementation through public-private partnerships. These activities have gained support since the entry into force of the Protocol in February 2005. Subject to the availability of funds, UNIDO will continue to expand its activities in matchmaking, partnership-building, barrier removal, climate-friendly technology transfer and adaptation to climate change.

Service Module 7—Montreal Protocol

53. UNIDO puts special emphasis on helping developing countries meet the environmental challenges that threaten the global commons. Among these threats, ozone depletion is high on the agenda. In 2006-2009, UNIDO will continue its assistance to developing countries to enable them to meet their commitments under the Montreal Protocol (MP). The improvement of the environmental impact and image of enterprises, and the quality enhancement of their products achieved as a result of UNIDO's MP activities, will assist these companies in maintaining and developing their markets and sustaining employment generation and economic growth in their countries.

54. The majority of phase-out activities of ozone depleting substances (ODS) will have to be completed during 2006-2009, since the production and consumption of most of these substances will be banned with effect from 1 January 2010. This is a particular

challenge because the large-scale and easier projects have already been completed and economically less viable projects based on SMEs are coming to the forefront. UNIDO's priorities in this area will therefore be as follows:

- Institutional strengthening and awareness-raising;
- Policy and legislation development;
- Monitoring, verification and auditing of programme performance;
- Initiation of phase-out activities in new sectors, e.g. chillers;
- Preparation of phase-out programmes for hydrochlorofluorocarbons;
- Completion of ongoing investment projects, sectoral and national phase-out programmes for various ozone depleting substances;
- Assistance to SMEs, especially in the refrigeration servicing and solvent sectors and agriculture;
- Closure of ODS production facilities.

55. As a part of the programme, UNIDO will also participate actively in various forums related to the development of policies for the implementation of the Montreal Protocol, including:

- Meetings of the parties of the Montreal Protocol;
- Meetings of the Executive Committee of the Multilateral Fund;
- Regional Network meeting of the Ozone Officers;
- International Ozone Day celebrations;
- Technical and Scientific conferences, workshops and exhibitions.

Service Module 8—Environment management

56. Under this service module UNIDO will address the challenges arising from persistent organic pollutants (POPs), as well as promoting cleaner production (CP) methods and the transfer of environmentally sound technologies (ESTs). In addition, it will address issues related to environmental pressures on international waters.

57. The services related to POPs will focus on building institutional capacities for promoting the integration of environmental considerations into industrial development policies and strategies, thus mainstreaming the environmental agenda to the industrial development process. These services will assist the private and public sector institutions to remove POPs and persistent toxic substances from manufacturing processes. They will also help the establishment of national implementation plans and

programmes to promote the introduction and diffusion of best available technologies/best environmental practices and ESTs, such as non-combustion technologies to eliminate POP wastes and POP-contaminated equipment. In addition, these services will facilitate the adoption of integrated chemicals management systems encompassing increases in productivity, preservation of natural resources, combating pollution, enhancing environmental health and safety, and improving socio-economic conditions and governance on a global basis.

58. In promoting CP, UNIDO is increasingly employing the concept of sustainable industrial resource management. Projects to promote this concept in the chemical sector have already been initiated in close cooperation with the NCPCs in Egypt, Mexico and St. Petersburg. A further project is being developed in the textiles sector that will (a) explore the marketability of textile products manufactured according to this concept and (b) define the technical assistance requirements for its adoption. This project will focus on China and India.

59. This service module also provides for the application of a UNIDO-developed methodology for the transfer of ESTs at pilot enterprises. The aim is to bring these pilot enterprises into compliance with environmental standards, while taking into account their need to remain competitive and to deal with the social consequences of major technology upgrading. Having completed a successful programme in countries of the Danube River Basin, UNIDO is now preparing a similar programme for the countries of the South and East Basins of the Mediterranean Sea.

60. Under this service module UNIDO also executes major programmes addressing regional transboundary problems of river basin, wetland and coastal zones and Large Marine Ecosystems (LMEs), all within the international waters focal area of the Global Environment Facility. These programmes bring together Governments of the region and scientists from various disciplines to assess the complex interactions of industrial development and performance on the international waters and to establish baseline conditions against which future actions can be judged. This cooperation enables the setting of appropriate environmental and developmental goals and recommends priority actions to maintain or restore environmental productive capacity. Such programmes are already being implemented in the LMEs of the Gulf of Mexico, the Guinea Current and the Humboldt Current. In Europe and the NIS, a strategic action programme is under preparation for the Dnieper River Basin.

61. The ongoing global project for the removal of barriers to the introduction of cleaner artisanal gold

mining and extraction technologies will demonstrate ways of overcoming barriers to the adoption of best practices and pollution prevention measures that limit the mercury contamination of international waters from artisanal and small-scale gold mining. It will involve introducing clean technologies, training miners, developing regulatory mechanisms and capacities within Government, conducting environmental and health assessments, and building capacities in local laboratories to continue monitoring mercury pollution. Six countries are participating in the project: Brazil, Indonesia, Lao People's Democratic Republic, Sudan, United Republic of Tanzania and Zimbabwe.

IV. RESEARCH PROGRAMME AND COMPETITIVENESS SURVEYS

Research Programme

62. The objective of UNIDO's research programme is to improve analytical capabilities of the Governments, private sector and knowledge institutions of developing countries and economies in transition in the formulation, implementation and monitoring of sustainable industrial development strategies, policies and programmes.

63. During 2006-2009 UNIDO will continue to undertake research in the four research components of the research programme for the medium term, 2004-2007 approved by the General Conference at its tenth session in December 2003:

- Contribution of industry to development and poverty reduction;
- Technology diffusion for productivity enhancement;
- Policy choices in the new economic order;
- Private sector development.

64. The principal outputs of the research programme will include:

- Two *Industrial Development Reports*, consisting of one part on global trends and a second part focusing on a key issue covered by the research programme;
- At least eight research reports on topics covered by the research programme;

- At least four workshops to present and discuss the research findings and policy implications of the research projects;
- An Internet-based knowledge centre to disseminate UNIDO research reports and other relevant publications from other institutions, and to provide an electronic discussion forum on topics and issues covered by the research programme.

Competitiveness Surveys

65. In addition, UNIDO will undertake a series of competitiveness surveys with the objective of improving the capabilities of Governments, the private sector and knowledge institutions to assess, benchmark and continuously monitor the performance of their industries at regional and global levels. In this context, UNIDO will continue to update and use the UNIDO Industrial Development Scoreboard, which provides a periodic assessment of the relative industrial performance of regions and countries, as well as of the main determinants underpinning that performance. UNIDO will also continue to maintain and apply its specialized methodology to undertake strategic industrial diagnoses.

66. During 2006-2009, the main outputs of this activity will comprise:

- The publication of the Industrial Development Scoreboard in 2007 and in 2009;
- The fine-tuning and updating of the UNIDO methodology for industrial competitiveness diagnoses;
- Eight regional and/or national competitiveness surveys using the UNIDO methodology, validated through meetings and workshops with key stakeholders;
- Fifteen country briefs using the UNIDO methodology for industrial competitiveness diagnoses;
- Two sectoral surveys on global trends, challenges and opportunities in selected industries.

V. ACTION REQUIRED OF THE CONFERENCE

67. The Conference may wish to consider the information provided in the present document and provide appropriate guidance.