



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Industrial development in a changing global landscape

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Human security in the widest sense comprises not only politics, but also business, energy supply, and the environment. Being at the interface between business, technology, and the environment, the UNIDO stands for what is vital in today's world: networked thinking, and interdisciplinary work.

Our peoples expect, above all, a life in freedom from fear and in freedom from want. It is therefore essential that we make every effort to meet the Millennium Development Goals by determined, concerted action. UNIDO is a key partner in this endeavour. Poverty reduction through productive activities, trade capacity building as well as environment and energy – UNIDO's three pillars – are the organization's effective and successful tools.

As the past has shown, even preferential access to markets is not sufficient if the productive capacities are not there to actually use the opportunities offered. Austria therefore places strong emphasis on supporting small and medium-sized enterprises in its partner countries – we know from our own experience that they form the very basis for a successful export-driven economy.

Employment is the essential bridge between economic growth and poverty reduction. Only when sustained growth is translated into employment opportunities for all, will people have the chance to earn the income needed to lift themselves and their families out of poverty. In this endeavour, women and youth are key agents for change in their societies. They need to be given realistic and tangible perspectives. UNIDO's cooperation with other organizations and, for instance, the countries of the Mano River Union, to create productive and decent work for youth is a prime example in this respect.

Some two billion people worldwide do not have access to electricity. UNIDO takes concrete action to address this challenge, e.g. with the establishment of renewable energy technology centres and cleaner production centres in a number of countries. At the beginning of this year, Director-General Kandeh Yumkella has assumed the chairmanship of the UN-Energy inter-agency committee, which brings together all UN entities with energy mandates.

Austria stands ready as partner and host country to support UNIDO in this new and important responsibility.

Ursula Plassnik

URSULA PLASSNIK
Minister for European and International Affairs of the Republic of Austria



The twelfth session of the General Conference took place in the midst of remarkable changes. Rapidly changing patterns of global production, consumption, and trade are having a significant impact on the process of industrial development in developing countries and countries in transition. At the same time, the United Nations system is also undergoing a major reform, especially in the way that the development-oriented organizations of the system deliver their services to developing countries and transition economies.

These changes and challenges, and UNIDO's response to them, were the central theme of the General Conference. The Industrial Development Forum, held within the plenary of the General Conference, highlighted the role and relevance of UNIDO's thematic priorities – productive capacities for poverty reduction, trade capacity building, and environment and energy – for the achievement of the global development agenda. The related side events examined the importance and implications of these thematic priorities to industrial development in a changing context.

This publication is not intended to be a summary of the proceedings of the General Conference. Instead, its aim is to give a sense of the issues discussed, of UNIDO's accomplishments during the last two years, and of UNIDO's plans to provide improved services in a rapidly changing world.

OMAR ZNIBER
Ambassador Extraordinary and Plenipotentiary
Permanent Representative of the Kingdom of Morocco to UNIDO
President of the twelfth session of the UNIDO General Conference



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The 2006-2007 biennium: a report card

In his opening remarks to the General Conference, the Director-General of UNIDO announced his intention to provide a 'report card' on his performance in his first two years in office, and to highlight the key challenges for the next two years.

Technical cooperation delivery

The Director-General noted that the phrase, 'Programmatic continuity and growth with quality', best sums up his goal of building on the success of the Organization, while ensuring that it

UNIDO Director-General Kandeh Yumkella: *"UNIDO has to look at the inter-linkages of growth, trade and environmental challenges. This is what makes our programmes and our support to Member States so complex. 'Moving out of poverty' is a simple slogan. In reality, it is a major challenge involving cultural, institutional, social, technological, and economic change: a challenge to which UNIDO can rise."*



remains responsive to the changing needs of Member States. UNIDO's technical cooperation work continued to focus on its three priority themes, and managed to increase the volume of delivery substantially in 2006-2007, showing an 8 percent increase in technical cooperation delivery compared to the previous biennium, despite a zero growth regular budget. Progress is thus being made towards the goal of achieving annual technical cooperation delivery volumes of US\$150-170 million within the next five or six years.

Upholding the universality of UNIDO

UNIDO made significant headway in other areas. It continued to strengthen the universality of the Organization, a pledge made by the Director-General on assuming office, and provided support to all developing countries and regions, while still giving special emphasis to the needs of Africa and LDCs. Over the past two years, it stepped up support to all developing countries and countries in transition, including an increase in global advocacy in all regions. In particular, several important meetings were organized on issues of concern to different regions: the meetings of the Conference of African Ministers of Industry in Egypt and South Africa; the Latin American and the Caribbean Ministerial Meeting on Renewable Energy in Uruguay; the International Bio-fuel

Conference in Malaysia; the meeting on export consortia promotion in Morocco; the G-77 Chapters meeting in Austria; and the Technology Foresight Summit in Hungary. The latter, with its emphasis on water management issues, was a good example of UNIDO's global advocacy and convening role: conflicts resulting from the scarcity of water will shape the future global agenda, and all regions will be able to benefit from the key conclusions of that Summit.

Continuing to reform

The Director-General underlined his commitment to continuing reform to improve both the effectiveness and efficiency of the Organization. In the past two years, he has introduced far-reaching managerial reforms and innovations, including a new field mobility

policy, a new evaluation policy, a new publications policy with the setting up of a publications committee, and a cross-organizational steering committee for results-based management. In addition, a gradual alignment of the Organizational structure with the thematic priorities was initiated, including the creation of a new dedicated branch for trade capacity building. The Director-General also underscored UNIDO's strong commitment to the reform of the UN system [see box].

Mobilizing funds

Future technical cooperation delivery is expected to continue to increase consistently as a result of increased donor commitment to UNIDO's programmes. Funding available for future implementation reached a record high of approxi-

mately US\$235 million at the end of 2007, and the volume of funding for programmes and projects under active consideration for approval in 2008 is also at record levels.

Strengthening partnerships

Reinforcing existing and forging new partnerships has been a major focus of work during the last two years. Within the UN system, UNIDO has built new



alliances around a number of thematic clusters and joint programmes. Tangible results have been achieved in cooperation with FAO, IAEA, IFAD, ILO, ITC, UNCTAD, UNDP, UNEP, and the WTO.

Intensified cooperation between UNIDO, FAO and the IFAD has been given special emphasis because of the importance of linking the two key productive sectors – agriculture and industry. Unless the full potential of agri-business, of agro-processing, and of agro-industrial value chains, is brought to bear on economic development in a coherent way, many countries will not be able to move out of poverty and stagnation.

UNIDO's partnerships with inter-governmental organizations outside the UN system are also gaining ground, as illustrated by the Organization's work with the Islamic Development Bank and the Ibero-American Secretariat. The continued excellent cooperation with the European Commission deserves special mention, and has diversified beyond trade capacity building into private sector development, technology foresight, investment promotion, and industrial statistics. In Africa, joint work with the African Union, NEPAD, and CAMI has yielded positive results.

Strengthening field representation

Cooperation agreements and Memoranda of Understanding are signed at

headquarters, but it is concrete action on the ground that breathes life into them. In this context, the reinforcement of UNIDO's field capacities was another important focus during the 2006-2007 biennium. A new field mobility policy was introduced and this has reduced unequal treatment between headquarters and field staff, made the recruitment process more rigorous and competitive, enhanced field level technical cooperation implementation, and increased the rotation between headquarters and field posts. The impact of this policy is shown, in part, by the reduction in vacancies of international field posts from 48 percent to only 11 percent.

Challenges ahead

The General Conference confirmed that UNIDO remains a trusted, efficient and effective partner for development. Statements from high-level delegations reaffirmed the strong support of Member States for the Organization. At the same time, rising programme delivery, increased funding commitments from donors, and record collection rates of assessed contributions (a record high of 94 percent in 2006, with the 2007 percentage expected to be as high, or higher) show a high level of confidence in and support for the work of the Organization. Looking ahead, the Director-General sees a number of challenges over the next two years:

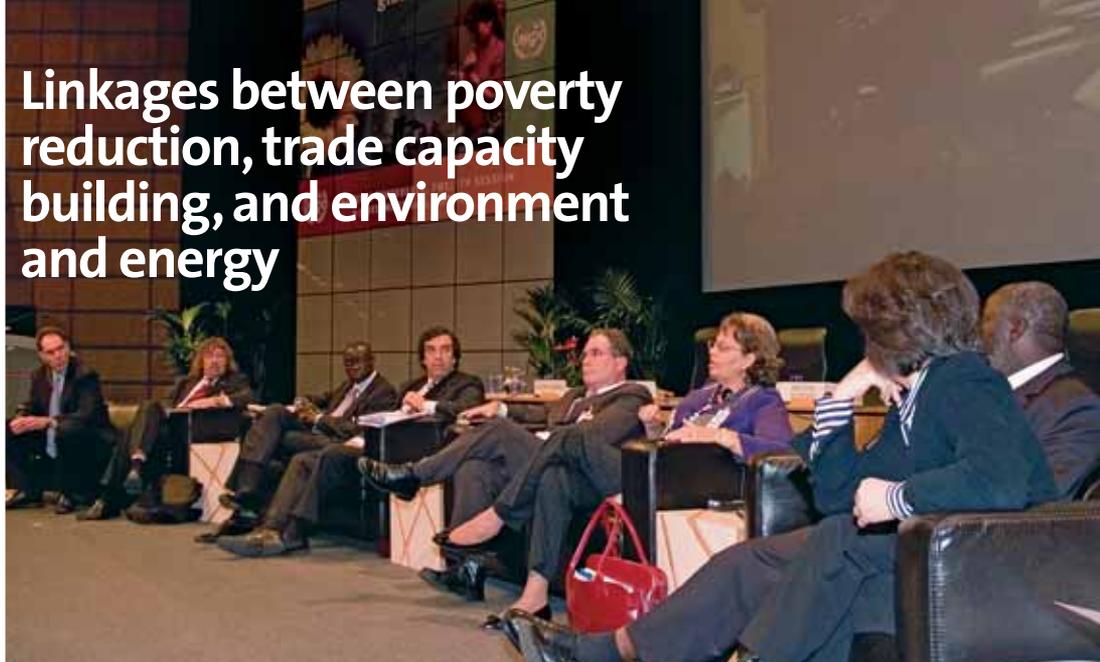
- According high priority to increasing cooperation and coherence in the field of energy.
- Better conceptualization, demonstration, and measurement of UNIDO's activities in the area of poverty reduction
- Increased cooperation with development finance institutions, such as the regional development banks, the Islamic Development Bank, the OPEC Fund, and IFAD.
- Strengthening UNIDO's performance measurement capabilities by establishing baselines to better assess progress, and by applying results-based management in all areas of operations, including technical cooperation programmes, headquarters support functions, and staff performance appraisals.
- Enhancing ethics and accountability to assure UNIDO's continued credibility as a transparent and accountable UN organization with the highest standards of integrity and professionalism.



The internationalization of industrial production, investment, and technology flows, reinforced by a dramatic expansion of trade flows, has caused a sharp increase in the industrial production of developing countries; South-South trade in manufactures recorded particularly strong growth. Though unprecedented in its overall magnitude, this growth in manufacturing and trade in developing countries has been highly uneven, with most of the increase occurring in a handful of fast-growing Asian countries, creating a growing industrial divide and widening disparities, not only between developed and developing countries, but also among developing countries themselves.

Variations in the industrial performance of different regions are the result of numerous factors, and addressing the problems of many of the developing countries will require a wide range of corrective measures and external support. In many cases, the countries concerned need external assistance in formulating and applying those measures. At the Industrial Development Forum at the 2007 General

Linkages between poverty reduction, trade capacity building, and environment and energy



Conference, a panel of experts – moderated by Todd Benjamin, financial editor of CNN International – discussed the linkages between poverty reduction,

trade capacity building, and environment and energy activities, and how technical cooperation in these areas can contribute to reducing the marginalization and impoverishment of developing

countries. The excerpts shown here give a sense of the discussions that took place.



PROFESSOR MIGUEL A. CENTENO, Department of Sociology, Princeton University, USA: To the extent that the poor have been involved in globalization, it has been good, but unfortunately, the way we describe globalization's impact is as a 20-20 proposition. Right now, globalization essentially exists for the top 20 percent of countries in terms of wealth, and the top 20 percent of the population in the poorer parts of the world. That leaves approximately four billion people who are largely excluded from globalization. They don't participate in it as producers, except at the most basic level, and they certainly don't participate as consumers. To put it crudely, they do not have the money to purchase what the world wants to sell, and they don't have the products that the world wants to buy, except again at the very basic level of primary goods. As long as this situation exists, the poor are not going to be able to participate.



PATRICIA R. FRANCIS, Executive Director, International Trade Centre (ITC). One of the big challenges for organizations like UNIDO and ITC is to actually show countries how they can empower their disenfranchised people and, importantly, beginning with SMEs, to really get them into the frame of mind where they begin to understand how to play the game of globalization. What I mean is that firstly it takes the right mindset. Secondly, there needs to be a business environment to facilitate it. And thirdly, you need the resources to make it happen...But first of all you must begin to think about the process, to think about what it actually takes to win. This is something that evades people from time to time. We spend a lot of time thinking about the barriers, rather than thinking about the solutions – about the 'how' to do it. We need to spend more resources on the 'how'.



MANSOUR CAMA, Chairman, National Confederation of Employers, Senegal: Infrastructure is very important, but I think we need to consider the holistic approach. I don't think that having the required infrastructure will allow my company to hire the right workforce with which to compete or to raise productivity. Training and technical training are also very important issues. So when it comes to this matter of being a part of the world trading system and increasing productive capacity, then Africa needs a holistic approach. The second point is the necessity of having real public-private partnership. In terms of vision and definition of strategies, and when it comes to implementation, government can play a crucial role, alongside the private sector. If you have a government that doesn't carry out that role, I think it will fail to lead the country forward in development.



DR. SAWAKO TAKEUCHI, Advisor to Minister of Foreign Affairs, Japan, and Professor at Kyoto University: We have to start the new learning – global learning. The new principles should be based on diversity and different cultures, but at the same time, when we see progress on issues such as trade or investment, we have to share more knowledge on technological advancement in that area, and on how it can benefit human beings, their security, and their happiness. We have to create a new theatre for global learning, and we have to exchange more views about what is really appropriate for our cultures and our standards. We especially need more transparency in terms of long-term development – what it really costs and what is the price for countries and regions. We are in a challenging era in which to create a new framework.



H.E. KARL BLAHA, Deputy Minister of the Environment, Czech Republic: On the question of the balance between bio-fuel and food production, in small countries with a high population density, this is going to be quite critical. If the government decides to subsidize the plant crops that are used for bio-fuel, there is going to be a shortage of plants for food production... My final point is that the environment and its components, like the atmosphere and water, don't recognize borders. The air is global. Water is global. Once we pollute it, the pollutant doesn't recognize the country of origin. The effect is felt by all. We have a shared responsibility.

"I am hearing calls for 'solutions not barriers', for more investment in human capital and infrastructure, and more public/private partnerships."

Todd Benjamin, forum moderator.



ALI A. MUFURUKI, Chairman and CEO, Infotech Investment Group, Tanzania: Just look at the satellite image of Africa at night – it is the very definition of darkness itself. I do not believe that Africa can develop if it continues to be as dark as it is at night. What Africa needs is more energy production, and more energy consumption by people on the African continent. Even though this unfortunately may also add to the burden on the global environment, I don't see any other alternative.... I do care very much about the environment, but I have to have the resources to be able to care. For example, recently the International Olympic Committee went to China, and they expressed some concern about the quality of the air in some of the host cities. What did the Chinese say? They said, "We'll fix it." Why could they say they could fix it? – because they have the money to fix it. Poor people cannot fight global warming – they have much more important fights on their hands.



LUIS CARLOS CARVALHO, Director, Canaplan, Brazil: We must think ahead, about the new opportunities that we have. We will not have food security, if we don't have energy security. We are living in a new century, and we have great opportunities. For example, with bio-energy... Countries, like those in Africa, have great potential for agriculture. Sometimes I hear people talking about agriculture, and they imply that people producing from agriculture are poor because that is what they do. But that's wrong – the essential problem is that value must be added, and energy is very important in this. It is not a 'food versus fuel' argument. For countries in Africa, it is a development issue. Bio-fuels can reduce poverty. For example, in Brazil, we have created one million direct jobs. Every 10,000 cars that we produce that run on gas, equals one job, whereas if you produce cars that consume a combination of gas and ethanol, you create six jobs per 10,000 cars. But for an ethanol-only consuming car, it's 22 jobs per 10,000 cars. What would be better for Africa – to produce gas or ethanol-consuming cars?

Wealth creation for poverty reduction



Halfway to the target date of 2015, developing countries and their development partners are still struggling with the challenge of achieving the Millennium Development Goals, particularly the target of halving the proportion of the world's poor that has an income of less than one dollar per day. As part of the wider international effort, UNIDO is committed to helping developing countries achieve this target. It does so by fostering pro-poor private sector development, and promoting entrepreneurship.

It is generally recognized that for poverty reduction to be achieved, the first priority has to be rapid and sustainable growth. Only industrialization can deliver such growth, since industry is the only sector in which rapid and sustained rises in productivity are feasible. The second priority is to make sure that institutions and policies create the conditions for the poor to participate in and benefit from sustainable growth. Both the private sector and public policy have a role to play.

UNIDO offers a variety of services for developing countries to promote the private sector and foster entrepreneurship. These services in particular address the needs of small and medium-sized enterprises (SMEs), and often focus on the agro-industrial sector. In addition, UNIDO offers services that target the role of the public sector in private sector development, since government has a crucial role to play in promoting and regulating industry, and ensuring that economic growth provides opportunities for the poor to engage in and benefit from productive activities.

Partnerships and dialogue for poverty reduction

In recent years, UNIDO has been giving more emphasis to developing support programmes that combine the strengths and complementarities of development partners to create the programmes and activities that strengthen the private sector.

One obvious example is the increase in public/private sector dialogues to insure effective and inclusive policy development. Such dialogue and partnerships should also incorporate and allow for structured communication with the poor.

Other examples include joint demonstration projects among UN agencies, donors, governments, and, increasingly, non-governmental organizations and the private sector. UNIDO has found these to be particularly relevant as development partners strive for greater cooperation and coherence in their work.

Three current UNIDO partnership projects [see feature boxes for more details] illustrate the breadth and scope of the Organization's engagement in wealth creation to reduce poverty:

- In West Africa, UNIDO is working with other UN entities and non-governmental organizations on a programme to combat youth unemployment. At the UNIDO General Conference, heads of state and government and senior ministers of the three

"Public-private partnerships are important.

Each will bring a different perspective...

UNIDO is in the public sector. It can create some conditions that we in the private sector cannot create in the areas of policy and building some kind of relationship with decision-makers. We in the private sector are the agents for any kind of growth in the economic sector. And this is why this partnership is very important."

Dr CHEICK DIARRA, chairman, Microsoft Africa, speaking during a high-level panel discussion at the UNIDO General Conference, December 2007.

Mano River Union countries (Guinea, Liberia and Sierra Leone) and of Côte d'Ivoire, senior officials from other African countries, and representatives of the donor community, the private sector and civil society, participated in a round table to agree on measures to provide employment for youth and women in the sub-region;

- The Cane and Bamboo Technology Centre in Guwahati, north-east India, is a joint venture of UNIDO, UNDP, and the Indian government, to help generate employment opportunities for the rural poor;
- UNIDO and Microsoft have established a partnership promoting innovative uses of information and communication technologies to support entrepreneurship, and help promote investment and create business opportunities, especially for small and medium-sized enterprises (SMEs) in Africa.

Cane and bamboo

The Cane and Bamboo Technology Centre in Guwahati, north-east India, is a joint venture of UNIDO, UNDP, and the Indian government. Cane and bamboo – strong, resilient and eco-friendly resources with a wide variety of uses – have the potential to play a central role in the economy of the region. Especially for the rural poor, both are an excellent resource with which to build income and generate employment opportunities.

The Centre has become the focal point for information, technologies, and networking in India's cane and bamboo sector. It identifies and promotes technologies in order to improve the incomes of small entrepreneurs; it strengthens existing institutions by improving their networking and linking them with specialized institutions in India and abroad; and it trains crafts



persons and provides them with access to improved technology.

With modern technology, bamboo components (particle, mat and ply boards, flooring tiles, corrugated sheets, etc.) are

stronger and lighter than wood, and provide an economically-viable, aesthetically-pleasing, and environmentally-superior alternative, whether for housing, furniture, packing materials or a

variety of other purposes. Bamboo is also a very appropriate material for use in the construction of safer housing in areas prone to earthquakes.

Mano River Union - Youth and women for sustainable development



Union countries and Côte d'Ivoire. The multi-stakeholder programme is a response to increasing calls to regard youth as a potential social and economic resource for peace-building and stability, instead of seeing them as a problem or a threat. It is meant to provide an immediate strategy for addressing poor youth needs through direct programme action, which is complementary to other approaches.

The main objectives of the sub-regional multi-stakeholder programme are to:

- Complement national youth employment initiatives by fostering sub-regional cooperation among key actors, in particular among United Nations agencies;
- Strengthen the capacity of the labour market and other institutions to develop and implement integrated policies and programmes on youth employment;
- Generate labour market information at the sub-regional level;
- Improve the employment prospects of marginalized, poor youth, particularly in urban areas;
- Enhance youth entrepreneurship and empowerment, including youth-led projects and cross-border initiatives;

The Mano River Union (MRU) countries and Côte d'Ivoire offer a particularly acute example of the dangers of high unemployment and underemployment, which in turn have become closely linked to insecurity in these countries. The four countries comprise one of the world's youngest and poorest populations. Nearly three-quarters of the people living there are under the age of 30. At around 70 percent, youth unemployment runs high in the sub-region.

The future of the MRU countries, and West Africa as a whole, is conditioned by young people's

prospects of finding decent jobs and means of livelihood. Until this problem is resolved, it will remain difficult to establish genuine peace, security, and development in the sub-region. West Africa will continue to face spillover-effects, not least from the impact of irregular and uncontrolled migration, as young people leave their countries in search of a future.

In early 2007, UNIDO, UNDP, and the International Labour Organization pledged to "deliver as one" on the issue of youth employment in the Mano River



"We must support youth programmes focusing on labour-intensive manufacturing. Agri-business is the obvious place to start to address youth unemployment... For enterprise development and self-employment, only a multi-stakeholder approach – including youth, the private sector and NGOs – can succeed."

H.E. MR. ERNEST BAI KOROMA, President of Sierra Leone, speaking during the round table discussion, 'Mano River Union – Towards sustainable peace: Empowering youth to strengthen economic resilience and human security', during the UNIDO General Conference, December 2007.

- Provide additional financing for youth-led projects through a sub-regional financial scheme;
- Share information and experiences for policy and programme harmonization and development.

UNIDO and Microsoft: working together

In July 2006, UNIDO and Microsoft signed a strategic partnership that aims to tackle the root causes of poverty by promoting innovative uses of information and communication technologies (ICT) that support entrepreneurship

and help promote investment and create business opportunities, especially for small and medium-sized enterprises (SMEs) in Africa. The partnership is being piloted in Uganda.

Business information centres in Uganda

UNIDO has established eight business information centres (BICs) in rural districts in Uganda. An important focus of the BICs is income-generation by the SME business community through the provision of sustainable services such as ICT training and entrepre-

neurship development. Microsoft is supporting the BICs by contributing to a refurbished computer and e-waste recycling initiative, cooperating on the development of a sustainable local software economy, and providing training and skill development in ICT.



Ugandan farmer, Turimulugendo Charles



In Uganda, although 10 percent of the population owns a cellphone, only one in 140,000 has a PC, and less than 2 percent have access to the Internet. Many believe that this will have to change if Uganda's people are to prosper. UNIDO's BICs now provide computer training and access to the Internet. One farmer, Turimulugendo Charles, used his local BIC to learn how to find markets for his new crop of aloe vera. It's worked so well that he now has to hire extra workers.

Another small entrepreneur, Michael Kasede, runs a newly-established poultry farm. He only started using the centre at the beginning of 2007, and has already taken courses in Word, Excel,

PowerPoint, and how to make use of the Internet. He said, "The performance of my chickens has improved because I did a search on the Net, and now I am able to make better feed, which I make myself here at the farm."

In November 2007, UNIDO and Microsoft won the Africa Investor Award 2007 in the category, "Best Initiative in Support of SME Development", for the Uganda Business Information Centre project. The award, an international benchmark for excellence in responsible investing in Africa, recognizes and rewards innovative development projects initiated by the private sector, governments and NGOs.

Business information centre in Uganda

Trade is an integral part of economic growth and development – it allows countries to exploit their comparative advantages. Trade has become more important in recent years, as a result of trade liberalization and technological advances that have made global trading

operations more efficient and effective. Nonetheless, open markets have not treated all countries equally. In many developing countries, enterprises have not responded to the incentives available, the domestic supply capacity is weak, and there is a paucity of information and support services to develop, produce, and export products to new markets. In addition, many countries lack the infrastructure, both physical and institutional, to make it possible for exporters to operate efficiently.

UNIDO has long supported developing countries in various aspects of trade, and the increasing importance of trade was recognized by UNIDO in

the last two years with the creation of a separate branch specifically focusing on trade capacity building. UNIDO's approach is based on the concept of forming strategic partnerships with other multi-lateral and technical organizations to deliver services more efficiently and effectively. UNIDO views trade capacity building as a comprehensive process that UNIDO terms the 3Cs: Compete, Conform, and Connect. As the dia-



Building productive capacities for trade competitiveness

PhotoDisc

gram below illustrates, a country's trade competitiveness depends on its capacity to, first, produce enough products that can be sold (Compete), then insure that those products meet the requirements of the new markets (Conform), and finally to transport and sell those products in new markets (Connect). Accordingly, UNIDO helps developing countries to

support their enterprises to produce more and better products, and to establish institutional infrastructure for standards compliance, certification testing and accreditation that enterprises rely on when assuring their customers that their products meet all necessary market requirements.

Economic Partnership Agreements

Although UNIDO provides a wide range of services that support developing countries to build their capacity to trade, particularly to increase their supply capacity and to establish and upgrade institutional trade infrastructure, the focus of the trade segment of the 2007 General Conference was on UNIDO's activities within Economic Partnership Agreements (EPAs). This is a relatively new programme for UNIDO, but one which provides the opportunity for large-scale technical cooperation activities calling on the wide array of UNIDO expertise, depending on the specific and individual needs of the countries.



Sir John Kaputin, Secretary-General of the African, Caribbean and Pacific (ACP) Group of States, addressing the General Conference round table on trade, said:

"The ACP economies will require nothing short of a complete structural transformation to establish a strong, competitive, and diversified economic base. The ACP group's national and regional development strategies have to shift their structures away from goods with low demand and growth, and stagnant or declining price trends, towards production of higher-value goods and services. This can come about by enhanced production, marketing, distribution, and transportation systems, while at the same time upgrading capacity to attract quality investment."

EPAs are the WTO-compatible trade and development arrangements between the European Union and six African, Caribbean and Pacific (ACP) regions: Central Africa, East and Southern Africa, Southern Africa, West Africa, the Caribbean, and the Pacific. It is envisaged that these EPAs will gradually lead to an EU-ACP free-trade area. ACP countries are to be given free access (except for sugar and rice) to EU markets with 500 million consumers, while commit-

ting to gradually opening their own markets to direct competition from highly competitive EU goods and services. Preparing for such radical liberalization requires a fundamental restructuring and upgrading of the economies and industries in ACP countries.

This is why, at the request of the six ACP EPA regional groupings, UNIDO is formulating programmes for the upgrading and modernization of their priority industries. The objectives are to:

- strengthen productive and trade capacities, and the export competitiveness of small and medium-sized enterprises and related services in high potential export and employment sectors;
 - enhance capacities of quality infrastructure; and
 - upgrade or assist in the establishment of technical support institutions.
- These programmes, based on UNIDO's technical expertise and experience in

European Commission recognizes UNIDO's EPA role



Stefano Manservigi, Director-General, Development, the European Commission:

"UNIDO is supporting efforts to generate economic growth and, even more important, to turn it into development... UNIDO is a crucial partner in the EPA process because it is an institution that is able to bridge gaps and to identify the right needs at the right moment."

Addressing a panel discussion on the EPAs at the UNIDO General Conference, the EC's Stefano Manservigi pointed out the importance of UNIDO as a neutral partner. He said the EC recognizes UNIDO's expertise and role with regard to the EPAs, adding that UNIDO's support and knowledge can help meet the need to foster regional integration and upgrade capacities, and to allow existing and new enterprises to meet the

challenges ahead. Mr Manservigi said that the complexity of the EPA negotiations had perhaps been underestimated, and that the new approach had been necessary in order to achieve WTO-compatible agreements. He concluded that interim agreements are the first step, but full and comprehensive EPAs, which he admitted involve risks as well as offering opportunities, are the final objective.



Harry Steplings/HMS Images/Getty Images



Mediterranean and sub-Saharan Africa countries, will eventually cover most of the 78 ACP member states.

UNIDO's work within the framework of the EPAs will rely, to a large extent, on the skills resident in its Upgrading and Modernization programme, in which UNIDO works to unleash the potential of developing countries' productive sectors with high export prospects. One such sector is often found in the agro-manufacturing industries. The Organization provides assistance to upgrade product and production quality, and helps enterprises to comply with standards and regulations so that they can export successfully. Special assistance is provided to countries that have acceded to WTO, or are in the accession process, to help them develop the standards and conformity assessment infrastructure to fulfil the requirements and obligations under WTO agreements on Technical Barriers to Trade, and Sanitary and Phytosanitary measures.

In recent years, UNIDO has developed and implemented upgrading and modernization pilot programmes in Algeria, Cameroon, Egypt, Senegal, Syria, Tunisia and the UEMOA group of West African countries. These programmes support the dynamics of restructuring and upgrading industries and related services, and improve their growth, competitiveness, quality, and export capacities.



Photo MEV

UNIDO works to unleash the potential of developing countries' productive sectors with high export prospects



Upgrading Tunisia's Industrial Sector

An example of the way that UNIDO will work with ACP countries within the framework of the EPAs is provided by the successful collaboration with Tunisia. As the country's industrial enterprises prepared to adapt in the context of the progressive establishment of a Free Trade Area with the European Union, the Tunisian government enlisted UNIDO's support to design and implement a national programme for upgrading the economy and the industrial base. The UNIDO pilot programme focused on the improvement of the business environment and the competitiveness of enterprises, and resulted in the strengthening of three sectors: textiles and clothing,

leather and footwear, and food.

In the first 12 years of implementation, the upgrading programme recorded significant results:

- A four-fold increase in industrial exports from €2 to €9 billion;
- Foreign Direct Investment to the industrial sector increased from €40 to 250 million per year;
- The European Union is now Tunisia's largest trade partner (representing 85% of all trade);
- 3,860 enterprises have participated (85% of them employing 20 persons and more).

Trade competitiveness: three regional round tables

UNIDO's trade capacity building programmes help developing countries generate the industrial capacity to produce more and better products that can be sold in global markets. Support for this process is provided by way of an array of activities, ranging from investment facilitation, technology acquisition, and development focusing on agro-industry, to enterprise development focusing on SMEs. To help enterprises to develop the competitiveness to participate in global markets, UNIDO has done considerable work in enterprise restructuring and upgrading in order to formulate a strategic vision and develop managerial skills in the key disciplines: marketing, production, finance, product development, and management information services.

At the General Conference, round table meetings focused on different aspects of the trade competitiveness challenges faced by the countries of the Arab, Asia and Pacific, and Latin America and Caribbean regions.

The **Arab regional round table** considered the role of manufacturing industries in the process of economic diversification. Arab countries are looking to diversify in order to meet the challenge of depletion of their oil resources in the future as a result of steadily increasing energy consumption in the world, as well as the gradual replacement of oil by renewable energies and energy efficiency consumption. Included among the participants' recommendations were calls for support for the development of micro, small and medium-sized enterprises, and enhanced entrepreneurship development programmes with special emphasis on women and youth.

The purpose of the **Asia and the Pacific regional round table** was to exchange perspectives on the implications of the rapid development of China and India for the developing countries in the rest of the region. In particular, participants examined ways that the developing countries and LDCs could benefit from cooperation with China and India in enhancing sustainable development of their own economies, and ways in which they can transform the challenges of the 'China and India Factor' into opportunities for growth.

The **Latin America and Caribbean regional round table** discussed potential strategies for the region, and reviewed the options and instruments available to promote social and environmentally sustainable development. The participants also explored 'responsible competitiveness': the concept that national economic competitiveness will increasingly be determined by how well countries integrate superior standards in relation to environmental, social, and governance issues.

Since smaller enterprises are by far the most numerous component of the economic landscape in Latin America and elsewhere, getting them engaged with Corporate Social Responsibility (CSR) policies and practices can be an important developmental force. In order to enhance the capacity of business support and advisory institutions to assist SMEs in their efforts to implement socially and environmentally friendly business approaches and operation methods, UNIDO has developed the Responsible Entrepreneurs Achievement Programme (REAP). This programme facilitates the practical imple-

mentation of CSR principles, and fosters the sustainable growth of the business. It does this by providing a structured framework in combination with analytical software, which can be used to gather, process, evaluate, and report data to track progress in implementing CSR in SMEs.



Environment and Energy is the third of UNIDO's three thematic priorities, and a major focus of its technical cooperation activities. It is also an area that is becoming more and more important as a result of the debate about climate change. Indeed, for the participants at the UNIDO General Conference – aware that their meetings coincided with the opening of the United Nations Climate Change Conference in Bali – sustainable development in the context of climate change was clearly an issue of special concern. As Achim Steiner, Executive Director of the United Nations Environment Programme (UNEP), said in his address to the General Conference, "Environmental change is driving the future of industrial development. Climate change can drive a different kind of development process..."

Environmental and energy-related services

UNIDO's services in the areas of environment and energy address poverty reduction concerns, as well as climate change, efficiency in resource use and pollution reduction. The rural and renewable energy programme addresses the needs of the poor for access to energy, since access to energy is fundamental to practically all aspects of human welfare.

Renewable energy

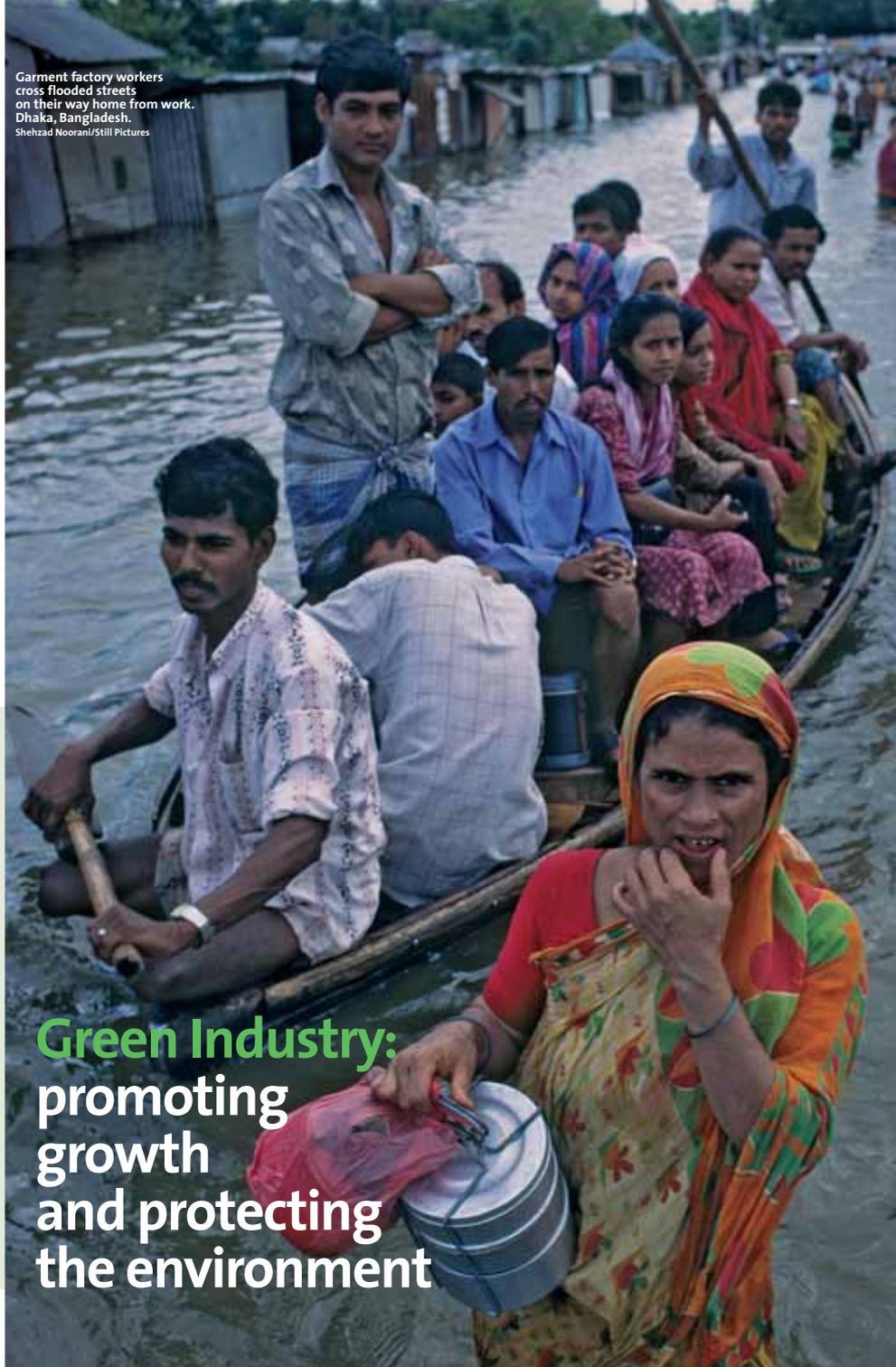
In view of ever rising energy demands, renewable sources of energy have gained importance in recent years. UNIDO is focused on promoting the following:

- Bio-energy – obtained from biomass. The main sources of biomass are industrial and agricultural wastes and residues, such as sugar cane waste (bagasse); organic waste produced by animal husbandry; and energy crops, such as sugar cane or corn. The main processes of utilizing these biomass sources are direct combustion; gasification via a physical or chemical conversion processes to a secondary gaseous fuel; biological conversion to methanol-rich biogas for use as a gaseous fuel; and chemical or bio-chemical conversion to produce methanol, ethanol or other liquid fuels.
- Mini-hydro – small-scale projects that convert the

potential energy of falling water into mechanical and eventually into electrical energy. Such relatively small schemes have little environmental impact, and can provide a range of valuable energy services, especially in rural areas.

- Solar energy – using semi-conductors (photovoltaic devices) to produce electricity as well as in solar thermal applications. This form of renewable energy provides an economical and environmentally-friendly alternative to conventional fossil fuel technologies.
- Wind power – using a turbine to convert wind energy into mechanical and/or into electrical energy. Even though the total amounts of energy produced by stand-alone wind systems may be comparatively small, they still provide an economical alternative for the provision of basic energy services.

Garment factory workers cross flooded streets on their way home from work. Dhaka, Bangladesh. Shehzad Noorani/Still Pictures



Green Industry: promoting growth and protecting the environment

It involves research, demonstration, and scaling-up of new sources of energy for rural electrification and industrial application, linking rural energy services with productive activities in order to increase jobs and provide incomes, and strengthening manufacturing capabilities for renewable energy technology absorption.

UNIDO also provides:

- industrial energy efficiency services to help reduce energy use in industry and make industrial production less costly, primarily by facilitating the adoption by enterprises in developing countries of a systems approach to the management of energy;
- a cleaner and sustainable production programme to provide developing country enterprises with advice and technology to help them use material and energy inputs in the production process more efficiently, thus reducing pollution and waste, while increasing profitability and competitiveness;
- water management services that include information and advisory services to help developing countries protect their water resources from industrial effluents, and increase water supplies by increasing the productivity of water use by industry.

International agreements and protocols

In line with the *Montreal Protocol on Substances that Deplete the Ozone Layer*, UNIDO's technical cooperation assists governments that are signatories to the protocol to reduce their industrial consumption and production of ozone-depleting substances. Governments also receive help to comply with the *Stockholm Convention on Persistent Organic Pollutants (POPs)* by implementing legal, organizational, and environmental management measures to reduce their

industrial production and consumption of POPs.

Climate change activities

As UNEP's Achim Steiner points out, climate change poses challenges but offers opportunities for developing countries. UNIDO's activities to help developing countries meet those challenges and take advantage of those opportunities are found primarily in its programmes for industrial energy efficiency, renewable energy, and the *Montreal Protocol*.

Energy use is a major contributor to global warming, and industry is a major user of energy. Industrial energy efficiency measures, then, offer immediate prospects for the mitigation of climate change, as well as for increasing enterprise competitiveness. In China, for example, UNIDO has demonstrated that industrial motor-driven systems have the potential for a 20-50% improvement in energy efficiency, often at modest cost.

Renewable energies offer more environmentally friendly sources of energy, and UNIDO is increasing its activities in this area. In addition to its work with solar energy and mini-hydro projects, it is moving into hydrogen energy research and demonstration activities.

The work on the *Montreal Protocol* contributes to the reduction of climate change, since many ozone-depleting substances also contribute to global warming. UNIDO has been the second largest implementer of projects for Ozone Depleting Substances (ODS) reduction within the *Montreal Protocol*, and has provided assistance with over 1,100 projects, in some 85 countries, with total funding of over US\$500 million. UNIDO has phased out more than 50,000 ODP tonnes of consumption and almost 17,000 ODP-tonnes of production (An ODP tonne is a metric tonne multiplied by the ozone-depletion potential of the substance).

Phasing out CFCs and POPs in China



President of Sierra Leone, ERNEST BAI KOROMA, and China's Deputy-Minister of Commerce, YI XIAOZHUN (right), opening the General Conference exhibition staged by China's State Environmental Protection Administration (SEPA). UNIDO and SEPA have been jointly implementing a series of projects under both the Montreal Protocol and the Stockholm Convention.

At a presentation at the UNIDO General Conference, SEPA's representative, Lifeng Yu, announced, "By July 2007, we achieved the advanced phase-out of CFCs and halons – that was two and a half years ahead of the schedule set by the Montreal Protocol. We have phased out 100,000 tons of CFCs and 80,000 tons of halons, and stopped production and use of CFCs/halons in eight sectors...I am proud of this work, which is good for the Chinese people and for the whole world."



Towards a hydrogen-inclusive economy

Today's petrol-based paradigm can be succeeded by a more environment-friendly one, ultimately based on renewable primary energy sources such as the sun, wind, biomass, or the Earth's internal heat. Whatever the source, there will always be a need for an energy carrier. One such carrier is electricity. Another is hydrogen. Hydrogen is the lightest and simplest element in the universe. Clean, efficient and safe, it is the ideal energy carrier, and has the potential to address most future energy needs in a petrol-free system. In the short-term, a hydrogen-inclusive economy can already be envisioned thanks to hydrogen production techniques based on renewable energies, and to recent progress in the fields of hydrogen storage and distribution.

The International Centre for Hydrogen Energy Technologies (ICHET) is a UNIDO project designed to develop, demonstrate, and promote technologies for the implementation of a hydrogen energy economy suitable for use in developing countries, and to encourage the utilization of hydrogen as an alternative fuel. ICHET is carrying out a variety of pilot and demonstration projects all over the world.

Hydrogen islands initiative: Two ICHET pilot projects off the coast of Turkey on the islands of Sedef and Bozcaada will use wind and solar power to produce hydrogen through an electrolyser. In order to negate the effect of intermittency, excess hydrogen is stored and will be used in fuel cells and hydrogen-powered internal combustion engines. This technology is similar to that of an ICHET partner in Norway providing power to the island of Utsira, making it self-sufficient with renewable energy.

UNIDO's Transfer of Environmentally Sound Technology (TEST) programme helped enterprises in the Danube River Basin to respect environmental standards and still maintain or even enhance their competitive position. The General Conference's Europe and Newly Independent States round table on "Technology Foresight and Water Productivity" provided best practice examples of the technology foresight concept, and raised awareness on the concept of "zero discharge" related to water productivity, rationale use of water resources by industry, waste water treatment, reuse and recycling.



Green Industries Initiative

UNIDO's experience over the past fifteen years shows that developing countries can benefit from adopting a sustainable industrialization approach that increases efficiency, reduces environmental effects, and supports poor development. However, this approach is not yet widely implemented, and as a result, at the General Conference UNIDO announced its intention to launch a 'Green Industries Initiative' to help client countries scale up their activities in support of sustainable industrialization.

The Green Industries Initiative will concentrate its efforts in three areas, the first of which is **awareness-raising and capacity-building**. In this context, the main objective will be to broaden the traditional approach to cleaner production that UNIDO and UNEP have followed. This approach has been primarily delivered through the 43 National Cleaner Production Centres (NCPCs) and Programmes established since 1994, and has focused on raising awareness of cleaner production and its benefits, providing training and technical assistance, and giving policy advice to governments. It will now be augmented by a

'Cleaner Production Plus' programme that has four main components:

- Building capacity of new generations to enter industry or the environmental services sector. The entry points for this capacity-building are university curricula, vocational training courses, and even secondary school curricula;
- Integrating cleaner production into related concepts, tools and methods, such as eco-design for products, the greening of supply chains, chemicals and hazardous waste management, and industrial use of bio-energy;
- Involving more technical, financial and policy institutions in preventive activities at both national and regional levels, and expanding cooperation with international organizations;
- Strengthening the roles of UNIDO and UNEP as facilitators of regional and national cleaner production networks, in order to involve both NCPCs and other institutions in cleaner production.

The second area of activities that the Green Industries Initiative will focus on is the **development of the environmental services industry**. Enterprises

that adopt a preventive approach can significantly reduce their environmental impacts, and often their costs as well. Rarely, however, can they completely eliminate pollutants and wastes, so they need the services of others who can properly dispose of those wastes. A dynamic environmental services sector is indispensable for environmental sustainability, and UNIDO will focus on promoting recycling and 'closing-the-loop' concepts.

The third area of activities concerns **policies that support green industries**. While better enforcement of environmental policies is important, industrial policies can also create positive incentives for environmentally sustainable behaviour. Providing easy access to product or process standards, and providing industry with the infrastructure, such as laboratories and certification and accreditation bodies, needed to meet those standards is one example. Incentives can also be provided through laws and regulations promoting greater resource and

energy productivity and efficiency, or by providing measures that enable industries or enterprises to monitor and benchmark material and energy efficiency.

With the Green Industries Initiative, UNIDO expects to achieve greater scaling up of its efforts in developing countries, and consequently a greater impact not only on environmental effects, but on the standards of living in those countries. Some firms will prosper by making sustainable development part of its business model. [See: The Sekem success story] Most, however, will continue with existing business models, but in a more efficient, less polluting manner. The ultimate objective of the Green Industries Initiative is the existence in developing countries of growing, sustainable industries, producing jobs and minimizing environmental effects, and to help achieve this objective UNIDO has decided that 'green industry' will be the theme of its next General Conference, to be held in 2009.

"Industry is a major contributor to water pollution but at the same time needs water supplies of a high quality. It is therefore in industry's own interest to ensure that it uses water efficiently and does not pollute existing water supplies." –

KANDEH YUMKELLA, UNIDO Director-General.



The Sekem success story



"When we started in 1977, no one believed in this kind of business... Today the biggest organic market in the developing world is Egypt." - **HELMY ABOULEISH**, managing director of the Sekem Group, speaking during the panel discussion on 'green industry' at the UNIDO general conference, December 2007. **Abouleish concluded, "The vision of green industry can come true. It is possible to be competitive."**

The Sekem initiative began as an organic agricultural business outside of Cairo through training in modern farm management, organic cultivation, and the negotiation of long-term supplier contracts. Sekem was the first entity to develop bio-dynamic farming methods in Egypt. These methods are based on the premise that organic cultivation builds up fertile soil structures, improves agro-biodiversity and does not produce any unusable waste. All products of the system can be sold, used in processing or re-used in cultivation, thereby creating sustainability. Sekem has grown exponentially in the last decade to become a market leader in organic foods, clothing and phyto-pharmaceuticals. At the outset, Sekem medicines and agricultural produce were exported. Now, 55% of its sales are domestic, as Egyptians have become more aware of the benefits of organic products. Today, Sekem employs about 2,000 people, and its revenues more than quadrupled between 2001 and 2005.



ACHIM STEINER, Executive Director of the UN Environment Programme, addressing the UNIDO General Conference in December 2007.

Developing countries have a key role to play

"On the one hand, the least developed economies, the least responsible economies in terms of global warming, are also on the front line of the consequences of global warming.

Therefore the discussion here, and in the broader context of the UN, must be how to help adapt to a world that is going to look very different. But my message this morning to the in-

dustry ministers here in Vienna is that while climate change poses a challenge, particularly to poorer nations, it is also an opportunity.

If you take a continent like Africa, over the next ten years there will be billions of dollars invested in replacing old energy infrastructure. Is Africa going to be led into the adoption of the same technologies from the last century? Can we, for example, encourage Africa to take the lead in some of the renewable technologies from the last century? Can we provide technological innovation; create jobs on the back of the need to move towards a lower carbon economy? It is both a challenge and an opportunity.

We work with UNIDO on issues such as reducing ozone-depleting substances. We have shown that if you provide the right global framework; if you provide the right kinds of in-

centives, and provide the technological assistance, then developing countries can play a very significant role in the context of global environmental goals. In the context of climate change, UNIDO and UNEP work very closely together in the UN family on promoting both renewable energy and energy efficiency. For developing economies, the fast-growing economies, there is now a major potential for investment in the next generation of much more efficient and effective buildings, in better energy-generating technology that is cleaner, and also to leverage mechanisms such as the Clean Development Mechanism, which in a sense provides resources from North to South to buy new technology."

Transcript of a Bloomberg Television interview with UNEP's Achim Steiner during the UNIDO General Conference.

Prime Ministers' corner

The twelfth UNIDO General Conference was attended by over 1,500 people, including the President of Sierra Leone, heads of government and ministers, delegates from other UNIDO Member States, the heads of the United Nations Environment Programme, the World Trade Organization, and the International Trade Centre, and representatives of inter-governmental and non-governmental organizations. The prime ministers of four Members States were among the dignitaries who made keynote speeches to the opening session of the conference. The following extracts give a flavour of the issues they addressed:



His Excellency **Mr. Tertius Zongo**, Prime Minister of Burkina Faso: *"It is important to note that the current dynamism of the Burkina Faso economy has a millstone around its neck - the high cost of energy. That is why Burkina Faso is very interested in the different initiatives that are being taken to find alternatives. To this end, we are joining with those involved in developing bio-fuels through the use of jatropha and the by-products of cotton. Such initiatives will undoubtedly preserve our eco-system, and limit the greenhouse effect at the root of global warming, the impact of which is felt in many different ways across the world."* (Unofficial translation from the French original)



His Excellency **Mr. Lansana Kouyaté**, Prime Minister of Guinea: *"Our main and essential concern is to combat poverty. To this end, my country's new industrial policy is focused on the quest for maximum value added in outputs, whether it is factories linked to the agro-industrial sector, producing fertilizers and pesticides, or more heavy industrial plants such as those producing alumina and aluminum."* (Unofficial translation from the French original)



His Excellency **Mr. Željko Šturanović**, Prime Minister of Montenegro: *"The energy supply issue is one of the greatest challenges for Montenegro at this juncture. Montenegro on average is short of one third of electric power it needs, incurring an annual cost of 60 million dollars. Speedy economic growth driven by the development of tourism and the service sector, as well as the development of agriculture and other industrial sectors is just fuelling the demand for energy, making this issue the focus of our development strategy."*



His Excellency **Mr. Edward Lowassa**, Prime Minister of the United Republic of Tanzania: *"We are meeting at a time of momentous change which poses daunting challenges, but also offers great opportunities to the developing countries. Globalization is accelerating. Economic and social imbalances are growing within and among continents. Technological advancement as well as Information and Communication Technology gaps continue widening between developing and developed countries. Industrial development is unevenly distributed. Developed countries continue to dominate and monopolize this sector, thus leaving developing countries to play the role of spectators. As a result, the Least Developed Countries in particular continue to produce what they do not consume and to consume what they do not produce."*

UN-Energy

In October 2007, UNIDO Director-General, Kandeh Yumkella, was selected as the new Chairman of UN-Energy, the inter-agency body that brings together senior officials and experts on energy from various organizations in the UN family. His selection for this role comes at a time when energy-related issues are assuming a central place in the climate change agenda.

The main purpose of UN-Energy is to help ensure a coordinated and coherent response by the UN system to the energy-related aspects of the Johannesburg Plan of Implementation, adopted at the 2003 World Summit on Sustainable Development. UN-Energy facilitates the sharing of information, knowledge, experiences and good practices on energy-related initiatives and activities in the UN system. It keeps an overview of ongoing and planned energy-related activities within the UN system, and helps build and strengthen synergies among them. It also promotes common and complementary approaches to energy policy issues, and coordinates support to inter-governmental bodies such as the UN Commission for Sustainable Development.

"My appointment as Chair of UN-Energy calls for dedication and commitment. I believe that the link between energy access and climate change needs to be reinforced, that fighting climate change can only be moved forward if and when it is considered as part and parcel of the broader discourse on development." - UNIDO Director-General, **KANDEH YUMKELLA**.

Artist's impression



Solar energy technology centre in China

In March 2006, UNIDO inaugurated a major solar technology project in Lanzhou, capital of Gansu Province in northwest China. The project will transform the Gansu Natural Energy Research Institute into an International Solar Energy Centre directed at continued research and development of applicable solar energy technologies and enhancing the transfer of these to developing countries to promote South-South cooperation.

The Centre will offer a wide range of services such as the development and upgrade of solar energy technologies, the development of solar energy technology/ product standards, and the provision of technical training, specialist workshops, and seminars.

Renewable energy will account for over 10 percent of China's total volume of primary energy consumption by 2020, with solar energy providing the second largest component after hydroelectric power.

Conference decisions and resolutions

The twelfth session of the UNIDO General Conference passed a number of decisions and resolutions including:

Support for LDCs

The General Conference took note of the Ministerial Conference of the Least Developed Countries hosted by UNIDO in Vienna on 29-30 November 2007 – the first such conference since 1997 – and invited the Director-General to take special account of the needs of the Least Developed Countries (LDCs) when implementing the medium-term programme framework for 2008-2011.

The Vienna Ministerial Declaration of the Least Developed Countries included a call for UNIDO to establish a Trust Fund for LDCs and for donors to contribute generously to it. The Declaration

Support for Mano River Union countries



The General Conference took note of the Mano River Union Round Table held on 4 December 2007 during the twelfth session of the UNIDO General Conference, and encouraged UNIDO, within its mandate and where so requested, to support within the medium-term programme framework, 2008-2011, the implementation of programmes proposed in the joint communiqué. In the communiqué, the Heads of State and Government and Senior Ministers of the Mano River Union countries and Côte d'Ivoire stressed that “self-employment and

youth entrepreneurship, and empowerment through profitable youth-led initiatives, as well as special considerations for young women, will need to be accompanied by additional financial schemes to complement national youth employment schemes”. The communiqué called on the donor community to support the multi-stakeholder programme on productive and decent work for youth in the Mano River Union and Côte d'Ivoire, which has been initiated by UNIDO, in collaboration with other United Nations agencies.

Supporting UNIDO's participation in UN system-wide coherence

The General Conference noted the United Nations reform event to be hosted by UNIDO in Vienna in March 2008, and requested the Director-General to continue the coordination and promotion of UNIDO activities in relation to the ongoing discussions on United Nations system-wide coherence at the global, regional and country levels.

Budgets for 2008-9

The General Conference took note of the revised programme and budget pro-

posals for the biennium 2008-2009 and approved estimates of gross regular budget expenditure of €159,638,038 and also approved estimates of gross expenditure totalling €22,759,077 for the purpose of the operational budget for the biennium 2008-2009.

A new External Auditor

The General Conference decided to appoint the Auditor General of Pakistan as the External Auditor for UNIDO for a period of two years, beginning on 1 July 2008. Pakistan is the first Asian and the second developing country to assume this office. The term of the current External Auditor, the Auditor-General of South Africa, expires on 30 June 2008.

also noted the importance of building productive capacity, particularly manufacturing capacity which is within the UNIDO mandate, and requested that UNIDO consider hosting an LDC conference every year.

Industrial Development Forum

Industrial development in a changing global landscape:
The contribution of UNIDO

Regional round tables

- The China and India Factor: Implications for developing countries in Asia and the Pacific region
- Mano River Union
- Towards sustainable peace: Empowering youth to strengthen economic resilience and human security
- The role of manufacturing industries in the economic diversification process of Arab countries: Challenges and opportunities
- Technology foresight and water productivity (Europe/NIS)
- Industrial competitiveness and the environment in the Latin America and Caribbean regions: Corporate Social Responsibility and the role of the private sector in sustainable development

High-level panels

- Wealth creation for poverty reduction: The role of industry
- Building productive capacities for trade competitiveness: Economic Partnership Agreements
- Green industry: Promoting growth and protecting the environment

Presentations

The State Environmental Protection Administration (SEPA), China: Compliance with Multilateral Environmental Agreements

Challenges and Opportunities in the production of biofuels: Selected Aspects of the Experience of Brazil in Producing Bio-Ethanol

“Regard sur la Terre”: New Flagship Publication of the Agence Française de Développement (AFD) and the Institut du Développement Durable et des Relations Internationales (IDDRI)

International Center for Hydrogen Energy Technologies (ICHET), Turkey: Hydrogen and fuel cells around the world

Exhibitions

Poverty reduction through productive activities:

- Entrepreneurship curriculum development – Private sector development toolbox – AfriPAnet – Women entrepreneurship development – Mano River Union Youth Employment – UNIDO-Microsoft Partnership – Cane and Bamboo Technology Centre, India – European Water Partnership – Iranian industry exhibition – Taytu leather goods and accessories

Trade capacity building: Export consortia – Responsible entrepreneurship achievement programme – Traceability project in Egypt – India Business exhibition – Food processing pilot centres – Madagascar silk programme – Bahrain ITPO – ITP Network of University Chairs

Environment and Energy: ECB chemical leasing and cleaner production programmes – Energy kiosk for lighting up Kenya - Observatory for renewable energy in LAC – ICHET – SEPA – France: Energy - A key for development – Montreal Protocol – Artisanal gold mining – Germany/UNIDO Cooperation