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Medium-term programme framework, 2010-2013

Industrial development for poverty reduction, inclusive globalization and environmental sustainability

Medium-term programme framework, 2010-2013

Comprehensive proposals of the Director-General

Addendum

In compliance with General Conference decisions GC.2/Dec.23 and GC.6/Dec.10, presents comprehensive proposals for the draft medium-term programme framework, 2010-2013.

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A. Context and main features

1. In accordance with General Conference decision GC.2/Dec.23, as amended in GC.6/Dec.10, and in light of document IDB.35/8-PBC.24/8, the present document sets out the proposals of the Director-General for the medium-term programme framework (MTPF) 2010-2013.

2. Against an escalating series of shocks to the international system – aptly summed up as the food, fuel and financial crises – the internationally agreed development goals embodied in the Millennium Declaration remain the overarching framework for collective action. In a globalized world where economies are interdependent and issues are interconnected, the challenges of change call for heightened international cooperation. For the foreseeable future, the main focus of multilateral development cooperation will therefore continue to be the achievement of the Millennium Development Goals (MDGs). For industrial development cooperation, the eradication of poverty, spreading the benefits of globalization and preserving the environment will remain the key challenges. The MTPF 2010-2013 represents the programmatic and managerial response of UNIDO to these challenges.

3. With the transition of UNIDO's programmatic services and administrative processes towards a fully results-based approach, the MTPF 2010-2013 represents a significant departure from previous MTPF documents. The new format of the MTPF 2010-2013 is designed as a flexible tool for implementing the decisions and resolutions of UNIDO's governing bodies, as well as the relevant outcomes of intergovernmental bodies in the United Nations system. It is also intended to provide an overview of the Organization's programmatic priorities and delivery modalities in the 2010-2013 period.

4. In line with the principles underlying the concept of a revolving four-year MTPF updated every two years, the MTPF 2010-2013 is presented with particular emphasis on programmatic continuity, coherence and enhancements. Thus, the well-established three thematic priorities of UNIDO (poverty reduction through productive activities; trade capacity-building; environment and energy) will continue to serve as the basic programmatic architecture for organizing and planning UNIDO's more specific support programmes for the 2010-2013 period. Within this architecture, new programme initiatives will be launched in response to changes in the Organization's operating environment and the development needs of Member States.

5. The format of the MTPF 2010-2013 also introduces a number of major structural innovations, which are aimed at enhancing its results orientation and strengthening its operational relevance for the biennial preparation of the programme and budgets. The intention is to link, in a systematic and seamless manner, the medium-term priorities on the one hand, and biennial work programmes, on the other.

6. The main innovative features of the MTPF 2010-2013 are summarized below:

(a) For the first time, the new MTPF contains an overarching development objective explicitly linking industrial development to the three thematic priorities – “Industrial development for poverty reduction, inclusive globalization and

environmental sustainability". The development objective provides the overall context in which UNIDO aims to deliver on the mandate given by its Member States and contribute to the achievement of the Millennium Development Goals (MDGs).

(b) The document starts out with a situation and trend analysis in chapter B, which establishes a solid analytical basis for the Organization's thematic and regional programme priorities. Specifically, relevant trends in poverty, trade, environment, energy and climate change are highlighted. So are recent developments in the global aid architecture and implications for strategic partnerships.

(c) The structure and composition of the thematic programme components (as presented in chapter C.5) have been fully aligned with those to be included in the forthcoming programme and budgets, 2010-2011. As the previous MTPF did not contain programme components, this new feature will not only introduce a higher degree of specificity to the new MTPF but will also facilitate the process of deriving the biennial work programmes directly from the MTPF.

(d) Furthermore, the number of thematic programme components in the new MTPF has also been significantly streamlined. As compared to the programme and budgets, 2008-2009 (document GC.12/8), the total number of such components has been reduced from 21 to 12. This is expected to produce a more streamlined and synergistic programme framework with improved substantive coherence and greater incentives for UNIDO staff to work together for increased collective impact.

(e) In keeping with the principles and practice of results-based management (RBM), the MTPF 2010-2013 further introduces a set of measurable policy and institutional outcomes, which are to be achieved at the regional and country levels. These outcomes go beyond the immediate effects of UNIDO's interventions and generally fall within the purview of governments, upon whom the ownership and leadership of the development process rests. The introduction of these outcomes is intended to guide programme and project design, development and implementation towards the desired medium-term results. The six policy and institutional outcomes are directly linked to the three thematic priorities and will be reflected in the programme and budgets, 2010-2011, to replace the fragmented outcome structure in the 2008-2009 programme and budgets document.

(f) Complementing the new approach of formulating aggregate policy and institutional outcomes is the identification of relevant performance indicators. Together, the outcomes and indicators are integrated into a consolidated UNIDO results matrix (see page 19).

(g) The MTPF 2010-2013 presents separate programmes for each of UNIDO's five regions (Africa, Arab region, Asia and the Pacific, Europe and NIS, and Latin America and the Caribbean). Each regional programme presents the main challenges to be addressed and UNIDO's region-specific response strategies.

(h) The programme management framework (chapter D) provides an overview of key support functions required for effective and efficient programme delivery. It presents a succinct statement of the overarching management objective of UNIDO and the core values guiding the work of its staff at all levels. It also outlines the major initiatives and developments planned for the period under consideration. In particular, it highlights the steps proposed to enhance UNIDO's

operating efficiency through business process re-engineering (BPR), and further measures to reinforce the decentralization process and the substantive role of field offices.

7. Against the background of the new and innovative features highlighted above, the MTPF 2010-2013 continues to emphasize many of UNIDO's well-established programmatic interventions within the three thematic priorities. The interventions proposed are geared towards promoting mutually reinforcing linkages between the analytical, normative, convening and technical cooperation functions of the Organization and providing strategy and policy advice to decision makers in the public and private sectors (hence the emphasis on policy outcomes under each thematic priority).

8. In addition, during the 2010-2013 period, a number of programmatic enhancements are envisaged specifically in the following areas:

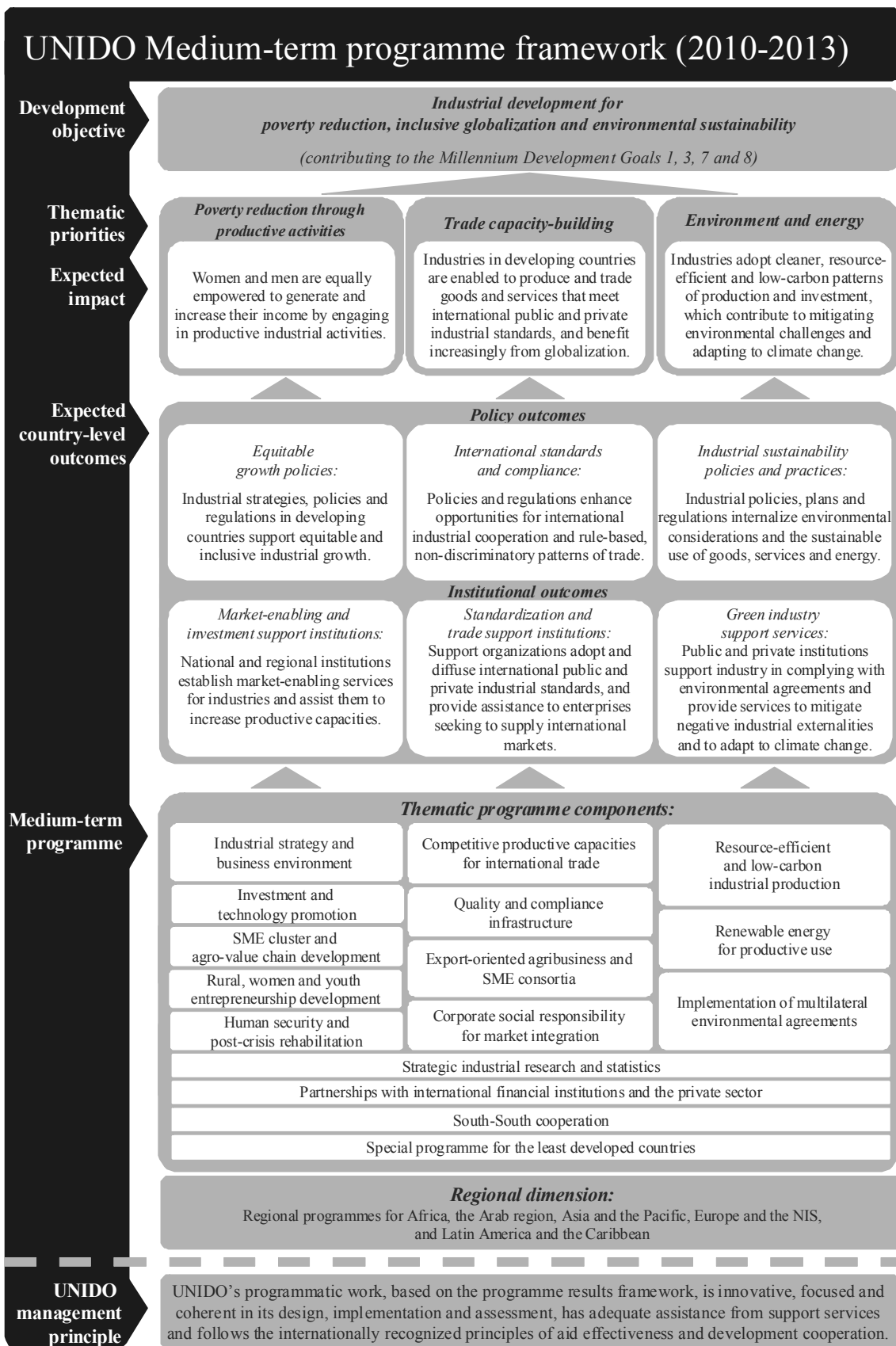
- (a) South-South cooperation;
- (b) Youth employment;
- (c) Women in industrial development and economic empowerment of women;
- (d) Cleaner production and resource-efficient and low-carbon industries;
- (e) Energy access and energy for the poor;
- (f) Partnerships with international financial institutions; and
- (g) Strengthening industrial capacities through industrial skills upgrading and industrial human resources development.

9. While some of these programmatic enhancements fall within clearly identifiable programme components, others are of a more cross-cutting nature (e.g. empowerment of women) and will thus have to guide programme development and implementation in a broader range of areas.

10. A key element in UNIDO's implementation strategy for the MTPF 2010-2013 is its continued emphasis on strengthening strategic partnerships with both United Nations and non-United Nations entities to build greater synergies and enhance the impact of its programmes and activities. Particular emphasis will be given to continued proactive engagement in efforts to achieve system-wide coherence at Headquarters and field levels. UNIDO will also pursue closer collaboration with all parts of the United Nations development system, particularly those with complementary mandates, to enhance its capacity to meet the growing needs of its Member States.

11. In overall terms, the MTPF 2010-2013 aims to provide the Organization with a comprehensive and coherent framework to respond effectively to the challenges of a rapidly changing environment for industrial development. It seeks to do so by ensuring that the necessary support systems are in place to deliver measurable development results and in a manner that makes the best possible use of resources entrusted to it by its Member States.

12. A graphical representation of the MTPF 2010-2013 is presented on page 6.



B. Situation and trend analysis

B.1 Introduction

13. The United Nations General Assembly, in resolution 61/215 of 2006, reaffirmed that industrialization is an essential factor in the sustained economic growth, sustainable development and eradication of poverty of developing countries and countries with economies in transition, as well as the creation of productive employment, income generation and the facilitation of social integration, including the integration of women into the development process. It also stressed the critical role of productive capacity-building and industrial development for the achievement of the internationally agreed development goals, including the Millennium Development Goals (MDGs).

14. The achievement of the MDGs, foremost of which is the eradication of poverty, constitutes the overriding objective of UNIDO. In today's globalized world, industrial development remains a powerful tool to advance human welfare and promote the common good encapsulated in the MDGs.

B.2 Trends in industrial development

15. Over the past decades, the pace and pattern of change in the global economy have created an increasingly complex environment for industrial development. The internationalization of industrial production, trade, investment and technology is moving at an unprecedented but uneven pace, creating a growing industrial divide and widening disparities between developed and developing countries, and among developing countries themselves. Developing countries now account for about a quarter of global manufacturing value added (MVA) due to the remarkable growth of East and South Asia, particularly China and India. At the same time, the share of global MVA accounted for by sub-Saharan Africa, excluding South Africa, has remained stagnant at about 0.25 per cent, while both the transition economies and the Latin American and Caribbean economies witnessed a halving of their respective contributions to world industrial output to slightly over 3 per cent.

16. The growth of manufacturing production in developing countries has been accompanied by an increase in their share of the global trade in manufactures. Developing countries now account for approximately a third of world manufacturing trade, compared with 12 per cent in the 1980s. While much of this growth has been in trade between developing and developed countries, recent years have also witnessed a steady growth in South-South trade in both commodities and manufactures.

17. A new pattern of global interdependence along both a North-South and a South-South axis is emerging. This new pattern no longer makes it possible to treat the "developing world" as a homogeneous group. Neither is it possible to think of a country's industrialization as a purely internal process. Manufacturing has become globally integrated, and is shifting in the direction of developing countries at an ever-increasing pace. East Asia, and particularly China, is increasingly becoming the manufacturing hub of the world. The division of manufacturing production between developing countries according to income group is especially revealing. In 2007, China alone outstripped all the other newly industrialized countries combined in terms of MVA. A loss in the share of manufacturing production is evident in all

other developing country groups, especially among the least developed countries (LDCs).

18. At the same time, despite considerable efforts to meet the MDGs, poverty remains prevalent in many parts of the world. While some regions and countries have made important strides towards meeting these goals, progress has been uneven. In sub-Saharan Africa, the projected shortfalls in halving poverty by 2015 are raising serious concerns. Climate change and high energy and food prices are exacerbating the challenges faced by many developing countries, especially in sub-Saharan Africa. The impact of high food, oil, and other commodity prices since early 2007 has caused the gross domestic product (GDP) of many African countries to contract by three to 10 per cent. The terms-of-trade effects of food and energy price increases are in excess of 10 per cent of the GDP in more than 15 developing countries.

19. Against this background, a growth-centred approach is all the more urgent as the economic and financial turmoil of recent times has sharpened the focus on global economic interdependence, and as the food, fuel and financial crises have affected economic stability in developing and developed countries alike. For millions living on the margin between subsistence and starvation, high food and fuel prices may represent a threat to their survival. The financial crisis could also lead to a global economic slowdown, which may reduce demand for exports from developing countries, cut foreign direct investments and curtail development financing for poor countries. Under the circumstances, it would be difficult to avoid a contraction in economic activity in developing countries, risking a reversal of the hard-won gains made in relation to the MDGs.

20. Increased international cooperation and coordinated action are clearly called for to address effectively the unprecedented combination of crises – food, fuel and financial – that the world is facing today. In a globally integrated economy, industrial development cooperation is clearly a key component of this international response.

B.3 Global challenges

21. Beyond the current and interlinked food, fuel and financial crises are three major challenges that need to be addressed if continued progress is to be made towards meeting the goals and targets of the Millennium Declaration. Foremost among these is the eradication of poverty. Second, is spreading the benefits of globalization and making it work for the poor. The third challenge is managing the transition to a sustainable, low-carbon path to development. During the period of the next medium-term programme framework, 2010-2013, UNIDO will focus its programmes and activities on assisting Member States to meet these key challenges. Emphasis will be given to the specific measures contained in the strategic long-term vision statement for the period 2005-2015 (as adopted in resolution GC.11/Res.4).

B.3.1 Poverty and inequality

22. Poverty eradication remains the central challenge in the present-day world. It continues to be a major focus of the international community, whose collective efforts are making an impact on the incidence and depth of poverty. Even as the number of people living in extreme poverty continues to decline globally however,

this success masks slow and uneven progress in some countries, including much of sub-Saharan Africa. Indeed, as indicated above, it now appears that several countries may not be able to meet the MDG target of halving poverty by 2015. The recent increases in the price of food and fuel have pushed an estimated 100 million people, mostly in sub-Saharan Africa and South Asia, into poverty.

23. There are many policy prescriptions for poverty reduction but what has been shown to be most effective is rapid and sustained economic growth underpinned by private sector-led industrialization. More than 300 million people have moved out of poverty in East and South-East Asia over the past decade as a result of rapid economic growth. Central to this dramatic reduction in poverty was the development of industrial productive capacities and the creation of productive employment for poor women and men.

24. Unleashing the dynamism of the private sector and making rapid industrial progress possible require an enabling environment that encourages the emergence and expansion of enterprises. In most countries, the private sector accounts directly for more than three quarters of the GDP. It is the driving force of industrial development in almost all countries and, through changing patterns of international production, investment and trade, it shapes the economic globalization process. A vibrant private sector, building on the combined strength of, and linkages between, large, medium, small and micro enterprises, is an essential prerequisite for triggering economic dynamism, enhancing productivity, transferring and diffusing new industrial technologies, maintaining competitiveness and contributing to entrepreneurship development and ultimately to poverty reduction.

25. Many developing countries, especially the least developed, generate a disproportionate share of their industrial output from a relatively small group of very large enterprises, usually owned by the state, foreign investors or a few wealthy local entrepreneurs. Often these firms have relatively few linkages with the rest of the economy. The majority of the non-agricultural workforce is employed or self-employed in a large number of micro- and small-scale enterprises, many of which are in the informal sector. Relatively few of these enterprises are able to grow and become competitive in the national economy and in the international marketplace.

26. To address this challenge, pro-poor and inclusive growth strategies are needed to remove policy-related and regulatory obstacles that impede local entrepreneurial initiatives, to strengthen entrepreneurial capabilities and provide access to finance, technical know-how and market information. Growth strategies directed towards poverty reduction should therefore aim to support the development of micro-, small- and medium scale enterprises into dynamic, innovative and growth-oriented enterprises capable of competing in national and international markets. Such strategies help create the necessary conditions for sustaining economic growth by unleashing the underutilized assets of the economy and enhancing their potential for productivity increases. The goal must be to help poor people move out of poverty while laying the foundation for the development of a modern and industrialized economy.

B.3.2 Uneven globalization

27. Globalization has emerged as the dominant feature of the world economy and is bound to retain this pre-eminence in the coming years. While trade has been recognized as a central element in industrial development strategies for some time, the MDG 8 target on global partnership contains at its core the aim to develop a trading system that is open, rule-based, predictable and non-discriminatory. However, experience shows that globalization and the associated liberalization of investment and trade regimes on their own do not ensure that much of the developing world benefits from global markets and achieves rapid economic growth.

28. Developing countries continue to face significant distortions, and have been unable to take full advantage of the limited moves made by the industrialized countries to open their markets. Although global trade has increased significantly over the past decades, and despite the fact that developing countries are giving greater priority to trade and its linkages to poverty in their national development strategies, the volume of LDC exports is only marginally higher today than it was in 1995. One reason for this is that barriers to trade continue to lock out a significant proportion of the developing world from access to markets in sectors where industry might thrive. A successful trading agreement, reflecting the development intentions of MDG 8 would thus go a long way towards fulfilling the potential of developing countries to integrate properly and fairly into the world economy.

29. Yet, merely opening up economies to trade is not sufficient. The link between trade liberalization and a subsequent increase in trade from developing countries on the one hand, and poverty reduction on the other, is not automatic. Trade can create opportunities for pro-poor economic growth through the encouragement of productive activities and the expansion and diversification of sources of employment in developing countries, but there is no guarantee that export expansion will lead to inclusive economic growth. In LDCs in particular, the productive supply capacity or export base is narrow, and relies too heavily on commodities. Exporters trying to sell new products and penetrate new markets may lack access to legal and commercial information services and to the technical support needed to develop their products and reach markets. Many countries lack supporting infrastructure, both physical, such as transport and communications, and institutional, such as bodies to implement international trade rules or to offer technical and financial services.

30. Progress is therefore required, not only on the access issues foreseen in the international trade negotiations, but also on value-addition, diversification of production away from a heavy reliance on commodities, and on capacity-building to meet the technical and business requirements of participation in trade. The Aid for Trade initiative and the Enhanced Integrated Framework play a critical role in supporting developing countries to build their export capacity, and will determine how and to what extent developing countries, and particularly LDCs, will be able to benefit from global trade and overcome the risk of global marginalization. Trade capacity-building as a means of developing productive capacities has thus moved to the centre of the development discourse.

31. However, it is important to recognize that many developing countries, particularly middle-income countries, are caught in a predicament. They find

themselves trapped between their limited success in moving towards a knowledge-based economy due to insufficient endowment of skills and cutting-edge technologies, and their inability to compete through a low-wage economy, which uses widely available technology to do routine tasks at the lowest possible cost. This “industrial middle class”, notably in Latin America and Eastern Europe, continues to struggle to find a niche in the world economy and derive greater benefits from the integration of these countries into global markets.

32. In addition, while manufacturing is gradually shifting from the production of full products to a global division of tasks, exportability increasingly depends on a wider concept of product sophistication. Although task-based production enables countries to specialize in the manufacture of components rather than final products, many developing countries have so far failed to adapt their industrial activities to the broad requirements and global standards in industrial design, logistics and marketing which are key elements of modern industrial production.

33. Furthermore, international product and quality standards, already a difficult barrier to trade for developing countries, have been joined in recent times by the emergence of private sector standards. Although the private sector has long been the driving force behind the formulation and adoption of management and product standards in industrialized countries, an increasing number of private sector standards and retailer requirements are impacting on the ability of developing country enterprises to participate in global production and supply chains. While the origins of such standards are diverse, they are to some extent linked to changing consumer demand – especially in industrialized countries – for high quality goods with minimal impact on the environment. More emphasis will thus need to be given to the significance of private sector requirements for enterprise systems and product standards, including the production and supply of manufactured goods in a manner that minimizes the release of carbon dioxide and other emissions that damage the environment. For developing countries, mainstreaming “green growth” into trade represents a formidable challenge, but also an opportunity, especially in the agro-industrial sector.

34. The increasingly blurred distinction between public and private sector responsibilities and functions, poses a further challenge to collective action. “Corporate responsibility” has entered the global debate and civil society now actively participates in global and local development activities. This trend is likely to continue. Nevertheless, market imperfections and government failures will remain and will require a clear global governance structure and appropriate modalities for public-private partnerships.

35. Furthermore, the recent and sustained increase in commodity prices has intensified global competition for commodities. While developing-country commodity producers have benefited from this strong demand, their economies have remained vulnerable to price volatility and have reaped only limited development gains from their production and trade. Without putting in place industrial strategies to encourage diversification into value-added exports, which are capable of enduring price shocks and responding to changes in international demand, the benefits accruing from trade in primary commodities are unlikely to filter down to the poorest people in society over the long-term.

B.3.3 Environmental degradation and climate change

36. Natural resource depletion and environmental degradation, including climate change, biodiversity loss, the pollution of international waters and depletion of the ozone layer, continue to threaten the global environment. Environmentally sustainable growth paths need to be combined with disaster prevention and risk reduction in industry, especially where the poor are most threatened. In this respect, new technologies, innovative methodologies, green industries and solid financial mechanisms need to be found for both rural and urban communities. Meeting these challenges will remain a major item on the global development agenda, as reflected in MDGs 7 and 8.

37. According to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), greenhouse gas emissions covered by the Kyoto Protocol have increased by about 70 per cent between 1970 and 2004, with CO₂ being by far the largest source, growing by about 80 per cent in this period. Industry is one of the main sources of these emissions, and accounted for 19 per cent of greenhouse gas emissions in 2004. About 85 per cent of the industrial sector's energy use occurs in the energy intensive industries: iron and steel, non-ferrous metals, chemicals and fertilizers, petroleum refining, minerals (cement, lime, glass and ceramics), and pulp and paper. The sector also emits large quantities of non-CO₂ greenhouse gases, such as nitrous oxide (N₂O), hydrofluorocarbons, (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆).

38. Yet industry which is necessary to drive pro-poor economic growth, is also the predominant source of technological solutions to mitigate climate change. Many of the technologies and instruments needed to respond to the global challenge of climate change are already available, and others should be commercialized in the coming years, once appropriate incentives have been put in place. The flows of information, experience, expertise and equipment between countries hold the key for transfers of technology for both climate change mitigation and adaptation.

39. Unless countries and their industries follow a sustainable, low-carbon path to development, industrialization will not only have an adverse impact on the global climate but will also undo the economic progress achieved so far. Due to their paucity of resources or their geographic location, developing countries are particularly at risk. The most effective long-term solution is the adoption of a global low-emissions economic development strategy as a central component of a global agreement to combat climate change. Economic growth and the fight against climate change should not just proceed as a combined strategy; they should become two parts of the same whole, simultaneously addressing cost-effective mitigation, adaptation and sustainable development objectives. Such a scenario is inconceivable without the development and diffusion of environmentally sound technology and expertise.

40. As economic growth accelerates, particularly in developing countries, the world is consuming natural resources at an unprecedented rate. In countries such as China and India for example, oil consumption has doubled in the past decade. Likewise the newly industrialized countries are struggling to build power generation capacities fast enough to meet the growth in demand. Rising demand for energy and materials is spurring a massive need for investment. According to the International Energy Agency (IEA), the oil industry alone must invest \$4.3 trillion from 2005 to

2030 in order to keep pace. The projected cumulative investment required during this period to meet the world's energy needs is almost \$20.1 trillion. However, even if this investment is secured over the next thirty years, about 1.4 billion people will still lack access to electricity in 2030 and 2.7 billion will still rely on traditional biomass for cooking and heating.

41. One effect of the pressure on energy supply has been the increased attention given to renewable energy based on water, wind, biomass, photovoltaics and solar energy. Support for the use of renewable energy is increasing in many countries especially since it has the potential to make a positive contribution to energy access for industry in these countries. More recently, in the wake of the food price crisis, concerns over the effects of biofuel production on food supply have arisen, but the introduction of second-generation biofuels, which promote the use of waste products from agro-industrial processing, can have a vital role in securing energy for the poor.

42. Measures to improve energy efficiency in all sectors of the economy, including industry, should also be followed. Energy efficiency alone could cut energy demand by 20 to 24 per cent and save hundreds of billions of dollars per year. In countries with high energy prices and high energy intensities, energy efficiency is the least-cost strategy for improving economic efficiency across sectors. According to the IEA, the implementation of conducive policies could result in nearly 40 per cent of avoided greenhouse gas emissions by 2030. The policies that are most effective in reducing emissions are also effective in lowering the energy bill and dependence on oil and energy imports, or could make available further resources that could be used for development purposes, which would otherwise be wasted.

43. The shift to sustainable development policies and practices has proceeded slowly so far. There are still a number of barriers to the deployment and diffusion of environmentally sound technologies and expertise, including a lack of awareness, human intransigence, the absence of appropriate policies and regulatory frameworks, and insufficient investment in the infrastructure needed for new energy technologies. The key is to forge an effective international mechanism for the development and dissemination of technologies, aiming to remove barriers and providing predictable financial resources and other incentives for scaling up investment in environmentally sound technologies around the world, especially in developing countries. It is here where the multilateral system has a central role to play in bringing countries together and building consensus on norms and standards to which all countries can adhere for their common good.

B.4 The changing multilateral development system and global aid architecture

44. The proliferation of aid channels, the increasing fragmentation of official development assistance (ODA), the emergence of new donors, an increase in the number and volume of vertical funds and private philanthropy, and a high degree of earmarking have contributed to increasing the complexity of the current aid architecture. The average number of donors interacting with recipient countries has risen from 12 to 33 in the period 2001 to 2005, including more than 230 international organizations, funds and programmes, particularly in the health sector.

45. The traditional horizontal character of the aid environment (governmental agency-recipient country) now coexists with the increasing importance of vertical or special purpose funds programmed at the global level. Vertical funds are also referred to as global programmes representing partnerships and related initiatives whose benefits are intended to cut across more than one region of the world in such areas as environment and agriculture, health, nutrition and population, infrastructure and private sector development, trade and finance, and information and knowledge. In 2006, vertical funds reached an amount of \$2.7 billion, more than three times their level in 1997.

46. The growing importance of public-private partnerships (PPPs) involving business, governments, foundations, charities, religious organizations and workers remittances is supplementing, if not supplanting, the traditional “donor-to-recipient” model of aid. According to the Index of Global Philanthropy (IGP) published by the Hudson Institute’s Centre for Global Prosperity, private donations now account for over 75 per cent of all developed countries’ transfers to developing countries. For example, it noted that in 2006 the United States of America gave \$34.8 billion through private philanthropy and \$71.5 billion through remittances, while its ODA amounted to \$23.5 billion. The increase in the quantity of private flows is not the only trend in corporate philanthropy aimed at development and poverty reduction. Philanthropists also stress the need to achieve quality through efficiency and results-based management in all funded programmes and projects.

47. The emergence of new donors, many of them from the South, is also changing the face of development cooperation. In 2006, total net ODA by emerging donors, as reported to the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD-DAC), amounted to \$4.5 billion which was four times the level of 1995. China and India do not report their development assistance disbursements to the OECD-DAC but the World Bank estimates China’s ODA disbursements at \$2 to 3 billion and India’s at around \$1 billion. In addition, China has pledged \$10 billion for LDCs for the period from 2007 to 2010. Non-DAC OECD countries are expected to increase their current ODA levels in aggregate by over \$2 billion in 2010. While empirical evidence regarding the actual weight of their contribution is incomplete, the emerging new donors are giving a new meaning to South-South and triangular cooperation, which will have repercussions for the roles and activities of multilateral development agencies.

48. Among traditional donors, increased emphasis is being given to enhancing aid effectiveness. Joint financing and other forms of harmonization among donors are becoming apparent, while private sector involvement is increasing. Instead of direct project support, where bilateral or multilateral agencies implement their own programmes directly, the emphasis now is increasingly on partner country-led strategies. Such an approach, formalized in the Paris Declaration on Aid Effectiveness¹ and the subsequent Accra Agenda for Action,² is intended to increase country ownership and donor coordination and harmonization of operational

¹ The Paris Declaration, endorsed in March 2005, is an international agreement to which more than 100 countries committed to continue to increase efforts in harmonization and managing aid.

² The Accra Agenda for Action was endorsed in September 2008 in order to accelerate and deepen implementation of the Paris Declaration.

policies and procedures. This approach has resulted in new aid modalities such as sector-wide approaches, basket funding and budget support, all geared towards the promotion of alignment between aid and the priorities and programmes of aid recipients. The introduction of poverty reduction strategies (PRSs) as a programming tool for both governments and development agencies is a practical step in this direction.

49. The implications of the changing aid architecture are diverse, but it is clear that the multilateral development system is at a turning point. Within the United Nations, the issue of system-wide coherence has received renewed attention over the past two years. Since the launch of the report of the High-level Panel on System-wide Coherence in November 2006, such system-wide coherence has been an important subject of discussions at the General Assembly, the governing bodies of United Nations specialized agencies, funds and programmes and in the principal inter-agency body of the system – the United Nations System Chief Executives Board for Coordination (CEB), including the United Nations Development Group (UNDG). Progress towards system-wide coherence has been most noticeable at the country level. The launching of the “Delivering as One” initiative in eight pilot countries towards the end of 2006 and the beginning of 2007 introduced an important dimension into the drive towards increased coherence among United Nations organizations at the country level.

50. As far as national needs in industrial development assistance are concerned in these pilot countries, strategies for their implementation have been integrated as components of the economic development sections of United Nations system-wide “One Plans” or in the United Nations Development Assistance Frameworks (UNDAFs). The mainstreaming of a country-led approach to delivery has had the benefit of reinforcing the economic aspects of development, which tended to be underrepresented compared to pressing social and humanitarian needs in the past. UNDAFs based on country-driven poverty reduction strategy papers (PRSPs) are giving more emphasis to private sector-led economic growth than ever before. The challenge for specialized agencies will be to find a harmonized way of operating in this new environment, enhancing the current methods of Harmonized Approach to Cash Transfers (HACT) and national execution with modalities that are in line with their mandates and business models. At the same time, transparency and ethics issues need to be systematically addressed at all levels of the multilateral system.

51. The new spirit of coherence within the United Nations system also provides an opportunity to consider the overall value that the system can bring globally in industrial development, and specifically its convening function, as a catalyst for establishing norms and standards, as an advocate of internationally-agreed rules and as a provider of impartial advice to stakeholders. These are some of the main tasks to be undertaken in meeting the prevailing industrial development challenges – from combating climate change to creating a fairer system for international trade – in the context of a changing multilateral system of development cooperation and an evolving global aid architecture.

B.5 Partnerships for development

52. Addressing the challenges of poverty eradication, unequal globalization and the transition to a sustainable, low-carbon path to development requires closer cooperation among development partners. For UNIDO, the importance of strategic

partnerships is based on the premise that no single United Nations organization, acting on its own, can effectively address the world's major development challenges. By combining its capacities and competencies with those of other United Nations system organizations, UNIDO interventions are more likely to make a greater contribution to improving people's lives.

53. It is for this reason that UNIDO has forged partnerships and continues to work closely with the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD) on agri-business development; with the United Nations Development Programme (UNDP) on private sector development and field representation; with the United Nations Environment Programme (UNEP) on cleaner production and implementation of multilateral environment agreements; with the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO), the International Trade Centre (ITC) and the Executive Secretariat of the Enhanced Integrated Framework (EIF) on trade capacity-building; and with the World Bank on environment and energy.

54. As part of the United Nations system, UNIDO also participates actively in system-wide initiatives and coordination mechanisms at the global, regional and national levels. Its chief aim is to advance the effectiveness, efficiency, coherence and impact of the United Nations development system at the regional and country levels and the achievement of the MDGs at the international level. It cooperates and collaborates with complementary government institutions, international financial institutions such as the World Bank and the regional development banks, and global and regional cooperation entities. Where appropriate, UNIDO also seeks synergies with bilateral aid agencies, private enterprises, civil society and academia.

55. Over the medium-term, the continued ability of UNIDO to deliver on its mandate and to make a major contribution to the achievement of the MDGs will hinge not only on how well it works with others but more so on how well it carries out three important tasks, namely increasing programme delivery with the highest standards of quality; enhancing the effectiveness, efficiency, transparency and accountability of its management systems; and mobilizing the resources required to meet the growing needs of its Member States.

C. Programme results framework

C.1 Introduction

56. The programme results framework provides a conceptual mechanism for linking and aligning, based on the principles of results-based management (RBM), the three principal strategic management tools of UNIDO: the ten-year strategic long-term vision statement adopted by the eleventh session of the General Conference in 2005, the revolving four-year medium-term programme frameworks updated every two years, and the biennial programme and budgets documents. Specifically, it is intended to serve as a link between the strategic long-term vision statement, which offers broad guidelines regarding the thematic areas of focus to be covered by the Organization, and the detailed programmatic presentation contained in the programme and budgets. The programme results framework thus consolidates the expected results from UNIDO's contributions towards the achievement of the

internationally agreed development goals, including the MDGs, which derive from its various activities. These include its analytical and statistical services; its work as an impartial convener and facilitator; its services in the provision of industrial policy advice and the promotion of related global norms and standards; and its well-recognized technical cooperation services in support of industrial development.

57. In RBM terms, the programme results framework links the outputs of UNIDO's various programme components, which are implemented in the form of a wide range of individual projects at the country, regional and global level, with the corresponding outcomes at the policy and institutional levels, and impacts at the overall thematic levels. This alignment forms the basis for greater coherence in the programmatic delivery of results and thus for improving UNIDO's ability to manage for results. As the programme advances in its implementation, additional synergies and collaborations are expected to develop, in particular between UNIDO and other partner institutions in the multilateral development system. It thus has the potential to further increase overall coherence among development actors and enhance productive cooperation and mutual accountability for the beneficiary countries and their people.

58. The programme results framework includes an aggregated results matrix (see section C.4) and is implemented by a programme management framework in Chapter D.

C.2 Development objective

59. Within the programme results framework, UNIDO's overall development objective for the MTPF 2010-2013 has been set as: ***Industrial development for poverty reduction, inclusive globalization and environmental sustainability***. This reflects the fact that UNIDO's support programmes are aimed at reducing poverty, making globalization more equitable and inclusive, and protecting the environment through sustainable patterns of industrial development. This contributes to overall economic growth, which in turn makes a positive contribution to the improvement of living standards and the quality of life of people in all countries, and thus to achieving the internationally agreed development goals, including the MDGs, which are a prerequisite for enduring peace and security.

C.3 Thematic priorities and expected impact

60. In line with this development rationale and the strategic long-term vision statement for the period 2005-2015, UNIDO continues to group its activities to promote industrial development into three thematic priorities in which it seeks to achieve a long-term impact. These thematic priorities comprise poverty reduction through productive activities (linked to MDGs 1 and 3), trade capacity-building (linked to MDG 7) and environment and energy (linked to MDG 8). Through its services provided under each of these thematic priority areas, UNIDO expects to achieve the following impacts:

1. *Poverty reduction through productive activities*: Women and men are equally empowered to generate and increase their income by engaging in productive industrial activities.

2. *Trade capacity-building*: Industries in developing countries are enabled to produce and trade goods and services that meet international public and private industrial standards, and benefit increasingly from globalization.
3. *Environment and energy*: Industries adopt cleaner, resource-efficient and low-carbon patterns of production and investment, which contribute to mitigating environmental challenges and adapting to climate change.

C.4 Expected country-level outcomes

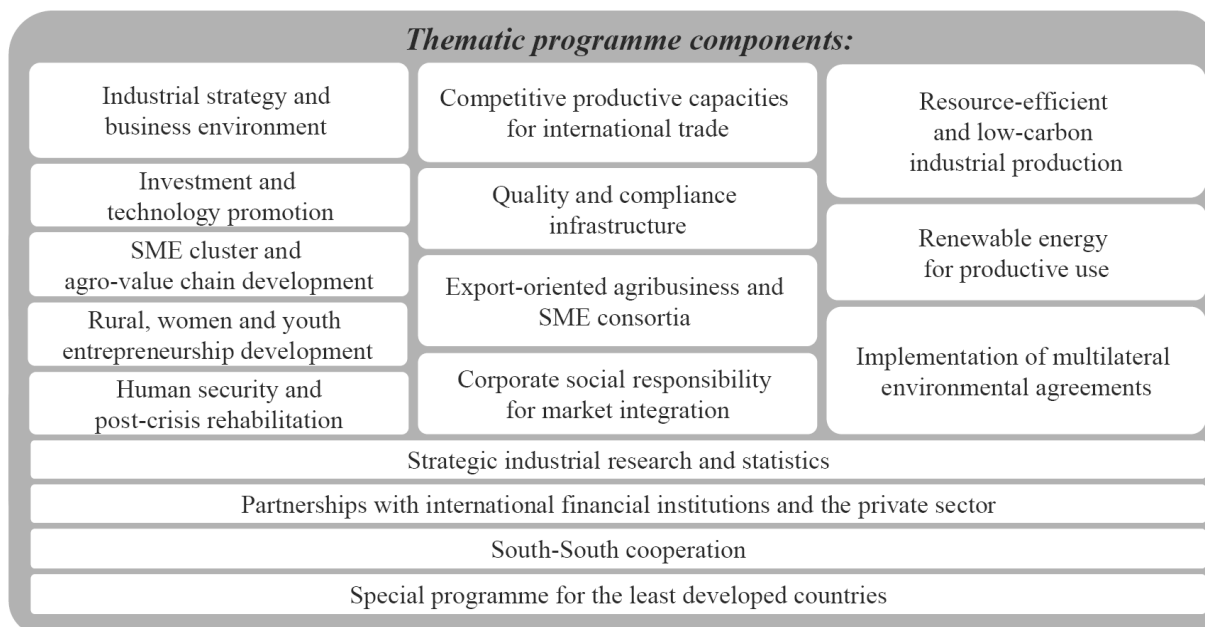
61. In order to ensure the clarity and coherence of UNIDO's activities under each of the three thematic priority areas in the medium-term programme framework, and to maximize the potential for synergies between the results of all branches and units of the Organization, and between UNIDO and other actors in the multilateral development system, a set of desired policy and institutional outcomes have been defined for each thematic priority area at the regional and country level. These are complemented by performance indicators at both impact and outcome levels as summarized in the matrix below.

Programmatic results matrix (2010-2013)

INDUSTRIAL DEVELOPMENT FOR POVERTY REDUCTION, INCLUSIVE GLOBALIZATION AND ENVIRONMENTAL SUSTAINABILITY	
<p>1. Poverty reduction through productive activities</p> <p>Expected impact: <i>Women and men are equally empowered to generate and increase their income by engaging in productive industrial activities.</i></p>	<p>Performance indicators:</p> <ul style="list-style-type: none"> Increased job opportunities, in particular for poor target groups Increased and equitable levels of income from productive activities More decent working conditions Industrial policies set quantified poverty reduction objectives Inclusiveness and reduced inequality are policy priorities Industrial statistics monitor the impact of industrial policies on poverty Support organizations serve increased numbers and types of enterprises New and better support services become available Enterprises are satisfied with quality of services Private service providers emerge and develop
<p>Outcome 1.1: Equitable growth policies</p> <p>Industrial strategies, policies and regulations support equitable and inclusive industrial growth.</p>	<ul style="list-style-type: none"> Industrial statistics monitor the impact of industrial policies on poverty
<p>Outcome 1.2: Market enabling and investment support institutions</p> <p>National and regional organizations establish market-enabling services for industries and assist them to increase productive capacities.</p>	<ul style="list-style-type: none"> Support organizations serve increased numbers and types of enterprises New and better support services become available Enterprises are satisfied with quality of services Private service providers emerge and develop
<p>2. Trade capacity-building</p> <p>Expected impact: <i>Industries are enabled to produce and trade goods and services that meet international public and private industrial standards, and benefit increasingly from globalization.</i></p> <p>Outcome 2.1: International standards and compliance</p> <p>Policies and regulations enhance opportunities for international industrial cooperation and rule-based, non-discriminatory patterns of trade.</p> <p>Outcome 2.2: Standardization and trade support institutions</p> <p>Support organizations adopt and diffuse international public and private industrial standards, provide trade-enabling assistance to enterprises seeking to supply international market opportunities.</p>	<p>Performance indicators:</p> <ul style="list-style-type: none"> Increased exports, in particular from poverty relevant sectors Reduced rejection rates of exported products New products brought to the global market Trade policies give priority to industrial development Effective policy dialogue between public and private sector Harmonized framework of trade-related institutions Enterprises are effectively protected from sub-standard imports National and international standards are aligned and relevant to enterprises Support organizations serve increased numbers and types of enterprises Enterprises have access to necessary trade-related services Enterprises are satisfied with quality of services
<p>3. Environment and energy:</p> <p>Expected impact: <i>Industries adopt resource-efficient and low-carbon patterns of production and growth, which contributes to mitigating environmental challenges and adapting to climate change, while improving productivity.</i></p> <p>Outcome 3.1: Industrial sustainability policies and practices</p> <p>Industrial policies, plans and regulations internalize environmental considerations and the sustainable use of goods, services and energy.</p> <p>Outcome 3.2: Green industry support services</p> <p>Public and private institutions support industry in complying with environmental agreements and provide services to mitigate negative industrial externalities and to adapt to climate change.</p>	<p>Performance indicators:</p> <ul style="list-style-type: none"> Reduced industrial pollution Better use of natural resources Increased use of renewable energies Industrial policies define verifiable environmental objectives Policies and regulations provide incentives for sustainability Energy policies give priority to productive energy use Support organizations serve increased numbers and types of enterprises Environmental and other enterprise support services delivered in integrated manner Private service providers emerge and develop Enterprises have access to renewable energy supply National institutions effectively implement international environmental agreements

C.5 Thematic programme components

62. UNIDO's programme is geared towards achieving progress within the three thematic priorities through twelve programme components, which in turn identify a number of specific outputs and results. These will be contained in the detailed results matrices in the programme and budgets documents for 2010-2011 and 2012-2013. In addition, three cross-cutting programme components are presented.



C.5.1 Poverty reduction through productive activities

63. Poverty reduction (MDG 1) and the related objectives of gender equality and the empowerment of women (MDG 3) remain the central pillar of the support services provided to its Member States by UNIDO. This commitment is based on the conviction that the most effective way to achieve these goals is through economic growth, and that private sector-led industrial development can play a significant role in setting the economies of developing countries on a path of sustained economic growth. Industry is a seedbed for entrepreneurship, business investment, technological progress, the upgrading of human skills, and the creation of decent jobs. Through intersectoral linkages, industrial development can also establish the foundation for a more effective and efficient agricultural sector and a flourishing tertiary sector. All these factors contribute to sustained productivity improvements that can ensure pro-poor outcomes and contribute to increased living standards in developing countries.

64. Governments have a key role in both regulating and facilitating the development of the private sector. It is therefore important that governments in developing countries establish a conducive business environment, based on sound industrial policies and an effective and efficient institutional framework under which the private sector can flourish and become a driver for sustainable and inclusive growth.

65. Entrepreneurs and small and medium-sized enterprises (SMEs) are the main sources of economic activities that support productivity growth and poverty reduction in developing countries. Better-educated and networked entrepreneurs and SMEs are able to make better judgments and decisions, and therefore are more likely to engage successfully in operations that require long-term investments – such as manufacturing enterprises – based on their knowledge about the business environment. Therefore, promoting human resource development and networking among entrepreneurs and SMEs can play an important role in strengthening their productive capacities and market competitiveness.

66. Increasing the economic empowerment of marginalized parts of the population can also make a significant contribution to poverty reduction. This is particularly true in the case of the agriculture-based economies in sub-Saharan Africa and the LDCs, where the majority of the population is often engaged in subsistence agriculture. As most of the youth in these countries grow up without being exposed to entrepreneurial experiences or learning entrepreneurial skills, the capacity of these countries to create entrepreneurs is also limited. Similarly, the low levels of female education and female participation in entrepreneurial activities also inhibit the growth of entrepreneurship in many developing countries.

67. A particular challenge for many developing countries is to shift their industries from low-value and price-driven commodity-based activities to higher-value and knowledge-based production and services. Helping businesses in these countries to gain access to business information and information and communication technologies (ICTs) will play an important role in overcoming these development hurdles. The gradual creation of such an information society in developing countries, and particularly in LDCs, is a key prerequisite for stimulating increased innovation, productivity, competitiveness and market-linkages.

68. In many cases the growth prospects of SMEs in developing countries are constrained by their inability to tap into international investment and technology flows. They therefore lack the capital to upscale, or the technology to improve or diversify their product range. While this may often be the result of unfavourable policy measures and regulatory approaches adopted by governments, it is also frequently the result of a lack of knowledge on the part of external providers of capital and technology of the opportunities prevailing in many developing countries. Deliberate efforts are needed in such cases to help establish partnerships between national producers and potential foreign partners and counterparts.

69. It is against this background that UNIDO offers five interrelated programme components under its priority theme of *Poverty reduction through productive activities*. These comprise industrial strategy and business environment; investment and technology promotion; SME cluster and agro-value chain development; rural, women and youth entrepreneurship development, and human security and post-crisis rehabilitation.

Industrial strategy and business environment

70. After several years of quasi-neglect, there is renewed interest among opinion- and policymakers in the theme of industrial policy, which is almost certain to be reinforced in coming years as a result of the global financial and economic crisis triggered in the second half of 2008. The new concept of industrial policy differs

from its predecessors, however, insofar as it seeks to strengthen the industrialization process rather than the products of industry. In response, UNIDO's technical cooperation in the field of industrial policy will emphasize capacity-building at the national level for collecting and analysing reliable economic data, and this process will continue into the foreseeable future. By setting up pockets of industrial excellence in ministries and chambers of industry, a solid analytical foundation can be laid for the formulation of strategies and policies based on close consultation between the public and private sectors. While the focus and scope of UNIDO's support services will be tailored to the specific needs of each individual country, the provision of these services will typically involve the stages of diagnosis, formulation, implementation and monitoring.

71. The formulation process can be enriched by the deployment of a number of specific approaches and methodologies. The technology foresight methodology is instrumental in supporting decision-making on the application of technology and innovation for sustainable and competitive economic and industrial policy, and covers such topics as technology dissemination, national innovation systems, and technological capacity-building. Meanwhile, the asymmetric flows of technology can be corrected by devoting increased attention to the institutional basis for determining the direction and pace of technological development through linkages with production-chains and networks.

72. Given the overriding importance attributed specifically to SMEs for poverty reduction, this programme component places particular emphasis on devising policies, programmes and regulatory frameworks that result in a business environment free from biases against SMEs and conducive to private sector development overall. Support for capacity-building for the design and establishment of national and local institutional infrastructures that effectively spur SME development is a further distinctive feature of the programme component, as is the facilitation of access to market-based business development services (BDS). In addition, UNIDO will complement its capacity-building support services in this field with efforts to create partnerships and encourage a structured dialogue between public and private sector stakeholders in the formulation and continuous adaptation of industrial and, particularly, SME development policies and related business environment improvements throughout this programme period.

73. Building bridges between government and industry is vital for reducing bureaucratic complexities and difficulties in accessing key information, including on licensing procedures and other legal provisions. This thematic programme component will therefore continue to assist governments in developing electronic portals that offer integrated access to information on regulatory mandates, support institutions and generic business advice, especially for SMEs and entrepreneurs. Such e-government solutions increase the transparency, effectiveness and coverage of industry-related public service delivery and industrial policy dissemination and set standards for ICT usage particularly among SMEs.

Investment and technology promotion

74. Investment is the key driver of productive capacity and competitiveness. Under this programme component efforts will therefore be made to assist developing countries in identifying and targeting foreign investor groups that can have a positive impact on the local economy. Efforts will also be made to increase

the positive spillovers of foreign direct investment (FDI), especially for reducing poverty, promoting economic growth, and generating increased employment. Information and monitoring platforms to facilitate informed policy and strategy formulation will be established, comprising analytical information and interactive databases, and providing the means for measuring investor response to policy interventions and the provision of public goods. They will also generate rankings, indices, benchmarks and other indicators for assisting both investor decisions and policy formulation. Also, national capacities will be developed to improve the investment climate through better policies, more effective enforcement, and the provision of related institutional services.

75. Technical cooperation services provided under this component will also support the building of national subcontracting exchange (SPX) networks to facilitate outsourcing as well as supply chain development to generate viable investment opportunities and to integrate developing countries into the world economy. Investment projects so generated are linked to financing sources through cooperation with equity funds and other financial institutions.

76. The UNIDO network of Investment and Technology Promotion Offices (ITPOs) will continue to target and promote specific investment opportunities and business partnerships and will thereby extend the global reach of developing countries' promotion efforts. Special attention will be given to establish synergies with other UNIDO activities in order to maximize development spillovers and impact. The promotion of responsible investments and business opportunities through ITPOs and Investment Promotion Units (IPUs) will ensure the provision of support at all stages of project development through advisory and training services, specialized events and delegate programmes.

77. Technological progress is a key global resource for competitiveness, wealth and job creation, and has a recognized impact on economic growth, development and poverty reduction, inter alia, also at the level of SMEs. However global agreements such as the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) negotiated during the Uruguay Round, and multilateral conventions on climate change will have important implications for developing countries regarding conditions for their access to and use of technology, and their economic and social development. UNIDO's role is to assist developing countries in overcoming these international barriers to technology transfer, facilitate affordable access to adequate knowledge and tailor-made solutions in long-term economic transformation, and ultimately facilitate access to international trade in technology-based products. During the MTPF period, UNIDO will take into consideration the current changed global technology scenario and focus its intervention on the promotion, transfer, application and diffusion of new enabling technologies and innovations in developing countries. In this context, UNIDO's assistance on technology transfer both at policy and institutional levels will play a key role in achieving these results. This programme component will also develop capacities of stakeholders at government, civil society, institutional and enterprise level and strengthen the linkages among themselves as well as with UNIDO's international networks of ITPOs, technology centres/parks and universities to expand access to technologies, business partnerships and sources of finance.

78. UNIDO will also provide technical assistance, methodologies and tools for the creation and strengthening of national innovation systems, the establishment and

support of technology parks and incubators, and technology and innovation centres. It will specifically seek to enhance the application of new and emerging technologies, such as ICT and clean energy technologies for sustained economic growth. UNIDO will strengthen its capacity-building services in the area of technology management: technology needs assessment, mapping, sourcing, evaluation, negotiation, licensing and adaptation. This expertise and application of best practices will contribute to strengthening the mechanism of technology transfer in sectors most affected by global agreements on climate change and intellectual property rights (IPR). The promotional component will be implemented through global forum events and capacity-building programmes on awareness raising, skills development, technology road mapping, assistance in national policy and strategy formulation and implementation and fostering international partnership and cooperation. The programme will also pay special attention to gender and youth issues, when these target groups encounter barriers in accessing technology and finance.

79. One of the key technologies for increasing productivity and for stimulating a competitive knowledge-based economy is information and communication technology. However, industry, and in particular SMEs, in most developing countries is suffering from inadequate ICT access regarding content, application, services and infrastructure – key ingredients for industrial development, particularly in LDCs. ICT penetration remains low and expensive, and ICT services are often provided in a highly disintegrated manner. This programme component will therefore also address the barriers to SMEs when seeking to use ICT tools, namely affordable access, adequate knowledge, and tailor-made solutions. Specifically, this will be done through UNIDO's growing network of business information centres, partly powered through renewable energy sources in rural areas, assistance to public and private institutions in the development local software economies and the establishment of mobile phone-based information solutions for SMEs.

SME cluster and agro-value chain development

80. This programme component aims at promoting the development of clusters and business linkages to help enterprises, especially smaller ones, improve productivity and innovation, and achieve systemic competitive advantages. By promoting clusters, networks, supplier development and private-public partnerships, the programme strengthens local economic systems where enterprises complement their capabilities, jointly achieve economies of scale and scope, increase their access to resources and markets within a conducive institutional environment and opportunities are developed for spreading the benefits to the poor.

81. Specifically, the programme contributes to poverty reduction not only by creating economic opportunities for the poor target groups but also by adopting a broad-based approach which promotes the participation of these groups in decision-making, seeks to overcome gender and other marginalization biases, and empowers the poor to capture economic opportunities by upgrading their skills, organization and institutional representation. The poverty reduction outcomes that can be achieved through a cluster/linkages approach therefore include employment and income for cluster entrepreneurs and their labour forces, a greater availability of affordable goods and services, the development of human capital, greater access to

infrastructure as a result of public-private investment, and the integration of women and ethnic minorities in production activities.

82. UNIDO has a recognized competence and leadership in the development of clusters and business linkages. During the MTPF 2010-2013 period, the Organization will innovate upon the concept and broaden the approach through the systematic integration of new services into the programme component. For instance, the services employed for the development of export consortia will be used to create dynamic groups of enterprises within clusters able to link with smaller suppliers and generate a pull effect throughout the clusters towards export markets. Similarly, the triple-bottom line approach employed in the corporate social responsibility (CSR) context will also be mainstreamed into business linkages to offer a hands-on methodology to balance economic, social and environmental imperatives. Further integration will be sought with investment promotion services in order to enhance the effect of large investments on local communities and with renewable energy related services in order to enhance the use of renewable energies for productive activities at the cluster level.

83. The programme component will engage increasingly with the private sector as a partner of its development efforts. Emphasis will be placed on the establishment of partnerships with industrial leaders and global buyers, to leverage knowledge, best practices, resources and contacts for the benefit of local development initiatives.

84. In line with lessons learned from field experience, the component will also strengthen its services for policy advice and the development of key human resources. This implies the increasing need to address the requirements of policymakers in the process of mainstreaming cluster development into national and regional policies, while also assisting in the formation of key skills for policy implementation and monitoring required by officials of local government, intermediary support institutions, governance institutions, and educational institutions as well as the cluster entrepreneurs themselves.

85. Finally, emphasis will be placed on knowledge management functions. The programme component can already draw on a number of tools, methodologies and experiences in knowledge diffusion, policy advice and training. This set of tools will be further strengthened by the establishment of a knowledge management system encompassing four components:

(a) Knowledge codification and dissemination (systematization of project experience, communications strategy, specialized training programmes at the global and regional levels);

(b) Capacity-building of key industrial skills (training of trainers, centres of excellence);

(c) Systematic innovation of the approach (action-oriented research, monitoring and evaluation, and feedback into project design; and

(d) Networking with external partners, including IFIs.

86. Improving competitiveness, flexibility and productivity of SMEs, particularly in rural areas is a further focus of this programme component, which will continue building institutional support infrastructures for agro-based, rural industries. This

will build on commodities and the related secondary agro-processing industries with emphasis on food (such as fish, meat, dairy, fruits/vegetables, vegetable oils) and certain non-food products (wood and non-wood forest products, textiles and garments, hides and skins and derived products). Public and private techno-economic support infrastructure will furthermore be developed, based on findings in pilot rural agro-enterprises regarding production flows, product quality, waste minimization, by-product utilization and packaging methods.

87. Through the establishment of regional centres of excellence in, inter alia, food processing, safety and quality control, packaging, labelling, testing standards, agro-machinery, and by-products utilization, support services to industries will be improved in quantity and quality. This is expected to lead to higher productivity and efficiency, improvement in product quality with lower reject rates, higher levels of resource utilization and value addition, and reductions in post-harvest losses. In addition, technical advice and cooperation will be provided for the development of agricultural machinery manufacturing through the establishment of rural technology centres for technology transfer and appropriate repair and maintenance of basic agricultural tools and agro-processing equipment in rural areas.

Rural, women and youth entrepreneurship development

88. This programme component will continue to promote rural, women and youth entrepreneurship by focusing on the provision of entrepreneurial training to the designated target groups in order to help build the foundation for private sector development. It will also encourage improvements in the regulatory and administrative environment to promote competitive entrepreneurial activities in the formal sector. As the expected long-term impact of the component is an increasing number of competitive SMEs in the formal sector with an increased entrepreneurial participation of rural populations, women and young people, it is of particular interest for LDCs and countries with special needs.

89. It is planned to replicate the successful youth employment programme in West Africa (Mano River Union) in other relevant subregions.

90. Using a bottom-up growth strategy for poverty reduction, the programme component will continue to introduce practical entrepreneurship curricula at secondary and vocational training institutions, particularly targeting the development of entrepreneurial skills among the youth, both girls and boys, before they enter into their career life. It is expected that this will enable young people to acquire entrepreneurial characteristics and positive attitudes towards taking up business opportunities and self-employment. This will be enriched through elements of ICT training, combining the basics of entrepreneurship with practical experiences in the use of new technology and thus preparing young people for key job requirements and an increasingly networked information society facing any young entrepreneur.

91. During this MTPF period, UNIDO will emphasize the transformation of enterprises from the informal sector to the formal sector, with a special focus on simplifying and improving access to administrative company registration services. The programme component will also aim at improving women's participation in entrepreneurial activities, based on the principle of equal opportunities for women and men with equal capabilities and interests. It will also address the entrepreneurial

human resource development of women, and the reduction of formal and informal barriers to their entrepreneurial endeavours, including the introduction of gender-neutral business regulatory environments.

Human security and post-crisis rehabilitation

92. Countries emerging from crisis face a unique set of challenges and unless they are identified and effectively addressed, these countries face a high risk of relapsing into violence and social conflict. While the reasons for crisis situations may be different, the common factor in all these is a serious threat to human security as a result of severely depleted productive capacities, environmental degradation, destroyed livelihoods, non-existent or demolished physical or social infrastructure and the erosion of social capital.

93. Based on its experience in post-crisis and human security programmes and projects, UNIDO will continue to respond to complex emergencies through activities that contribute to socio-economic as well as environmental and energy security. It will thus help to build resilience of institutions and of the productive sector and contribute to human security particularly of vulnerable groups.

94. It has been recognized that peacekeeping must be closely interlinked with peacebuilding efforts and socio-economic development. One of the cornerstones in preventing crises and creating resilient societies is, inter alia, socio-economic development as a key factor in a country's ability to recover, withstand or avoid internal and external shocks. UNIDO will thus concentrate on a number of key interventions to help strengthening economic resilience and human security, such as restoring and upgrading of local productive capacities; building and strengthening of institutions; renewable energy for the poor; and strengthening the resilience of the most vulnerable, including youth and women.

C.5.2 Trade capacity-building

95. As has come to be widely recognized, enhancing the capacity of developing countries to participate in global trade is critical for their future economic growth and sustainable industrial development – prerequisites for poverty reduction and the achievement of MDGs 1, 3 and 8. It also ensures smoother transition towards more rule-based, non-discriminatory and inclusive patterns of international trade and economic globalization. One of the key determinants of its success is the ability of industries in developing countries to trade internationally, which in turn depends on their ability to enter into global value chains often established by transnational corporations (TNCs). This not only requires generally stronger supply capacities but also evidence of international market conformity. Industries therefore need to have better access to know-how and services allowing them to manufacture products with high-export potential and in accordance with quantitative and qualitative market requirements, including international standards, particular private buyer requirements, technical specifications and social and environmental corporate social responsibility (CSR) obligations.

96. Against this background, UNIDO will continue to support developing countries in their efforts to offer competitive, safe, reliable and cost-effective products to the world markets. This will include:

- (a) Identifying sectors and products that have competitive potential;

(b) Analysing and assessing trends in industrial performance at national, regional and global levels, and formulating strategies and policies designed to improve industrial competitiveness and to overcome technical barriers to trade (TBT) and comply with sanitary and phyto-sanitary measures (SPS);

(c) Assisting in upgrading manufacturing processes in sectors with high-export potential to internationally acceptable levels;

(d) Supporting the creation of export consortia, a specialized form of SME network;

(e) Defining CSR-related and favourable industrial policies and adequate CSR intermediary institutions; and,

(f) Designing and implementing national and regional trade capacity-building programmes, in cooperation with international partner agencies such as the Common Fund for Commodities (CFC), FAO, the International Trade Centre (UNCTAD/WTO), and the World Trade Organization (WTO).

97. Compliance with international standards and market requirements will continue to play a key role in trade capacity-building. In particular, countries that have recently acceded to WTO, or are in the accession process, need to develop adequate conformity infrastructure to fulfil the requirements and obligations, inter alia, under the WTO TBT agreement and the agreement on the application of SPS measures. To this end, capacities need to be developed in national standards bodies to perform internationally-recognized product testing and calibration services, based on analyses of infrastructural and service gaps in metrology, testing and inspection services, and develop accreditation institutions for laboratories, system certifiers and inspection bodies.

98. In the area of product standards, food hygiene and food safety (ISO 22000), quality management (ISO 9001), environmental management (ISO 14001), and social accountability (SA 8000) will continue to be of particular importance for industrial export. Other forms of international conformity that UNIDO intends to address include self declarations of conformity, such as the CE markings, and “voluntary” CSR obligations along global value chains, especially in light of the upcoming international standard on social responsibility (ISO 26000).

99. In this overall context, UNIDO will provide its trade capacity-building services through the following four interrelated programme components, namely industrial capacities for trade competitiveness, quality and compliance infrastructure, export-oriented agribusiness and SME consortia, and corporate social responsibility for market integration.

Competitive productive capacities for international trade

100. Competitive, safe, reliable and cost-effective goods and services are a key prerequisite for enhancing an industry’s competitiveness and export market share in tradable goods and services. Industries therefore have a continuous need for market information, know-how, restructuring and upgrading. This is usually supported by investment and technology inflows for process upgrading, as well as by productivity and quality management improvement.

101. The programme component will aim at building capacities in both public and private institutions of developing countries to formulate trade policies and strategies based on economic and statistical analysis; benchmarking competitive performance at sectoral and product levels; and the establishment of trade-related databases such as inventories of technical barriers to trade (TBT), which are designed to expand exports from the industrial sector.

102. This programme component also provides for technical support services in establishing regional and national productivity centres for providing targeted services that enhance enterprise productivity and export capacity. The activities are mainly targeted at strengthening the institutional capacity through expert knowledge, training programmes, study tours, equipment supply, development of tools and methodologies and undertaking pilot demonstration projects for replication.

103. Under this programme, UNIDO will also contribute substantively to the implementation of the EU/ACP Economic Partnership Agreements (EPAs). The Organization is currently engaged in finalizing the formulation of large-scale subregional programmes on industrial upgrading and modernization for five regional economic communities (REC) in the Africa, Caribbean and Pacific (ACP) regions covering more than 60 individual countries. The six-year joint ACP/EU/UNIDO initiative will be fully operational during the MTPF period, and will provide the following services:

- (a) Support for upgrading private industrial enterprises and improving their competitiveness;
- (b) Strengthening the capacities of the quality infrastructure in the beneficiary countries; and
- (c) Establishing/upgrading the required technical support institutions.

Quality and compliance infrastructure

104. This programme component will address the need for enhancing the capacity of developing countries to comply with international standards, such as ISO 9001, ISO 14001 and ISO 22000. Product traceability to ensure information on the source of products is just one example of global standards with which exporters need to comply in order to enter foreign markets. Developing country manufacturers and related industry support institutions need to develop systems to comply with the new management standards, requiring assistance in related capacity-building, awareness-building and dissemination of the necessary know-how and information.

105. The programme component will also provide technical assistance to developing countries to ensure that their products, on entering global markets, are adequately tested according to international standards and conformity assessment requirements. Developing countries are required to operate testing laboratories, which are able to test products and samples for compliance to international standards. Furthermore, to enable precision manufacture and to comply with stringent quality requirements, developing countries need metrology infrastructure, having calibration facilities that can establish measurement and traceability chains to the international system of units. Providing the evidence of conformity

presupposes that developing countries should have the institutional and legal framework for standards, metrology, testing and quality (SMTQ).

106. In essence, during this MTPF period, this programme component thus aims at:

(a) Enabling national standards bodies to offer services for industrial compliance with WTO agreements, especially on TBT/SPS, while taking into account private sector, exporter and consumer needs;

(b) Developing local capacities in metrology, calibration and product testing to provide services to local testers, producers and exporters according to international best practice, also in the field of consumer protection;

(c) Making available internationally recognized certification services for international public and private standards regarding, inter alia, quality, environment, social accountability, food safety, and traceability to exporters and local enterprises;

(d) Enabling national and regional accreditation schemes to assess the performance of local and regional laboratories, inspection units and certification bodies; and

(e) Building capacities in consumer associations to promote consumer rights based on national policies and in line with international best practices.

Export-oriented agribusiness and SME consortia

107. In the age of globalization, gaining access to export markets is particularly important for SMEs in developing countries for their growth and increased productivity. With a majority of exportable goods from developing countries coming from the agribusiness sector, this programme component will support national and regional institutions in their decision-making on economic development options for strengthening the agro-industrial sector (food, leather, textiles, wood and agromachinery). It will build capacities at the institutional and industry levels to enhance industrial productivity and marketing performance in agribusinesses, and support traditional agro-industries to improve their productivity and increase their integration into global value chains. It will also facilitate the participation of relevant institutions in the work of international normative bodies, the promotion of research on priority commodities, the preparation of training manuals and tool kits for agro-processing and related technologies, and the dissemination of agro-industrial information.

108. For many SMEs, exporting is often a complex business involving high risks. The assistance provided under this component will include the creation of export consortia in different sectors (with special emphasis on agribusiness), institutional capacity-building and policy advice on the regulatory and incentive framework. Export consortia development activities will be undertaken within cluster programmes emphasizing the linkage aspect with smaller economic partners to contribute to the pro-poor growth agenda, or as specific projects targeting dynamic SMEs in growth oriented sectors. The corporate social responsibility (CSR) concepts will be progressively integrated in the process of export consortia development to facilitate SMEs insertion into regional and global value chains. The export consortia programme component will prioritize the diffusion of knowledge and the development of specialized skills through the organization of global and regional training and by strengthening its strategic alliances with national, regional

and global organizations active in this field and by further promoting South-South cooperation activities.

Corporate social responsibility for market integration

109. CSR has been widely recognized as a modern management tool, as SMEs around the world come into contact with international supply chains and the CSR policies of foreign investors. CSR-related legislation and policies are also being developed in many parts of the world. This programme component supports public and private institutions to better understand emerging CSR standards that require adherence not only to technical concerns but also to environmental and social principles.

110. The need to adhere to these standards not only represents a compliance challenge for SMEs but a potential competitive advantage and a business opportunity for integrating successfully into global value chains. Creating enhanced awareness of this “business case” for CSR will receive special emphasis in this MTPF period. This requires adequate support in monitoring and implementing CSR standards by business support institutions and industry associations, and conducive industrial policies that actively promote environmental and social responsibility in industries.

111. The CSR programme, although included within trade capacity-building activities, is also relevant for the poverty reduction agenda of UNIDO as it promotes the active involvement of the private sector to achieve social and environmental development objectives. For this reason the programme will seek greater integration of CSR topics into the Cluster and Business Linkages Programme and in general in all UNIDO services related to the development of the private sector for poverty reduction, including, for instance the programme for youth entrepreneurship where business ethics will be included in the school curricula. Collaboration with the United Nations Office on Drugs and Crime (UNODC) on SMEs and anti-corruption will be further expanded.

C.5.3 Environment and energy

112. Global industrial production and consumption are outpacing the renewal capacity of natural resources and the capacity of governments to manage pollution and wastes. While industrial growth has helped raise tens of millions of people out of poverty in many countries over the last decades, particularly in ever-growing urban agglomerations, it is evident that economic growth and urbanization have not come without a price. These trends increasingly trigger a decline in natural capital – shrinking forests, declining biodiversity, disappearing water resources, and degraded lands – through unprecedented levels of mainly industrial air, water, and land pollution.

113. This phenomenon is accompanied by inadequate or non-existent environmental and urban services, including recycling systems, wastewater treatment and sewage systems, drainage, water supply, sanitation, and solid waste management. Such deficiencies inhibit economic growth, place further stress on natural systems, and damage public health and the investment climate. They also constrain the potential for urban areas to contribute fully to economic growth.

114. While developing countries must not be denied the chance to share in the planet's wealth, it is important to acknowledge that negative environmental effects will continue to result from current development patterns. Given the present trends in consumption and population growth, it is questionable whether our globe can continue to withstand growing levels of pollution and resource extraction without major adverse consequences in the near future. Adjustments are therefore needed in both the developed and developing countries.

115. The international concern over global climate change is increasing the attention being given to these issues. The impacts of climate change may be very serious to developing countries, particularly LDCs, many of which are ill-equipped to deal with the resulting effects on agricultural output, labour productivity, health and internal displacement. The hardest hit will undoubtedly be the poor. They are the most directly exposed to pollution and the extremes of nature brought on by climate change, and have a greater dependence on natural resources, such as crops, livestock and biomass fuels. As water tables fall and surface water variability increases, harvest cutbacks could occur simultaneously in many countries, creating potentially unmanageable food scarcity.

116. UNIDO has long recognized that environmental issues must be addressed and cleaner production methodologies must be promoted at a systemic level in industrial development. The promotion of resource efficiency requires a perspective and a decision-making process that simultaneously considers both economic value and environmental sustainability.

117. Improved resource efficiency also applies to energy where it reduces greenhouse gas emissions from energy generation and use, materials extraction and processing, transportation and waste disposal. Sustainable industrial energy strategies that include adoption of renewable energy sources as well as energy efficiency are thus key for addressing climate change through moving economies onto a lower carbon path.

118. Over-reliance on simple waste disposal is unsustainable, and countries will not be able to afford the building of adequate systems quickly and safely enough to solve their waste dilemmas if current waste generation rates persist. Waste management must therefore be viewed as an integrated part of industrial development, and many industrial business opportunities may arise not only in input-efficient production, as discussed above, but also in recycling and environmentally sound disposal. Thus, developing countries can leapfrog over conventional solutions to more profitable and sustainable opportunities, such as resource recovery and waste-to-energy schemes. The potential market for environmental goods and services is rapidly growing and could develop into a major source of employment and long-term asset protection, particularly for SMEs that concentrate on local and national demand. This can only be realized with industrialized economies promoting and transferring new technologies in the area of "green" chemistry and renewable energy.

119. Intensified competition for scarce resources, including water and energy, may not only amplify conflicts within the industrial context. Environmental degradation and climate change may also intensify already worrying trends, such as desertification, sea-level rise, more frequent severe weather events and shortages of freshwater, leading in the worst scenarios to civil and cross-border conflict,

uncontrollable migration and violence over scarce necessities. Resource efficiency and low-carbon economic development can thus lessen the pressures and help to avert some important root causes of social conflict.

120. Against this background, UNIDO provides its support services in the environment and energy thematic priority area through three interrelated programme components, covering resource efficient and low-carbon industrial production, renewable energy for productive use, and capacity-building for the implementation of multilateral environmental agreements.

Resource-efficient and low-carbon industrial production

121. Environmental protection in enterprises has been undergoing structural changes in recent years. The emphasis is shifting to preventive techniques that focus on the production processes themselves, avoiding the formation of waste or pollution in the first place or recycling it straight away to some productive purpose. Not only does this reduce the pollution load on the environment but it also saves enterprises money since waste and pollution are in effect wasted resources that the enterprise originally had to purchase.

122. This programme component will further promote this shift of focus through the establishment of National Cleaner Production Centres and by implementing other cleaner production projects, stressing the cost effectiveness of cleaner production as well as its significant contribution to environmental protection. Particular emphasis will be placed in this connection on the agro-processing sector in the developing countries, and especially on the leather, textile, wood and food industries.

123. An increasing focus will be put on the sustainable management of chemicals through a commitment to the Strategic Approach to International Chemicals Management (SAICM), adopted in early 2006. This will be based on the implementation of the follow-up funding mechanisms to SAICM's Quick Start Programme (QSP) and an increasing emphasis on promoting the concept of eco-leasing, especially in the chemicals sector where the environmental benefits are significant.

124. While cleaner production can do much to reduce the waste and pollution generated by industrial processes, some residuals will nevertheless remain, and industry needs support from the environmental services sector to recycle or otherwise dispose of them in an environmentally sound manner. At the same time, the products that industry manufactures require proper management when they reach the end of their useful lives and become waste. As the economies of developing countries grow, the need for these countries to have a strong environmental sector becomes ever more important. During the MTPF period, this programme component will therefore give greater attention to assisting countries to build up their environmental services sector, focusing particularly on recycling industries.

125. A case in point is electrical and electronic waste. As developing countries join the global information society, the quantity of obsolete electronic hardware is growing rapidly. The release of toxins into the environment from old computer and mobile phone equipment, including lead, mercury and arsenic, through poor landfilling or recovery techniques, constitute a serious environmental and social

concern. Currently, electronic appliances are rarely disposed of in an adequate manner and national regulation is often insufficient. This is why this programme component, which has started work on this waste stream, will intensify its efforts to build national and regional capacities in the field of e-waste recycling and computer refurbishing services within the broader context of promoting more and better environmental service industries in developing countries.

126. The levels of water consumption by the industrial sector will also continue to increase, as will the amounts and toxicity of the effluents it discharges to water bodies. This will become particularly critical in many developing countries, which are already suffering from shortages of water, shortages which might increase with climate change. This programme component will therefore also provide assistance to countries to protect their water resources (both national and those shared with other countries) from the discharges of industrial effluents, and to increase industrial water productivity and reduce excessive water consumption by enterprises.

127. Furthermore, the programme component will seek to improve industrial energy efficiency by contributing to the transformation of markets for energy-efficient products and services. To this end, it will be strongly promoting the use of new energy management standards, accelerated investments by industries in energy system optimization measures, and the increased deployment of new energy-efficient industrial technologies through technical, financial and policy advisory services.

Renewable energy for productive use

128. Enhancing access to modern and reliable energy supplies is widely regarded as a prerequisite for economic development in the developing economies. For such development to be sustainable, this energy must be used to promote productive uses that would create jobs and more income generation opportunities for the local communities. This programme component will therefore work to increase access to modern energy supplies, especially based on renewable energy for supporting the development of productive capacities in rural and urban areas.

129. Given the growing gap in demand and supply of energy, renewable energy has assumed a critical role in the energy supply chain in meeting the rising demand for energy, especially by industry in developing countries. Several renewable energy technologies have emerged as economically viable and environmentally friendly options, which if suitably adopted, can meet growing energy needs of industry, and particularly SMEs.

130. During the MTPF period, this programme component will in particular promote industrial applications of renewable energy in energy intensive manufacturing SMEs, which have requirements for motive power and process heat for low or high temperature applications. Currently, SMEs satisfy the great majority of these requirements through electricity derived from fossil fuels or from the direct combustion of such fuels, in the form of furnace oil, kerosene or coal. In view of rapidly rising costs of these fuels, enhanced use of renewable energy technologies would not only improve the local environment, but also increase the productivity and competitiveness of the SMEs. It also offsets unreliable energy supplies from national grids.

131. Furthermore, this programme component will intensify advice to national and regional planners and decision makers in elaborating strategies for their industrial energy mix, considering all available technologies, with a focus on renewable sources of energy. It will also enhance efforts in promoting national and regional production and assembly capacities for renewable energy technologies and adequate support structures, including innovative financial schemes.

Implementation of multilateral environmental agreements

132. There is a need to phase out the production and consumption of ozone-depleting substances (ODSs), which lead to the continuing degradation of human health and the natural environment. The Vienna Convention and the Montreal Protocol provide a response to that need. This programme component therefore assists the Governments of developing countries that are signatories to the Montreal Protocol to comply with its requirements through transferring non-ODS-based technologies to Article 5 countries and supporting them to meet the set targets in terms of tonnages of ODS to be eliminated. During the MTPF period, the programme component will be shifting its focus to methyl bromide and hydrochlorofluorocarbons (HCFCs).

133. The climate change element of this programme component aims at supporting both the mitigation (reducing emissions at source) and adaptation (adapting to unavoidable levels of climate change) approaches. Support services for the former include the development of viable projects for greenhouse gas emission reductions in developing countries and economies in transition, providing sustainable development benefits at the national level in addition to contributing to global environmental efforts to mitigate climate change. Support services for the latter include assistance with the development of relevant programmes and projects, focusing on the adaptation priorities of the industrial sector in developing countries. To this end, UNIDO will continue to:

(a) Support host country capacity and institution building to enable and maximize opportunities for technology transfer and carbon financing for investment in environmental projects in the industrial sector, through the clean development mechanism (CDM) or joint implementation (JI);

(b) Promote carbon projects and support the development of new and innovative partnerships between carbon market participants (e.g. buyers and sellers of emission reductions); and

(c) Maximize and promote carbon finance potential to support technology transfer and know-how in industrial energy efficiency and renewable energy.

134. There is a commitment on the part of Governments that are parties to the Stockholm Convention on Persistent Organic Pollutants (POPs) to implement legal, organizational and environmental management measures, including substantive technological changes, in order to comply with the requirements of the Convention. The production and use of POPs as well as their presence in the biosphere are causing serious damage to human health and the environment. This programme component therefore will also assist developing countries and countries with economies in transition to achieve compliance with the Stockholm Convention and aims at developing capacities in developing countries to protect their populations and their environmental resources from POPs-related pollution.

C.5.4 Cross-cutting programmes

135. UNIDO also implements a small number of cross-cutting programmes. For the MTPF 2010-2013, these cross-cutting programmes have been identified as strategic industrial research and statistics; partnerships with international financial institutions and the private sector, and South-South cooperation.

Strategic industrial research and statistics

136. Industrial development is a major source of prosperity for the world population and will continue to be so for a long time to come. It creates the jobs that help lift people out of poverty and gradually, as countries progress through its different stages, leads to higher salaries, better working conditions and increasing job satisfaction. It has a proven potential for realizing factor productivity growth and higher multiplier effects through the creation of linkages. It spawns many of the goods that allow individuals to live a more comfortable life and to improve their standard of living. It provides the technologies that allow for newer jobs, a wider range of products and continuously improving production methods. Through the interaction between employment creation, technological change and innovation, industrialization generates a self-reinforcing dynamic process that underpins economic growth for more than two centuries.

137. Understanding how industrialization unfolds is no easy feat. The multiplicity of mutually interacting factors means that there is no single path to industrial development. It also means that, at any one point in time, countries need not be at the same stage of progress. This complexity notwithstanding, without a proper understanding of the determinants of industrial development, UNIDO would not be able to fulfil its mandate to advise and provide technical cooperation services on this subject. One of the main objectives of the Organization's research programme is, therefore, to identify and explain patterns of industrial development as well as their underlying causality. The research focuses on the intersection between structural change within manufacturing industry, domestic investment and technological learning and change while distinguishing, at least, between the experiences of LDCs and middle-income countries (MICs).

138. To be relevant for its internal and external stakeholders UNIDO's research needs to link to its thematic priorities and programme components. Thus, identifying the poverty reduction and empowerment effects of different industrialization patterns will constitute a key area of research in this MTPF period. An examination will also be conducted of the impact of diverse types of SME clustering arrangements and of natural resource-based as opposed to processing-based value chains on structural change. Furthermore, the choices in terms of energy efficient technologies and investments vis-à-vis varying stages or levels of industrial development will be studied. Indeed, an analysis of the major determinants of industrial development and their implications for UNIDO's thematic priorities will contribute to developing a unique area of expertise and add value to the world body of knowledge on industrialization. This will, in turn, constitute the basis for building an industrial policy framework aimed at recommending optimal country-specific industrial development strategies, another major objective of the research programme and UNIDO at large.

139. A full account of the causes and implications of industrialization and its effects needs to be sought. Yet, comprehensive explanations are beyond the capacity of any research institution, let alone UNIDO. To this end, it will be necessary to partner with other like-minded United Nations organizations, universities and research centres in order to enhance UNIDO's understanding of the phenomenon at stake. Much in the way that business development partnerships emerge between private and public sectors and funding partnerships emerge between international organizations, there is potential for expanding "knowledge partnerships" between research at UNIDO and top academic institutions specialized in thematic priorities.

140. UNIDO's contribution to understanding industrial development will be applied and grounded in solid empirical data. Indeed, the Organization has the responsibility to compile and distribute key industrial statistics, which governments, private sector and knowledge institutions also use for their own industrial strategies, policies and programmes. Methodologies for the production and dissemination of industrial statistics emerge from the interaction between national statistics offices, UNIDO and the international statistics community. In addition, UNIDO produces manufacturing production data at the subsectoral level as well as indicators of industrial competitiveness and productivity. New indicators related to thematic priorities will need to be devised. Training and capacity-building will be provided in industrial statistics as well as in their relationship to thematic priorities and industrialization strategies and policies.

141. In terms of publications, the Industrial Development Report (IDR) will continue to be the periodical flagship publication of UNIDO. While in recent years the document emphasizes a theme, it is envisaged that in the coming years the IDR will be more message oriented in the sense that it will convey a clear statement that the Organization considers topical and significant at the time of publication. The IDR will be complemented with working papers and topical papers. A continuously updated and improved version of the UNIDO Scoreboard will, as always, be included.

Partnerships with international financial institutions and the private sector

142. During the MTPF period, UNIDO will continue to seek strategic partnerships with other organizations and institutions in the public and private sectors, and with private corporations. The rationale for these partnerships is to maximize the scope for synergies between UNIDO's services and the development-related activities of the partner agencies, and hence to maximize the developmental impact of these joint activities. The scope for these partnerships straddles all three thematic priorities of UNIDO, and is hence regarded as a mechanism with a cross-cutting applicability.

143. Given the often significant divergences between the objectives, business models and focus areas of these potential partners and those of UNIDO, innovative approaches are required to identify possible areas and modalities of cooperation. Based on the extensive experience already gained by UNIDO in the establishment of such partnerships in recent years, UNIDO expects to achieve a substantial expansion of these partnerships in the MTPF period.

144. Particular emphasis will be placed in this context on the development of partnerships with international finance institutions (IFIs), including development finance institutions, which generally share UNIDO's objectives of reducing poverty,

promoting economic growth and protecting the environment. Traditionally, they have promoted these objectives by working with governments and government agencies, and by providing loans for public sector projects or programmes, technical assistance, and policy-based lending.

145. There is an increased recognition among developing countries of the need to create the conditions in which a strong private sector can flourish. Thus, considerable scope exists for synergies between technical assistance on the one hand, which would be aimed at improving the business environment with a view to encouraging domestic and foreign private investments as a source of market-oriented economic growth, and financial assistance on the other, which would help to sustain such private sector investment. Such a scheme thus establishes a functional mechanism linking typical technical assistance delivered by multilateral organizations, such as UNIDO, with financial instruments supported by the IFIs.

146. From an operational point of view, the anticipated synergies between UNIDO and IFIs can occur at two different levels:

(a) UNIDO supports an IFI in the establishment and implementation of a large-scale investment programme by offering its specific country-level data and expertise. In doing so, it enhances its technical cooperation functions in Member States and attains greater impact. Working in partnership with IFIs may also allow UNIDO to increase its support to Member States by leveraging new funding sources.

(b) IFIs address local SMEs through intermediary partners, such as local banks, fund managers or guarantee organizations. UNIDO's expertise and experience in working with SMEs, inter alia in identifying suitable investment opportunities or helping SMEs to overcome information asymmetries between themselves and the financial intermediaries that they work with, can help to ensure the success of such programmes.

147. UNIDO has already pioneered such arrangements with a number of IFIs, and will seek to develop them further in the MTPF period. It will also seek to develop similar partnerships with private sector funds, where appropriate. Through the development of collaborative programmes, knowledge generation and sharing, and the provision of policy advisory services to governments, UNIDO will aim to enhance the effectiveness of the services provided by these institutions, and thereby increase their developmental impact.

148. Strategic partnerships and alliances will also continue to be promoted with private corporations in an effort to engage them as agents for developmental change and leverage their resources and corporate citizenship approaches for joint programmes of technical cooperation for sustainable industrial development. In this context, UNIDO will build on the experience of its existing private sector engagement programmes, which are based on three broad categories of interventions:

(a) Promoting the principles and values of the United Nations Global Compact, of which UNIDO is a core agency, with a special focus on SMEs;

(b) Supporting the establishment of linkages between large corporations and small suppliers with a view to facilitating their integration into national and global value chains;

(c) Mobilizing the private sector as a source of direct investments, technology transfer and outsourcing opportunities, as well as the establishment of innovative partnerships with a special emphasis on information and communication technology (ICT) and the development of public-private partnerships.

South-South cooperation

149. South-South cooperation will remain a key priority for UNIDO for the period 2010-2013. After the successful establishment of South-South Industrial Cooperation Centres (USSICC) in India (2007) and China (2008), it is expected that three or four new centres of this kind will become operational by 2013 in various middle-income countries based on ongoing negotiations with their governments.

150. South-South cooperation and the associated UNIDO centres are likely to establish an increasingly strategic role in development cooperation in the medium term. As the current financial crisis and global economic restructuring continue to unfold, they are likely to have significant impact on the changing architecture of aid, and it is assumed that South-South cooperation will rise to constitute a larger portion of development cooperation among various international agencies, international financial institutions, and partners in the future.

151. In order to meet these challenges and opportunities, UNIDO will work with all key external partners such as the UNDP South-South Cooperation Unit to increase its capacities and resources required for continued support at various levels. Such endeavours will require additional funds from a wider range of sources, particularly from the South. In this regard, an important step for UNIDO will be to establish dynamic and responsive mechanisms for interaction with a new group of donor countries, including traditional recipient countries.

152. At the same time, the MTPF period will also provide an opportunity to carry out strategic evaluations of South-South cooperation, including the new Industrial Centres, and to draw from the lessons learned at a relatively early stage. Such reviews will include cost-benefit analyses of South-South cooperation versus traditional cooperation; determining best practices; focusing on quality and results (what works and what does not); and furthering the discourse on cooperation modalities, including triangular cooperation. This exercise will be a key contribution to determining UNIDO's South-South strategy and future direction.

153. As part of its efforts to strengthen South-South cooperation, UNIDO will also enhance the coordination and synergies between its investment and technology promotion centres, thus bringing a large network of resources together with the requisite web-based tools for easy and cost-effective global access to information.

Special programme for the least developed countries (LDCs)

154. The past few years have witnessed a surge in the economic growth of LDCs as a group with improved terms of international trade for primary commodities. The average annual growth rate of these countries amounted to around 7 per cent over the period 2005-2007, which exceeded that of the high income group of countries and represented the best overall economic performance by LDCs in 30 years. Rising demand for primary commodities from newly industrialized countries coupled with rising levels of FDI from these countries into the LDCs have been major factors in reversing the longstanding and steady deterioration in the LDCs' terms of trade.

155. The current financial turmoil poses a potentially serious threat to recent LDC gains as a sudden drop in demand for various commodities and fears of a global recession have driven down prices. In the context of long-term globalization trends, however, it appears safe to assume that the market for various commodities has expanded irreversibly, and that while demand for primary commodities may continue to weaken in the foreseeable future, it is unlikely to collapse and may even stage a rapid recovery before or during the MTPF period.

156. The future prospects for LDCs in the medium term are therefore unclear, with many challenges and opportunities on the horizon. What is clear, however, is that the global economy is increasingly interdependent, and there are new centres of wealth and economic dynamism that could reignite the growth momentum of the LDCs. Moreover, the developments of recent months have clearly demonstrated the LDCs' vulnerability to external shocks and their need for economic diversification and greater trade options for sustainable economic development.

157. Over the coming years, the LDCs will have greater opportunities to produce a wide range of goods, attract a wider range of investors, and trade in a wider range of markets. Against this background, the LDCs are likely to see greater levels of aid and investment flows from a growing number of partners in the medium term once the current structural adjustments take root.

158. Translating economic growth into development and poverty reduction remains a significant challenge for all countries, but for LDCs in particular. To help these countries achieve the MDGs, UNIDO will almost inevitably have to assume a greater role. This is particularly true if current trends toward addressing supply-side constraints and diversification of trade continue to flourish with initiatives such as Aid for Trade and the Enhanced Integrated Framework (EIF).

159. Resource mobilization is a key element of UNIDO's growing support towards productivity enhancement for poverty reduction among LDCs. UNIDO will continue to leverage new opportunities presented by the new aid architecture, and bring traditional, new and emerging donors together through North-South, South-South and triangular cooperation. Such initiatives will also be aimed at stimulating investment and technical cooperation flows to the countries in question through collaboration with the Organization's investment and technology promotion offices and the newly established South-South Centres.

160. In supporting LDCs, particular attention will continue to be paid to agribusiness, trade capacity-building (including standards and metrology), SME development, cleaner production and technology transfer from an increasingly diversified range of sources and partners in the North and the South. UNIDO will also play its role in maintaining a focus on poverty reduction and the achievement of the MDGs through effective development cooperation, policy advisory support, and socially responsible private sector development. In addition, UNIDO will develop a new initiative to formulate and implement specific Aid for Trade programmes in eight pilot countries in collaboration with EIF partners. Through these activities it is anticipated that the volume and quality of UNIDO support for the LDCs will have been significantly enhanced by the end of the MTPF period.

C.6 Regional programmes

161. The application of these programme components will be determined by the specific developmental needs of the regions and countries concerned. For this purpose, individual regional programmes will be formulated to draw upon the various available programme components and integrate them into coherent and demand-driven regional response packages, specifically designed to meet the industrial policy and technical cooperation needs of each region. The key priorities for the regional programmes in Africa, the Arab region, Asia and the Pacific, Europe and the Newly Independent States, and Latin America and the Caribbean for the period 2010-13 are described below. These will be refined into more specific country programmes addressing the precise development needs of the countries according to their level and pattern of industrial and economic development. Furthermore, special programmes will be developed to cover priorities in areas such as least-developed countries (LDCs) and countries in post-crisis situations.

C.6.1 The regional programme for Africa

Recent trends and challenges

162. The African region has benefited from a number of favourable developments in recent years. Most African countries have implemented extensive and deep-reaching macroeconomic stabilization measures during this period. Many have also experienced robust global demand growth and high prices for their commodity exports, including oil, as well as increasing private capital flows and debt forgiveness. Similarly, the evolution from protectionism to liberalization in the global trading system has offered tremendous opportunities to Africa to promote its trade and economic development. Apart from various preferential trade agreements, the region has also benefited from other important concessionary schemes such as the Africa Growth and Opportunity Act (AGOA) and the Everything But Arms Initiative.

163. The impact of these developments has been impressive, with African countries enjoying a continued acceleration of economic growth in recent years, culminating in average GDP growth rates of 5.7 per cent in 2006 and 5.8 per cent in 2008. Unfortunately, however, the response of the industrial sector to these developments has remained subdued. This weak response has largely been attributed to supply-side rigidities arising from weak productive and trade capacities, poor infrastructure and weak internal demand. The effects of these weaknesses have been exacerbated by a variety of challenges limiting the region's ability to integrate into the multilateral trading system, which have prevented it from reaping the full benefits of the new trading opportunities it has been offered. These include the lack of conducive business environments, adequate productive capacities, effective investment promotion mechanisms and private sector development tools, appropriate knowledge and innovation systems, and internationally recognized quality assurance systems which would allow the region's exports to comply with the technical standards and regulations prevailing in international markets.

164. These constraints are significantly inhibiting the industrial and trade and development potential of Africa. In addition, most African countries face major difficulties in the agro-food or textiles and garments sectors where they would otherwise enjoy comparative advantages. The key to raising their industrial

performance consequently lies in promoting the insertion of their industries into local and global value chains in these major subsectors.

165. In addition, most parts of Africa, and especially the rural areas, are characterized by a lack of access to energy, as well as low energy efficiency and an overdependence on traditional biomass for meeting basic energy needs. Since access to affordable energy is the central determinant of economic growth and poverty reduction efforts, Africa continues to face critical challenges related to its energy sector. Yet, Africa is endowed with vast energy resources that remain largely untapped, including oil and gas in North Africa and coal in South Africa. The need to exploit and integrate all sources of energy consequently remains high, especially as oil prices are expected to follow a rising long-term trend and energy shortages are having a negative impact on industrial performance and economic growth. In addition, Africa faces continuing threats of severe environmental degradation, increasing pollution of crucial water bodies and soil as well as climate change. All of these issues will have to be taken into account in developing sustainable patterns of industrial development for the region.

The UNIDO response

166. Against this background, the Tenth Ordinary Session of the African Union Assembly of Heads of States and Governments held in January 2008 in Addis Ababa, Ethiopia, approved the Action Plan for Accelerated Industrial Development of Africa. With its accent on the transformation of African economies through value addition, wealth creation and connectivity with global trade, this decision represented a significant turning point for Africa's development prospects. UNIDO will fully support the implementation of this Plan and align the services it provides to the African region with its objectives and priorities.

167. To operationalize the Action Plan, seven programme clusters have been agreed upon:

1. Industrial policy and institutional direction;
2. Upgrading production and trade capacities;
3. Promotion of infrastructure and energy for industrial development;
4. Human resources for industry;
5. Industrial innovations, research and development and technological development;
6. Financing and resource mobilization; and
7. Sustainable development.

168. In most of these areas, and especially in the context of clusters 1, 2, 3, 4 and 5, UNIDO will contribute to building the necessary productive and trade capacities, as well as managerial capacities, skills and competitiveness. In general, within the scope of the above, cooperation services will be provided to guide the development of national and regional industrial policies and strengthening regional institutions and infrastructure. In addition, issues relating to investment promotion, technology transfer, SME cluster development and development of export consortia, quality management and compliance with international standards, and cleaner production

will be addressed to enhance the supply capacities and export potential of countries in the region. It may be noted that UNIDO, at the request of the Regional Economic Communities of Sub-Saharan Africa – Economic Community of West African States (ECOWAS), Communauté Economique et Monétaire de l’Afrique Centrale/Communauté Economique des Etats d’Afrique centrale (CEMAC/CEEAC), Southern African Development Community (SADC), and Common Market for Eastern and Southern Africa (COMESA) – has prepared four regional industrial modernization programmes for these regions, in close consultation with the European Commission (EC). The regions are in the process of including these programmes within the regional Aid for Trade packages that they are discussing with their European Union development partners.

169. Furthermore, UNIDO’s technical cooperation services in these areas will be aimed at encouraging investments from the African diaspora, sovereign wealth funds, other foreign investors, and the emerging African private sector and capital markets, which could be channelled into regional investment projects in industry and infrastructure. Efforts will also be made to promote increased intra-African trade, with the aim of fostering intensified industrial cooperation among African industrial entrepreneurs, and thereby enabling African industry to benefit from economies of scale as well as specialization. This will also strengthen the capacity of African entrepreneurs to enter into international supply chains value and establish a greater presence in international markets, especially for agro-based products.

170. In the field of environment and energy, emphasis will be placed on a number of activities to contribute to Africa’s energy security through the implementation of policies and programmes designed to promote increased energy efficiency and to demonstrate the potential and benefits of renewable energy technologies. Particular emphasis will be given to the latter, with a view to enhancing access to energy and augmenting rural electrification as a means of enhancing the quality of life of local populations and their ability to engage in industrial activities. Due account will be taken in this connection of the outcomes of recent expert group meetings on biofuels and renewable energy and other related events arranged by UNIDO. At the same time, UNIDO will continue to promote programmes to increase environmental sustainability, including programmes for the protection of large marine ecosystems, the adoption of cleaner production measures, and the establishment of institutional capacities for pollution control and environmental management.

C.6.2 The regional programme for the Arab region

Recent trends and challenges

171. Poverty reduction remains one of the primary challenges facing many countries in the Arab region and unemployment – mainly among the youth – still constitutes a major challenge to economic development. This general challenge notwithstanding, the region is marked by extensive variations in development trends between its various subregions, including the oil producing and non-oil producing countries of the Arabian Peninsula, the Arab Maghreb countries, and the West Asian Arab countries.

172. In many countries of the Arabian Peninsula and its offshore islands, the availability of substantial oil revenues has permitted the creation of a modern physical and social infrastructure, and facilitated a substantial increase in the

standard of living of the population. These countries have established an open trade regime and enjoy low inflation, stable currencies and good living standards. In particular, they face two challenges for sustainable industrial development: (a) a diversification of their economies from their heavy dependence on oil, and (b) a shift from the public to the private sector.

173. The Arab states of the West Asia subregion are suffering from the effects of war and civil conflict, sometimes directly and sometimes indirectly. The associated political uncertainty is affecting all countries in this subregion, and constraining their ability to embark on a sustainable process of economic and industrial development. This subregion also faces a strong need to rehabilitate its often outdated and frequently damaged industrial infrastructure and capacities.

174. For the African Arab states, the main concern is the establishment of an appropriate policy framework at the national and subregional levels in order to enable them to meet their sustainable development objectives and achieve, in particular, poverty reduction through employment creation and income generation. In this context, emphasis is also placed on private sector development and the development of SMEs. In addition, these countries need to promote sustainable productivity growth through technology diffusion and a modernization and upgrading of their industrial sector in general and their agro-industries in particular. Trade facilitation and market access are other major prerequisites for the achievement of their industrial development goals.

175. Meanwhile, for the small number of Arab LDCs the principal objective is to overcome abject poverty and to move out of the vicious cycle of low income, low investment and low growth. Their economic stagnation is linked to the insufficient attention paid to the development of the productive sectors, and especially their manufacturing industry. Without developing their industrial sector, they are unlikely to be able to embark upon a sustainable path of economic development.

176. The Arab region as a whole faces significant environmental challenges affecting air and water pollution, the degradation and depletion of natural resources, and the inefficient use of energy. The degradation and depletion of natural resources, especially with regard to the larger water bodies, constitutes a serious problem in the region. It is widely expected that environmental management and industrial pollution control capacities and policies will increasingly become key necessities for the region.

The UNIDO response

177. Based on the specific development trends and challenges identified above, UNIDO's programme in the Arab region will continue to focus primarily on entrepreneurship development. In this context, due attention will also be given to promoting rural entrepreneurship and the economic empowerment of women and youth, with an emphasis on supporting the creation of employment and income opportunities. The strengthening of the "missing middle" will also remain a focus and UNIDO will consequently implement programmes targeting private sector development, with an emphasis on agro-industries and SME development (including in particular SME clusters and networks). In the case of the major oil-producing countries, steps will also be taken to promote a diversification of products away from crude oil or oil products.

178. In overall terms, the UNIDO Programme for the Arab region during the MTPF 2010-2013 period will involve the following activities:

- (a) Upgrading the industrial sector for improved competitiveness;
- (b) Strengthening the export sectors by promoting quality assurance issues;
- (c) Establishing and strengthening investment and technology promotion offices in the Arab region; and
- (d) Strengthening South-South cooperation.

179. The UNIDO strategy for the Gulf Cooperation Council (GCC) countries will aim to provide high quality technical advice for developing human resources and upgrading industrial skills, increasing diversification, promoting new competitive technologies, technology parks and innovation, promotion of the private sector, and consolidating regional cooperation.

180. For the Arab States of the West Asia subregion, UNIDO will focus on the formulation of sound industrial policy strategies and programmes, including those covering private sector entrepreneurship development programmes, investment and technology promotion, improvement of product quality and the development of export markets, promotion of rural development and renewable energy, and the protection of the environment, water management and control of industrial waste.

181. For the Northern African subregion, UNIDO will aim at helping countries address the challenges to local industries posed by the Euro-Mediterranean free trade area by 2010. This will include measures to promote competitive trade expansion, a further emphasis on private sector development and the development of SMEs.

182. The Arab LDCs will only be able to benefit from liberalized trade if existing supply-side constraints for industrial growth are removed and competitive productive capacities are developed. This will be the priority for UNIDO's support during the MTPF period.

C.6.3 The regional programme for Asia and the Pacific

Recent trends and challenges

183. The Asia and the Pacific region comprises a diverse group of countries at divergent levels of development and facing varied challenges. On the one hand, it hosts a large number of rapidly growing and industrializing countries, led by China, India and some member states of the Association of Southeast Asian Nations (ASEAN). On the other, it includes fourteen LDCs, some of which are landlocked while others are small island developing states.

184. China has been the main engine of growth of the region in the recent past, registering an annual average GDP growth rate of about 10 per cent during the past decade. This growth in economy as a whole has mainly been driven by double-digit growth rates in the country's industrial sector. The robust performance of China has had positive spillover effects on many other countries in the region, stimulating trade and economic growth and lifting millions out of poverty.

185. Despite the considerable progress achieved in recent years in reducing poverty in this region, it remains home to more than 600 million poor people – nearly two-

thirds of the poor population of the world. Moreover, a significant majority, again some two-thirds, of Asia's poor are women. Poverty reduction and enhancing the role of women in development are thus the main priorities of the region in the medium and long term. Fortunately, the experiences gained in the rapidly developing and industrializing countries of the region bring opportunities for the intraregional transfer of best practices in poverty reduction and technology. These rapidly developing countries also serve as sources for investment and as potential markets for other countries in the region.

186. Although they vary in scope and intensity from country to country, and from subregion to subregion, the region is facing a number of developmental challenges. Income disparities remain a major challenge for many countries, even for the rapidly growing and populous countries such as China and India. Some of the poorest countries in the region are emerging from conflict and have very weak institutional capacities, while the small island countries have difficulty creating employment for their growing and youthful population, and in achieving sustainable development. Moreover, their very survival is threatened by rising sea levels caused by climate change. In many countries, energy and food security issues are high on the development agenda. The region has also suffered severe environmental deterioration due to a combination of factors, such as high population density and growth, rapid industrialization and urbanization, natural disasters, and poverty.

The UNIDO response

187. The diversity of the Asian and Pacific region will necessitate the adoption of a differentiated approach by UNIDO with regard to the support services it offers to the countries of the region. In overall terms, the development of SME enabling frameworks, especially in the context of agro-based industries, will remain a key priority in the region. Thus, institutional support, cluster development, rural and women's entrepreneurship development, food-safety infrastructure, skills development and capacity-building in the use of new technologies, and support to traditional agro-industries for enhancement of productivity will constitute major programme components in the region.

188. In order to improve the competitiveness of the low-income and lower middle-income countries, UNIDO will emphasize the establishment or enhancement of the standards and conformity infrastructure, institutional capacities for supply chain management, information networking and technology development. In the LDCs, and in particular in the Pacific island countries, the main focus will be on regional cooperation projects and programmes for youth employment, food safety, renewable energy and climate change.

189. The Regional Programme for Asia and the Pacific will also give high priority to the integration of economic and environmental measures. In particular, UNIDO will promote and implement its "Green Industry Initiative" in Asia and hold several international conferences on green industry, renewable energy, energy efficiency and climate change in the region. High emphasis will also be given to issues of environmental management in countries where industrialization has already advanced, including China, India and several ASEAN countries. The services provided to these countries will include programmes related to the Montreal Protocol, the elimination of POPs, and cleaner production and resource efficiency.

Where appropriate, the Organization will also support the transfer of modern environmentally sound technologies for renewable energy and water management.

190. The dynamism and diversity of the region's economies provide a tremendous potential for development cooperation among countries within the region and beyond. Through the established South-South Industrial Cooperation Centers (USSICC) in China and India, UNIDO will promote industrial South-South cooperation within Asia and between Asia and other regions in areas such as investment promotion, technology transfer, transfer of knowledge and know-how, and sharing of development experiences.

C.6.4 The regional programme for Europe and the Newly Independent States (NIS)

Recent trends and challenges

191. The Europe and NIS Programme covers 29 countries of great diversity, many of which have experienced conflicts during the past 15 years. This legacy seriously constrains the ability of the countries of the region to realize their full development potential, particularly in the Caucasus, Central Asia and the Western Balkans. Moreover, the countries of the region are in varying stages of transition from centrally planned to market-based economies and many are still suffering the aftershocks of this transition, which has frequently resulted in high levels of unemployment and uneven development patterns within the individual countries.

192. One of the region's most important development milestones was the accession of 12 countries to the European Union (EU). These countries are "graduating" from the status of recipients of development assistance from United Nations agencies and from bilateral donors. Instead, they are becoming "emerging donors", and are putting in place their own development cooperation frameworks with other countries in the Europe and NIS region and beyond.

193. The other 19 countries remain fully eligible for development assistance and can be grouped into four subregions: Central Asia, the Caucasus, Western NIS (including the Russian Federation) and South-Eastern Europe (including Turkey). Economic and industrial diversification is a growing and most pressing need in all four subregions. Their efforts to break into Western European and other world markets for industrial goods are stymied by their inability to comply with the various trade, energy, environmental and social standards prevailing in these markets. The industrial technologies employed in these countries are also often outdated and environmentally unsafe, leading to high levels of toxic emissions and pollution. While some countries from the South-Eastern Europe and Western NIS have been pursuing harmonization with the European Union, the countries in Central Asia and the Caucasus are striving to accelerate their integration within the NIS region.

The UNIDO response

194. UNIDO's technical cooperation with the Europe and NIS region emphasizes capacity-building in several interconnected areas such as policy measures for economic and industrial diversification, private sector and SME development, technology management and cleaner production, which reflects the strong demand for these programme areas in the countries in the region. During the MTPF 2010-2013 period this broad range of support services will be retained, with additional

measures being introduced according to the needs and development priorities of the countries of the region, and a tailored approach being adopted to address the divergent requirements of the emerging donor and the remaining recipient countries. In this context, UNIDO will also promote East-East cooperation in order to share best practices and channel development assistance to poorer countries in the region.

195. During the MTPF period, UNIDO will continue to help the countries of this region to formulate measures to diversify their economies. In this context, particular emphasis will be placed on helping them to realize their considerable potential for achieving increased food security and exports through the development and modernization of their agro-industrial sector. The issue of unemployment will continue to be addressed through the promotion of SMEs and entrepreneurship development, particularly for women and youth. UNIDO will also continue its regional programme on technology foresight, a key aspect of which will be to offer incentives and assistance to enterprises for the adoption of improved technologies for enhanced competitiveness.

196. UNIDO will also continue to support the efforts of the countries of the region to participate in international trade. To meet the technical requirements prevailing in external markets it will continue to help them to strengthen their capacities to address such issues as conformity assessment, standardization, traceability and quality control. To meet the challenges posed by international social and environmental standards, meanwhile, UNIDO will assist in the establishment of a “Regional Centre for CSR Competence”.

197. To address climate change and other energy-related issues, UNIDO will promote projects on industrial energy efficiency and energy management standards, focusing on a new generation of energy-saving technologies. In addition, UNIDO will assist in exploring the scope for expanding the use of renewable sources of energy, such as wind, solar, biomass, small hydropower and biofuels. The International Centre for Hydrogen Technologies (ICHET) in Istanbul, Turkey will continue its research on use and application of hydrogen as a renewable source of energy through demonstration projects in the region and worldwide.

198. Cleaner and sustainable production will remain a priority programme within the environmental area. UNIDO’s activities will be expanded through the establishment of new National Cleaner Production Centers (NCPCs) and the strengthening of the existing NCPCs in the region. The Organization will also continue to assist the governments of the region in the field of water management by supporting the increased reuse and recycling of water, and the application of environmentally sound technologies to minimize water and pollution discharges. In the context of the Montreal Protocol and the Stockholm Convention, meanwhile, UNIDO will continue its activities in phasing out ozone depleting substances and persistent organic pollutants.

C.6.5 The regional programme for Latin America and the Caribbean (LAC)

Recent trends and challenges

199. Despite a broadly favourable macroeconomic performance in recent years, the LAC region continues to face high levels of poverty, which affects about one-third of its population, or approximately 180 million people. Of these, some 70 million reside in the region’s five most populous countries. The incidence of poverty is

particularly acute in the countryside, and is both a cause and an effect of the rapid urbanization and rural-urban migration throughout the region in the past few decades. Within this overall context of continuing high poverty levels, the gaps between high and low-income groups, rural and urban areas, and more developed and less developed areas are also becoming more pronounced.

200. In an attempt to take advantage of the opportunities for trade and income growth offered by the processes of globalization and economic liberalization prevailing since the 1980s, the countries of the LAC region have entered into a number of free trade agreements among themselves and with their major trading partners outside the region. Particular attention has been given in this context to “North-South” accords with industrialized nations, e.g. in the Free Trade Area of the Americas (FTAA), and with the European Union (EU). However, while offering new opportunities, the opening of the LAC economies also exposed them to significant external competitive pressures and shocks, which necessitated a variety of structural changes that aggravated the incidence of poverty.

201. The natural wealth and abundance of the region’s different ecosystems form an important base for the development of its economies and the improvement of its people’s quality of life. However, the overexploitation of these resources, reinforced more recently by the effects of climate change, is resulting in their rapid depletion and in serious damage to the natural environment.

202. These general conditions prevail in varying degrees throughout the LAC region, but at the same time there are clearly distinguishable subregions with their own particular characteristics. Central America is made up of largely agro-based economies and suffers from widespread poverty while the Andean region has a larger natural resource and industrial base but with serious levels of rural poverty. The Southern Cone and Mexico boast the most sophisticated economies of the entire region but also show pockets of remarkable poverty, while the Caribbean has the typical problems of small island economies, such as a heavy dependency on imports and the limitations of small domestic markets.

The UNIDO response

203. During the period 2010-2013, UNIDO will continue to build on the success of the “Regional Programme for Latin American and Caribbean (RPLAC)”, established in response to resolution GC.11/Res.1 and approved by GRULAC and UNIDO in November 2007. Apart from supporting regional integration, the RPLAC aims to strengthen the systematic dialogue between UNIDO and LAC Member States to facilitate a continuous process of project identification and priority review. As in previous periods, a number of support instruments will be employed to ensure the relevance of the UNIDO thematic priorities to the region, to enhance the implementation of joint funds mobilization strategies and to achieve a higher impact of UNIDO technical cooperation programmes in the LAC region. Those instruments include, in particular, an Industrial Knowledge Bank as a mechanism for intraregional South-South cooperation; study tours and a regional virtual community of practice; a mechanism for strengthening intraregional dialogue through annual thematic expert group coordination meetings for the development of regional and subregional technical strategies; and a mechanism for the promotion of multi-stakeholder coordination platforms by means of establishing National Consultative Groups in LAC countries.

204. RPLAC will also continue the development of the Observatory for Renewable Energy and the Rational Use of Energy in Latin America and the Caribbean Region, taking into account Board decision IDB.32/Dec.8 and the conclusions reached at the Ministerial Meeting on Renewable Energy held in Montevideo in September 2006.

205. Against this background, UNIDO will seek to tailor its technical cooperation projects and programmes to the specific needs of the various countries and subregions within the LAC region. Particular emphasis will be given in this connection to strengthening the integration of the LAC countries at the subregional level, including Central America, the Andean subregion, Mercosur/Mercosul, and the Caribbean. The objectives to be achieved through this integration will include compliance with the increasingly demanding rules and regulations in external markets, the adoption of standards and new marketing strategies, the modernization of technology, and the use of more productive practices that increase the added value and competitiveness of their manufactures. UNIDO has already launched preparatory measures to support such regional integration programmes, often in cooperation and coordination with the EC. It is expected that these programmes will be fully operational during the MTPF period, especially in the Andean, Caribbean and Central American subregions.

206. More specifically, UNIDO activities in Central America will focus on supporting the development of agro-based value chains to satisfy domestic needs and produce for export markets. By contrast, the Organization's activities in the largely middle-income countries of the Andean region and the lower-income countries of the Southern Cone will concentrate on improving industrial competitiveness of their industries through the promotion of SME clusters, export consortia, the quality and compliance infrastructure, as well as through support for industrial policy formulation. In the larger economies of the Southern Cone and in Mexico, UNIDO projects will mainly target agro-based value chains in the poorer, largely rural, areas with a view to improving local living conditions. For the island economies of the Caribbean, emphasis will be placed on adding value to existing agro-based production in an ecologically sustainable manner, and negotiations are currently underway with the Global Environment Facility (GEF) for the development of such a programme.

207. In addition, LAC countries need to develop strategies to meet new challenges to regional integration, including compliance with more demanding market rules and regulations, adoption of standards, new marketing strategies, modernization of technology and the use of more productive practices that increase the added value and competitiveness of their manufactures. The economic models and manufacturing activities in LAC countries should therefore be adjusted to these new realities.

208. The environmental stress faced by many countries of the Latin American and Caribbean region underlines the fact that poverty reduction and sustainable industrial development will only be achieved if environmental and social concerns are properly integrated into industrial strategies, policies and plans, with shared responsibilities at all levels of private and public institutions in the region. UNIDO will therefore continue to offer its services in the areas of cleaner industrial production, renewable and affordable energy for productive use, and the more efficient utilization of energy as key elements for ensuring the sustainable exploitation of the region's material resources for industrial production.

D. Programme management framework

209. In implementing its programmes and activities, UNIDO will continue to follow a demand-driven and results-oriented approach anchored on the principles of national ownership and leadership. It will consult and cooperate on a continuing basis with national and local counterparts, donors, and United Nations and non-United Nations development partners to ensure that its programmes and activities lead to the desired policy and institutional outcomes. In the context of advancing system-wide coherence, UNIDO will continue to work closely with United Nations Country Teams under the leadership of the Resident Coordinator to maximize the impact of its programmes and activities, and to help minimize transaction costs for governments. UNIDO will further contribute to inter-agency coordination in the implementation, monitoring and reporting of its programmes and activities at the country level.

210. The programme management framework is designed to provide guidance for the management support required for realizing the programme of work as set out in this MTPF document.

D.1 Management objective and staff values

211. In order to ensure a smooth implementation process among the multiple interdependent programmatic activities, UNIDO not only requires an overall strategic direction and continuous results measurement and learning but also sound programme support services. In line with this dual objective for the Organization's programme management, UNIDO has formulated the following overarching management objective:

UNIDO's programmatic work, based on the programme results framework, is innovative, focused and coherent in its design, implementation and assessment, has adequate assistance from efficient and effective support services and follows the internationally recognized principles of aid effectiveness and international development cooperation.

212. In view of this overarching management principle, UNIDO will promote the following values as the basis for staff work in all areas:

Commitment: UNIDO staff members have a sense of dedication to UNIDO's mandate and the internationally agreed development goals, and are committed to the Organization and the entire United Nations system.

Excellence: UNIDO staff members are at the forefront of best practice in their respective functional area, maintain high standards of competence through continuous learning, are conscientious and efficient, and persistent in finding sustainable solutions.

Team-orientation: UNIDO staff members foster teamwork and coaching within the Organization and encourage joint activities and learning with partner institutions.

Results-orientation: UNIDO staff members align their entrusted human and

financial resources with the Organization's strategic results and establish integrated systems for planning, managing, measuring and reporting on results.

Innovativeness: UNIDO staff members encourage innovation, take advantage of newly arising opportunities and maximize efficiency at all levels.

Accountability: UNIDO staff members foster a culture of personal accountability and responsibility for meeting the highest performance standards and for achieving set results.

Integrity: UNIDO staff members place the good of the Organization above all else, defend the Organization's interests, do not abuse power or authority, resist undue political pressure, and take prompt action against unethical behaviour.

Sustainability: UNIDO staff members promote the achievement of carbon-neutral and low-emission operations at all levels of the Organization.

D.2 Human resource development and gender mainstreaming

213. Human resources and their effective management are key to organizational performance. Qualitative improvements in human resource management will continue to be made during the MTPF period, and will be enhanced in a number of areas, such as:

(a) Evidence-based performance management, employing RBM principles and reverse appraisal;

(b) Already existing learning programmes based on a learning policy that promotes skills upgrading and professional growth; and

(c) Continuous effective communication and dialogue between staff and management and constructive staff-management relations.

214. UNIDO's learning programmes are also aimed at providing staff with the knowledge required to carry out necessary programme support functions, such as procurement. Mandatory training with certification is already being implemented in this area, and will be developed further to reach all relevant outposted staff. Emphasis will also continue to be placed on improving the technical and managerial competencies of staff by offering them a wide choice of training opportunities within and outside the Organization. Partnerships will be pursued with local industries/research institutions to provide learning opportunities for staff.

215. With significant numbers of staff members scheduled to reach their mandatory retirement age during the MTPF period, effective succession planning measures are being put in place. These go beyond the mere formulation of recruitment plans, and include a managed staff rotation scheme between Headquarters and field duty stations, as well as the continuation of the Young Professionals Programme, which also aims to support knowledge retention. Measures to facilitate career development, especially through opportunities for lateral movements, will also be implemented during the MTPF period. The promotion system will be reviewed to

make it relevant to the strategic orientation and the changing demography of the Organization.

216. Transparency and accountability will be enhanced through the introduction of a UNIDO Code of Conduct, which will be based, inter alia, on the Code of Conduct promulgated by the International Civil Service Commission. This will be complemented by the introduction of a financial disclosure programme.

217. Communication with staff will continue to be emphasized. Various initiatives already being implemented will be continued, and new ones will be introduced. These initiatives include periodic meetings between the Director-General and staff, quarterly meetings of the Staff Council with senior management, regular meetings of the Joint Advisory Committee (JAC) during which various staff issues are discussed, and the more recent “open door” initiative being implemented in a number of organizational units.

218. UNIDO recognizes that gender equality and the empowerment of women, and in particular the economic empowerment of women, have a significant positive impact on sustained economic growth and sustainable industrial development. To this end, UNIDO is committed to mainstreaming gender in all its organizational programmes, policies and practices, as a means of achieving the goals of gender equality and the empowerment of women. In the programmatic sphere, this commitment involves a conscious effort to promote these goals in all of the Organization’s programmes and projects. In the area of human resources management, this commitment extends to accelerated organizational action, through proactive policy and practice with the aim of attaining tangible results in gender balance, and thus benefiting from the diversity of experience.

D.3 Resource mobilization

219. In implementing the MTPF 2010-2013, UNIDO will seek to establish a balanced portfolio of activities covering all of its three thematic priorities. This will require strong emphasis to be placed on the mobilization of adequate financial resources in support of the Organization’s programmatic activities. 220.

220. The recent, and expected further, strengthening of UNIDO’s advocacy function and the continued promotion of partnerships with other developmental and financing organizations as well as entities of the private sector and of civil society will have important beneficial implications for these resource mobilization efforts. Based on the encouraging trends of the past, and assuming that the ramifications of the current financial crisis will be limited, it is anticipated that these resource mobilization efforts will be broadly successful.

221. As reported in the *Annual Report of UNIDO 2007*, the level of financial resources mobilized for UNIDO’s technical cooperation activities had risen to \$172 million in that year from some \$120-\$130 million per year in 2005-2006, already reaching the \$170-200 million target set for 2011 in the MTPF 2008-2011. With the expectation that donor preferences will continue to emphasize the three UNIDO thematic priorities it is anticipated that gradual growth will continue in the 2010-2013 period. It may be anticipated that by 2013 the annual volume of programme funding may reach \$220 million.

222. A disaggregation of the \$172 million mobilized in 2007 reveals that the share of contributions from governmental donors across the priority themes continued to increase, while the share of resources received from multilateral funds related to international environmental agreements has decreased, even though the absolute amount has shown a small increase. This trend is expected to continue. In addition, starting from 2008, funding from multi-donor trust funds (MDTF) is expected to increase and become a considerable channel for funding up to about \$20 million per year. This will apply to a number of post-crisis countries, the eight “One-UN” pilot countries as well as other multi-donor trust funds. It is anticipated that these MDTFs will mainly finance activities under the theme “Poverty reduction through productive activities”, contributing to a better balanced funding distribution between the three thematic priorities.

223. In the view of the Secretariat, the increasing funding is the result, in part, of the increased focus of the Organization in areas where it has, and is recognized as having, strong comparative advantages, and where it is responding to increasing demand and agreed global priorities. UNIDO will continue to develop and promote the importance of these focus areas, and at the same time seek to increase further its close cooperation with complementary organizations so as to be able to deliver a more complete service to both its clients and its donors. It is expected that this will result in a continuation of the strongly positive development of funding of UNIDO’s priority programmes.

224. UNIDO’s efforts to mobilize the needed resources for the delivery of its services will be supported by the retention of its three priority themes and their associated programme components as the clear focus of its work. As the experience of the MTPF 2008-2011 has shown, this clear definition of the Organization’s priority themes and programmatic activities allows for a better promotion of the work of the Organization, and generates a better understanding both from the side of the developing Member States as well as the donors. It further enables increased efficiency through economies of scale as well as the better development of approaches and tools. The clear link between the three priority themes and the development priorities of the global community as set by the Millennium Summit and subsequent international agreements reached in the context of financing for development, climate change and sustainable development, and Aid for Trade, facilitate the advocacy of UNIDO’s activities. With the establishment of a special public advocacy unit in 2008, UNIDO will be in a strengthened position to take advantage of these opportunities.

225. The continued clear focus of the Organization will enable it to sustain its policy of developing partnerships with organizations with a complementary mandate in each of its thematic priority areas. Many partnerships of this kind have already been established – with FAO, IFAD, ILO and UNDP in the context of the poverty reduction through productive activities theme, with WTO in the context of the trade capacity-building theme, and with UNEP in the context of the environment and energy theme. These existing partnerships will be deepened in the 2010-2013 period, and new partnerships with other complementary agencies will be developed. These partnerships will increase the (joint) visibility of the organizations involved, highlight the contributions UNIDO can make to development, facilitate the mobilization of resources, and increase the impact of the joint activities.

226. As before, the trade capacity-building theme is expected to be the driver of further increases in resource mobilization. Specifically, the cooperation with the European Commission related to the capacity-building work under the Economic Partnership Agreements (EPAs) and the continued strong donor interest for activities under the “Aid for Trade” heading will continue to provide many opportunities for UNIDO to assist Member States in this critical area of development. UNIDO’s energy-related activities constitute a second growth area, and are witnessing considerable increase in demand from developing countries as well as a very high degree of interest from the international donor community, partly in response to the recent sharp increases in energy prices. A third area of anticipated growth is the subject of persistent organic pollutants, although projects in this area require considerable co-funding resources from UNIDO to unlock the GEF funding available for these activities. UNIDO is consulting with donors on the possibility of establishing a multi-donor trust fund for this purpose.

227. Where viable, UNIDO will continue to try to mobilize funding for its activities from other sources, including the private sector, although it must be recognized that in many cases such contributions may take the form of contributions in kind and cooperation rather than finance.

D.4 Role of field offices and staff mobility

228. UNIDO’s Member States have long called for the Organization to decentralize its structure by expanding its field presence. Significant steps were taken towards achieving this goal in 2006, when a new field mobility policy was introduced and a substantial number of staff were posted to field offices. This was followed by new recruitments and related appointments directly to field offices. As a result of these measures, all UNIDO Representative (UR) posts are expected to be filled by the end of 2008.

229. Similarly, the technical competences of field offices have also been increased, with the result that all regional offices now host either international or national professional UNIDO staff, or both. Additional recruitments in this category are still ongoing which will further strengthen the field offices and increase their operational capacity. Moreover, the number of UNIDO Desks established under the cooperation agreement with UNDP, has increased to 16. Taking these developments, as well as the network of UNIDO focal points, into account, UNIDO’s field presence now numbers 51 staff members of a Professional or higher category, which provides a well-balanced base for effective field representation.

230. The presence of technical staff in the field offices is one of the main cornerstones in UNIDO’s strategy to bring about an increased involvement of the field offices in the identification, formulation, and implementation of technical cooperation programmes and projects. With the new programming and funding approaches arising from the “Delivery as One” initiative and that of the Spanish MDG-Fund, and in connection with the Common Country Assessment/United Nations Development Assistance Framework (CCA/UNDAF) preparation cycle in general, the on-site presence of UNIDO is increasingly essential to ensure the Organization’s full and meaningful participation in these processes. While it is not envisaged that UNIDO can and will be present in all countries, the Organization will adjust its operating procedures to ensure that it can participate fully in these field-level activities through its expanded and strengthened field network.

231. Against this background, it is anticipated that the period 2010-2013 covered by this MTPF will give rise to further calls to increase the role and delivery capacity of the field offices. Primary focus will be placed on ensuring that existing resources can be utilized more efficiently, among others, through the ongoing exercise of business process re-engineering (BPR) initiated by the Director-General. The process adjustments carried out under this programme will further streamline and strengthen the capacity of the field while also building the capacity of national staff employed in the field offices.

232. The first batch of staff assigned under the field mobility policy will be completing their tour of duty during the MTPF period. Efforts will be made to ensure an orderly rotation process through advance planning. The Organization will also continue to ensure that staff members assigned to field duty stations are properly prepared through a comprehensive induction programme prior to their taking up their new appointments.

D.5 Business process re-engineering (BPR)

233. Business process re-engineering (BPR) is a management approach aimed at improving the efficiency and effectiveness of the processes that exist throughout the Organization. The use of information technology (IT) is a major enabler in increasing organizational efficiency.

234. The aim of the BPR is to simplify and streamline UNIDO's business processes. The BPR effort will diagnose bottlenecks and it is intended to identify key control points, strengthen them where necessary, and apply them effectively so as to ensure that a rigorous control framework is maintained. The information flow between Headquarters and Field Offices is being improved with significant improvements in connectivity and accessibility.

235. In connection with the adoption of the International Public Sector Accounting Standards (IPSAS) and with a view to recognizing the evolution of UNIDO's business module over time, a business process re-engineering project has been launched in 2008. This multi-year undertaking will allow the Organization to map out its current business processes and redesign them in accordance with current managerial and operational requirements. The new processes are expected to bring about not only increased efficiencies but also a better interface with the internal control framework and hence contribute to the stated management principles.

236. These measures will simplify the use of the Agresso Enterprise Resource Planning system, the processing of consultants' payments, budgeting of technical cooperation projects, project reporting mechanisms, and the monitoring of decentralized procurement.

237. The implementation of BPR will not only increase staff morale and performance by removing bureaucratic impediments and red tape, but will strengthen accountability and also lead to significant cost and efficiency savings. UNIDO is committed to a successful implementation of BPR and will ensure a continuous business process improvement cycle. This will incorporate improvements in the use of information technology throughout the UNIDO.

D.6 Procurement

238. Procurement procedures will be continuously modified and streamlined to reflect developments taking place in the international markets and in the United Nations system in order to ensure transparency, accountability and efficiency of the procurement process. New advanced computerized procurement systems will be introduced, which in combination with extensive application of electronic procurement will significantly contribute to the efficiency and cost effectiveness of the procurement process. This work will continue to deepen UNIDO's cooperation with other United Nations organizations to achieve economies of scale and harmonize procurement processes. These measures will result in a further enhancement of the procurement planning mechanisms with regard to quality and efficiency of the acquisitions, and to effectiveness and transparency of the procurement activities. To support the enhancements in procurement activities a comprehensive procurement training programme will be implemented on a regular basis.

E. Action required of the Board

239. The Board may wish to take note of the information provided in the present document.

Annex

List of abbreviations and acronyms

ACP	African, Caribbean and Pacific countries, signatories to the Lomé Convention
ASEAN	Association of South East Asian Nations
BDS	business development services
BPR	business process re-engineering
CDM	clean development mechanism
CEB	United Nations System Chief Executives Board for Coordination
CEEAC	Communauté Economique des Etats d’Afrique centrale
CEMAC	Communauté Economique et Monétaire de l’Afrique Centrale
CFC	Common Fund for Commodities
CO ₂	carbon dioxide
COMESA	Common Market for Eastern and Southern Africa
CSR	corporate social responsibility
EC	European Community
ECOWAS	Economic Community of West African States
EDIP	Enterprise Development and Investment Promotion
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FTAA	Free Trade Area of the Americas
GCC	Gulf Cooperation Council
GDP	gross domestic product
GEF	Global Environment Facility
GRULAC	Group of Latin American and Caribbean Countries
HCFC	hydrochlorofluorocarbon
HFC	hydrofluorocarbon
JI	joint implementation
ICT	information and communications technology
IEA	International Energy Agency

IFAD	International Fund for Agricultural Development
IFI	International Finance Institutions
IGP	Index of Global Philanthropy
IPCC	Intergovernmental Panel on Climate Change
IPR	intellectual property rights
IPU	Investment Promotion Unit
ISO	International Organization for Standardization
ITC	International Trade Centre
ITPO	Investment and Technology Promotion Office
JAC	Joint Advisory Committee
LAC	Latin America and the Caribbean
LDC	least developed country
M&E	monitoring and evaluation
MDG	Millennium Development Goal
MDTF	Multi-donor trust fund
Mercosul	Mercado Comum do Sul (Portuguese)
Mercosur	Mercado Común del Sur (Spanish)
MIC	Middle-income country
MTPF	medium-term programme framework
MVA	manufacturing value added
N ₂ O	nitrous oxide
NIS	Newly Independent States
ODA	official development assistance
ODS	ozone depleting substance
OECD-DAC	Development Assistance Committee of the Organization for Economic Cooperation and Development
PFCs	perfluorocarbons
POPs	persistent organic pollutants
PPP	public-private partnerships
PRS	poverty reduction strategy
PRSP	Poverty Reduction Strategy Papers
QSP	Quick Start Programme of SAICM
RBM	results-based management
RPLAC	Regional Programme for Latin America and the Caribbean

SADC	Southern African Development Community
SAICM	Strategic Approach to International Chemicals Management
SF ₆	sulphur hexafluoride
SME	small and medium enterprise
SMTQ	standards, metrology, testing and quality
SPS	sanitary and phyto-sanitary measures
SPX	subcontracting exchange
TBT	technical barriers to trade
TCPR	Triennial Comprehensive Policy Review
TNC	transnational corporation
TRIPS	WTO Agreement on Trade-Related Aspects of Intellectual Property Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
USSICC	UNIDO South-South Industrial Cooperation Centre
WTO	World Trade Organization