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**Implementation of the medium-term programme
framework, 2008-2011, including:**

- (a) **Regional programme for Latin America and the Caribbean;**
- (b) **Regional programme for Africa;**
- (c) **Arab regional programme; and**
- (d) **Other regional programmes**

**Implementation of the medium-term programme
framework, 2008-2011**

Report by the Director-General

Reports on the implementation of the medium-term programme framework,
2008-2011, including regional programmes.

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I. Introduction

1. This document updates and supplements the information provided in document IDB.35/14 on the implementation of the medium-term programme framework (MTPF) for 2008-2011. In compliance with the broader requirements of item 4 of the provisional agenda of the thirty-sixth session of the Industrial Development Board, under which this document is submitted, it also refers to progress achieved in the areas of the various regional programmes formulated and implemented by UNIDO in connection with this MTPF.

II. The programmatic context

2. Being the first document of its kind to have been drafted after the adoption of the strategic long-term vision statement of UNIDO through resolution GC.11/Res.4, the MTPF for 2008-2011 was formulated on the basis of the three thematic priorities and associated cross-cutting issues specified in the vision statement. It also incorporated for the first time the issues of resource mobilization, programme coordination, programme support and management, and the regional dimensions of programme implementation, all of which have a significant bearing on the implementation of UNIDO's programmatic activities. The current report will address all of these topics, as contained in document IDB.32/CRP.5 which introduced the MTPF 2008-2011. In view of the increasing efforts being made to implement the MTPF on the principles of results-based management as projected in documents IDB.32/8/Add.1 and IDB.32/CRP.5, this report will also seek, to the extent possible, to relate the implementation of the programme framework to quantifiable outcomes and the degree of their achievement.

III. Programmes of technical cooperation

Poverty reduction through productive activities

3. Private sector development (PSD) has remained one of UNIDO's leading instruments for achieving poverty reduction through productive activities. The range of services provided for this purpose included, among others, advisory services to improve the business and policy environment for the private sector, the development of small and medium enterprise (SME) clusters, and the promotion of domestic entrepreneurship, particularly through the transfer of entrepreneurial skills. Special emphasis has also been given to promoting entrepreneurship among underprivileged groups, such as women and inhabitants of rural areas.

4. In the field of industrial policy, a major programme in Iraq was launched in early 2009. Conceived and designed together with Iraqi stakeholders, the objective is to create and enable an effective, coherent and comprehensive framework for private sector development at the national level and in three priority governorates. UNIDO has also witnessed continued interest by Member States, particularly in the Latin America and Caribbean (LAC) region, in its competitiveness programme, which involves the training of highly qualified young professionals and the establishment of technical units, mainly in ministries, aimed at generating up-to-date analyses on industrial performance and benchmarking against competitor

countries and industries. In Viet Nam, the implementation of the Business Registration Reform project has started, and will introduce “state of the art” electronic single-point registrations of SMEs in Hanoi and sixty-three provinces. This will improve not only the business register but will also generate up-to-date data for the General Department of Tax, the General Statistics Office and the Ministry of Public Security.

5. Also in the field of industrial policy, a section on business membership organizations (BMOs) is currently being added to UNIDO’s PSD toolbox, which so far covers the three topics of cluster and network development, export consortia, and corporate social responsibility. UNIDO is also examining the feasibility of including topics related to industrial policy, such as competitiveness analysis, in the toolbox. The aim of the PSD toolbox is to increase the outreach of the topics covered and to scale up UNIDO’s capacities to support policymakers and practitioners in the development and implementation of PSD programmes. In regard to all topics covered, it guides its users through the project cycle, from the preparation phase to the formulation, implementation and evaluation phases.

6. Responding to the fact that SMEs often have difficulties to realize their full potential due to lack of linkages with other businesses and support institutions rather because of their small size, UNIDO has continued to provide technical cooperation in the development of SME clusters and networks in eleven countries. A project is under negotiation to extend such activities to the countries of northern and western Africa, western and eastern Asia, and the Indian Ocean region. This joint project with Agence Française de Développement (AFD) includes training seminars on cluster development and the subsequent preparation of regional projects to implement cluster development activities in each of the regions concerned. New projects on the theme of SME linkages are also being prepared in the framework of the Private Sector and Development Window of the Spanish Fund for the Achievement of the Millennium Development Goals, under which UNIDO contributed to the formulation of several concept notes for countries in Africa, Asia and Latin America. After the initial pre-selection, full project proposals are being developed for Bolivia (Plurinational State of), El Salvador, Panama, Peru and Turkey.

7. In addition to its technical cooperation activities in this field, UNIDO has issued a joint publication with AFD on cluster development. Moreover, the longstanding collaboration with the International Training Center of ILO (Turin) has continued, with joint workshops being held on local economic development and SME cluster development. The latest seminar included cluster visits in Italy for professionals and policymakers from Latin America. As a follow-up to a training course arranged in Santiago de Chile in April 2008 by the Inter-American Development Bank (IADB), International Labour Organization (ILO) and UNIDO, moreover, a joint project proposal is being formulated for cluster development in the Latin American region. Finally, an expert group meeting took place in New Delhi to disseminate the lessons learned under the framework of the Thematic Cooperation on Cluster Development and Corporate Social Responsibility, with a special focus on India. The workshop resulted in a detailed roadmap for new activities taken up

by government, civil society (United Nations Global Compact society) and donors (GTZ¹ and SDC²).

8. Under the rural and women entrepreneurship programme, UNIDO has further expanded its activities for entrepreneurial human resource development. The aim remains to help create the foundation for private sector development, in particular among young people, by introducing practical entrepreneurship curriculum programmes in the educational system of developing countries. UNIDO is implementing a number of projects under this programme in a wide range of countries, including Angola, Bhutan, Bolivia (Plurinational State of), Ghana, Mozambique, Namibia, Rwanda, Sudan and the countries of the Caribbean Community (CARICOM). The programme has also attracted the support of a large number of donors, including Austria, Netherlands, Norway, Portugal, Republic of Korea, Turkey, the European Union, the Millennium Development Goal Achievement Fund, and the United Nations Trust Fund for Human Security (UNTFHS). These technical cooperation activities were supplemented by a third networking seminar among SME support agencies and private sector organizations from Eritrea, Kenya, Malawi, United Republic of Tanzania and Zimbabwe. The seminar was held in Vienna with funding from the Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries (PGTF).

9. Under the leadership of the United Nations Office of the Special Adviser on Gender issues and Advancement of Women (OSAGI), UNIDO participated with United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), United Nations Development Fund for Women (UNIFEM), and United Nations Population Fund (UNFPA), in panel discussions on gender equality focusing on gaps in the implementation of Millennium Development Goal-3 as a joint United Nations contribution to the International Colloquium on Women's Empowerment Leadership Development, and International Peace and Security which took place in Monrovia, Liberia, in March 2009. The UNIDO panel on "Women Equality through Income-Earning Opportunities: The Need for Bottom-Up Growth Strategies" discussed specific business support services and measures needed to empower women entrepreneurs and to help the transformation and diversification of micro-enterprises; better access to funding for women entrepreneurs; and the promotion of value chain linkages with large enterprises.

10. In the area of agro-based industries, UNIDO's technical cooperation services continued to focus on the food processing, textiles and leather sectors. The main activities in the food processing sector include upgrading of value chains and opening of market channels, rural development and productive capacity-building, and the development of sectoral master plans. Ongoing projects are being implemented in Burkina Faso, Congo, Mali and Morocco. Additional projects have been prepared for Côte d'Ivoire, Madagascar and Mali, mostly in the dairy and meat subsectors, and in Sudan for the development of the coastal fisheries. In addition, twelve pilot food processing centres have been established in Congo, Morocco and Rwanda. Packaging and marketing centres networking with several of these pilot centres are being established in Mali and Morocco, and business partnerships have been developed with foreign companies through UNIDO's Investment and

¹ Germany's Technical Cooperation Agency.

² Swiss Agency for Development and Cooperation.

Technology Promotion Offices (ITPOs). A sectoral master plan has been completed for four food subsectors in Ethiopia. In the area of textiles, UNIDO is continuing to carry out sector studies in Ethiopia, Mexico and Nigeria to develop plans to improve the competitiveness of the textile and garment industries. The Organization is also setting up or strengthening technical centres of excellence for the textile industries in Argentina, Bangladesh, Côte d'Ivoire, Guinea, Iraq, Nigeria, Syrian Arab Republic and Uganda. In the leather sector, the main activities include upgrading the tanning and leather products industry in Ethiopia, India, Mali, Nigeria and Rwanda. Project concepts have been prepared for Bangladesh, China, India, Kenya, Mongolia and Pakistan, mostly to upgrade the leather sector but also with a focus on cleaner technology. Finally, with regard to the development of the bamboo industry, UNIDO is currently implementing projects focusing on technology transfer and skills development in Ethiopia, India, Kenya, Mexico and Timor Leste, with a South-South cooperation project between India and Timor Leste underway, and another one between China and Eastern Africa under preparation.

11. UNIDO has continued to emphasize the transfer and diffusion of modern and relevant technologies, combined with the strengthening of national innovation systems (NIS) for enhanced industrial productivity and competitiveness, as important activities for poverty reduction in developing countries. In this connection, technology parks are regarded as an important model for the strengthening of NISs, and foreign direct investment (FDI) is promoted as a vehicle for technology transfer and vertical or horizontal partnerships among the tenant industries, as well as other stakeholders of the system, such as universities and financial institutions. An important ongoing technical cooperation project in this field involves a policy review for China's Ministry of Commerce to enhance the competitiveness of six information and communications technology (ICT) parks in the country, and an increasing number of requests for such parks, with or without an incubator function, are being received from other countries. In recognition of its contribution in this field, UNIDO has been nominated by the United Nations Science and Technology Cluster to assume the role of lead agency for the development of science and technology parks. In addition to the technology park programme, UNIDO is promoting the pursuit of innovation through a strengthening of university/productive sector linkages in developing countries, requests for which have also seen an increase.

12. In the context of its technology promotion activities, UNIDO had earlier extended the operational phase of the International Centre for Advancement of Manufacturing Technology (ICAMT) for five years from 2008 to 2013, and of the Shanghai International IT Promotion Centre (SIITPC) for three years from 2008 to 2011. This will permit these centres to continue to enhance their capacities to promote and transfer new technologies, to foster international cooperation in the manufacturing and IT sectors, and to help developing countries formulate strategy in these sectors. In addition, UNIDO is continuing to promote the transfer of eco-friendly technologies linked to the manufacturing of new building materials based on local resources. Examples of this activity are given by UNIDO's programmes in Mozambique, which constitutes the Organization's principal contribution to the One-United Nations initiative programme, and also in Sudan.

13. In terms of its investment promotion activities, UNIDO has implemented an African Regional Investment Programme, which covers surveys of foreign and

domestic investors, capacity-building interventions for investment promotion agencies (IPAs) and other intermediary organizations, as well as the expansion of UNIDO's Subcontracting and Partnership Exchange (SPX) programme. This is an outcome of the activities and deliberations conducted within the context of the African Investment Promotion Agencies Network (AfrIPANet), which was originally established by UNIDO in 2001 to provide advisory services to African IPAs. The Regional Programme was launched at the fourth meeting of AfrIPANet, in October 2008 in Durban, South Africa, on the occasion of the eighteenth Conference of African Ministers of Industry (CAMI). The objectives are to conduct investor surveys in the AfrIPANet member countries to provide African IPAs with analysis and information, and assist them in using this information to conduct evidence-based policy advocacy, support them in streamlining their investment promotion interventions, and maximize the positive impacts of FDI, especially in terms of linkages with domestic investment. The programme is being implemented in twenty-one countries (Burkina Faso, Burundi, Cameroon, Cape Verde, Côte d'Ivoire, Ethiopia, Ghana, Guinea, Kenya, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, Rwanda, Senegal, Uganda, the United Republic of Tanzania and Zambia).

14. The programme will establish an online investment monitoring platform that will host the survey database and serve as an investment promotion platform for AfrIPANet members. The expansion of the SPX Network in Africa has been integrated into the platform as part of the Programme for Investment Promotion in Africa. It is expected that SPXs will have a more proactive approach towards buyers under this new framework than in the original SPX model that UNIDO has applied over the past 20 years. The revised SPXs will also be equipped with new tools to benchmark the performance and practices of local companies against international standards and assist them in developing their capacities as competitive suppliers. The approach will allow African countries to leverage the contribution of foreign and domestic investment to national industrialization strategies more effectively. The roll out of the Africa SPX Network is linked to the investor survey and will begin with Burkina Faso, Côte d'Ivoire, Ghana, Kenya, Madagascar, Mali, Niger, Nigeria, Rwanda, Senegal, Uganda, the United Republic of Tanzania and Zambia.

15. Adopting a new strategy, the Investment and Technology Promotion Office (ITPO) Network has begun to target the promotion of responsible investments and business partnerships to maximize development spillovers and impact. Special attention is being given in this connection to establish linkages between the activities of the ITPOs and UNIDO's technical cooperation programmes, and for this purpose a meeting of the heads of all ITPOs and Investment Promotion Units (IPUs) was held in September 2008 to position the Network firmly within the framework of UNIDO's development assistance activities. The meeting reviewed the operations of the Network with a view to enhancing synergies with other UNIDO programmes and priorities. In line with this repositioning, the ITPO Network made an active contribution to the UNIDO Global Forum on "Clean technologies for economic development" held in Bahrain in February 2009, and to the international conference on "More technology, safety and quality, less hunger" held in Milan in March 2009. Special attention was given to the promotion of domestic investments through the implementation of the Enterprise Development and Investment Promotion (EDIP) Programme. In addition, emphasis was placed on improving the substantive coordination of the ITPO Network through:

(a) The development of Network-wide regional initiatives in the Mediterranean, in South-South investment, in Africa through the AfrIPANet, and in Latin America in the leather industries;

(b) Enhancing the involvement of ITPOs in UNIDO priority programmes and projects;

(c) Improving the reporting system by introducing ITPO compacts and the development of a management information system (MIS); and

(d) The implementation of recommendations made in recent evaluation and audit reports.

16. Meanwhile, capacity-building in investment promotion in developing countries has continued to be enhanced through the application of UNIDO's proprietary Computer Model for Feasibility Analysis and Reporting (COMFAR).

17. Providing access to energy constitutes an important means of addressing poverty, since it enables the initiation of productive activities that, in turn, generate employment and income. In this context, UNIDO is continuing to focus its efforts on renewable energy for productive uses. After having arranged two important conferences on this topic in Senegal (International Conference on Renewable Energy in Africa – Scaling Up Renewable Energy for Energy Access) and in Brazil (Global Renewable Energy Forum) in 2008, UNIDO will organize another two major events in Vienna and Mexico in 2009 to further strengthen a coordinated approach on key energy issues. The Organization is also continuing to implement technical cooperation projects in this area, including the promotion of renewable energy for electricity generation and productive uses in West Africa and in other specific target regions. Small Island Developing States will be one focus area in UNIDO's upcoming activities. In addition, UNIDO is continuing to pursue activities in the field of bioenergy, building on the successful series of conferences it organized on the subject in the past.

Trade capacity-building

18. UNIDO's programmes in the thematic priority area of trade capacity-building have progressed further during the period under review, with the objective of enhancing the capacity of developing countries to take advantage of the opportunities provided by international markets and the "Aid for Trade" initiative launched by the World Trade Organization (WTO) in 2005. The ability of enterprises in the developing countries to benefit from international trade depends increasingly on their ability to enter into the global value chains established by lead firms, such as retail supermarkets. Removing barriers to entry requires, on the one hand, to work on the supply side, enabling enterprises to manufacture products with a high export potential in the quantities and at the quality required by the markets. On the other hand, it requires working on conformity, enabling these enterprises to show that their products conform to the relevant international standards, in particular private buyer requirements and technical requirements.

19. For the purpose of further improving the trade capacity of developing countries, UNIDO has continued to focus on activities aimed at increasing local value addition, achieving sector-based industrial upgrading, and ensuring compliance with international standards. In this connection, large-scale quality and

enterprise upgrading programmes have been designed within the context of the Economic Partnership Agreements (EPAs) established by the European Union (EU) with African, Caribbean and Pacific (ACP) countries. As a follow-up to the International Conference on Sharing Innovative Agribusiness Solutions, held in Cairo from 26 to 27 November 2008, an e-learning platform on traceability is being established. In addition, the second phase of the conformity assessment programmes in Bangladesh and Pakistan is being finalized with EU funding.

20. In an effort to give impact to its role as coordinating agency for the theme of trade capacity-building in the task force on economic development established within the framework of the High-level Committee on Programmes (HLCP), UNIDO had published the *Inter-agency Resource Guide on Trade Capacity-Building* in 2008, which provides information on the services and programmes of the 22 participating agencies as well as the existing inter-agency cooperation mechanisms. This resource guide has been well received, and a second, updated and expanded, edition is currently being prepared for publication by the end of 2009.

21. The implementation of UNIDO's export consortia programme has continued, with the objective of helping SMEs overcome the complexities of the export business and the high risks involved in attempting to access export markets through the establishment of specialized forms of SME networks. With the financial support of the Directorate General for Development Cooperation of Italy, export consortia continue to be promoted in Morocco, Peru, Senegal and Tunisia. A pilot initiative has also been launched to promote South-South cooperation between Senegal and Morocco in this field, involving, inter alia, the organization of study tours and an exchange of experiences between private and public organizations from the two countries. New projects are being developed for Algeria, Argentina, Egypt and the countries of the Southern African Development Community (SADC). Finally, a comprehensive independent assessment of the results of the export consortia activities of UNIDO is under way.

22. UNIDO is giving increasing attention to the promotion of corporate social responsibility (CSR) among developing-country SMEs as a means of enhancing their opportunities for entering into international markets. In this context, CSR-related components based on UNIDO's Responsible Entrepreneurs Achievement Programme (REAP) and linked to public policy formulation will provide the backbone of a project in Viet Nam, which was successfully submitted for the European Union-funded SWITCH-Asia Programme. In addition, UNIDO has continued to cooperate with the United Nations Office on Drugs and Crime (UNODC) in a programme on corruption prevention to foster SME development, and has prepared a second publication on tools that public and private support institutions can refer to when implementing the tenth principle of the United Nations Global Compact ("Businesses should work against corruption in all its forms, including extortion and bribery") in a small-business context.

23. Since submitting its last report on the implementation of the MTPF 2008-2011, UNIDO has signed a framework agreement with the Standards and Trade Development Facility (STDF) under the extension of its Memorandum of Understanding with the World Trade Organization (WTO). To increase connectivity with the market and to assist developing countries in overcoming trade barriers, buyers cooperation programmes have been established through the Global Food Safety Initiative and the Directorate-General for Health and Consumers of the

European Commission (DG-SANCO) for their inspection regime. Within the area of sanitary and phytosanitary measures (SPS), project proposal grants initiated by STDF in aflatoxin management in Malawi and Zambia had already been developed as UNIDO projects. Another STDF project proposal for Burundi, for improving the capacity of the national quality system for implementing SPS standards, is also being developed for funding by the Integrated Framework Window II.

Environment and energy

24. UNIDO's services in the thematic priority area of environment and energy have continued to focus on promoting increased productivity in the use of natural resources in the developing countries and economies in transition. The services through which this objective is promoted include cleaner production and energy efficiency, the transfer of cleaner and environmentally sound technologies, increased recycling of waste materials, elimination of toxic and hazardous substances, and the substitution of non-renewable by renewable sources of energy and materials.

25. In parallel to having developed a strategy document recently, which takes the joint UNIDO-UNEP activities under the National Cleaner Production Centre (NCPC) Programme to a new level, UNIDO has been adding new NCPCs to its network. Projects to establish new centres have recently been initiated in Bulgaria, Romania, Rwanda, Serbia and Ukraine. New project proposals have also been developed for Albania and the United Arab Emirates. In the former case, this is being undertaken as an integral part of the One-United Nations initiative. Fact-finding missions for new cleaner production centres have been undertaken for Tunisia and Indonesia. UNIDO is also continuing to promote regional networks to link NCPCs and related centres in a given region.

26. In the field of sound chemicals management, UNIDO has expanded its successful chemical leasing programme from the original three countries (Egypt, Mexico, and the Russian Federation) to another four countries: Colombia, Morocco, Serbia and Sri Lanka. Based on the experience gained, guidelines have been developed for chemical leasing that outline the main steps for the implementation and monitoring of chemical leasing projects in different industrial sectors and countries. After endorsement by the General Conference in December 2007 of the Strategic Approach to International Chemicals Management (SAICM) (decision GC.12/Dec.17), UNIDO has maintained an active involvement in the Inter-Organizational Programme for the Management of Chemicals (IOMC), coordinating its activities in the area of chemicals management with six other organizations of the United Nations system. In addition, UNIDO has been actively assisting countries to formulate projects for funding under SAICM's Quick Start Programme Trust Fund, which supports the implementation of enabling activities to meet SAICM's objectives. Funding has already been granted to six projects developed jointly by UNIDO and Colombia, Egypt, El Salvador, Peru, Sudan and Uruguay. In each country, specific priorities in the area of chemicals management are being addressed. The enabling activities are benefiting from capacity already built by UNIDO in the countries through the involvement of the National Cleaner Production Centres.

27. In terms of its water-related programmes, UNIDO is continuing to implement the Large Marine Ecosystems project for the Guinea Current in West Africa

(GCLME) with funding from the Global Environment Facility (GEF). The 16 participating countries have consensually endorsed the Strategic Action Programme (SAP) for the GCLME. The mid-term evaluation and the workplan for the remainder of the project were the main focus of the steering committee meeting, held in May 2009. As part of the broader GEF-funded Large Marine Ecosystem for the Mediterranean, UNIDO has started implementation of the transfer of environmentally-sound technology (TEST) project, the primary implementation mechanism of which will be UNIDO's TEST methodology. UNIDO has also continued a water and sanitation project in Honduras funded by the Millennium Development Goals Achievement Fund, through which a TEST intervention is being introduced to improve water efficiency and reduce effluents from the industries located in the Rio Blanco river basin. The Gulf of Mexico Large Marine Ecosystem project has also received final endorsement by GEF and is being implemented. UNIDO had recently received approval from GEF for a project to demonstrate best practices and technologies for the reduction of land-sourced impacts resulting from coastal tourism, and has now started implementation. Finally, UNIDO is continuing to develop for GEF a global project for the control of nitrogen-containing pollutants, in partnership with United Nations Environment Programme (UNEP) and Food and Agricultural Organization of the United Nations (FAO). UNIDO is also continuing as an active member of the Group of Experts on the Scientific Aspects of Marine Environmental Protection (GESAMP), which aims to identify scientific solutions to marine pollution.

28. In April 2009, the Executive Committee (ExCom) of the Multilateral Fund for the Implementation of the Montreal Protocol approved funding for two more countries for the preparation of hydrochlorofluorocarbons (HCFCs) national phase-out management plans (HPMPs) by UNIDO, bringing the total number of countries for which UNIDO will prepare HPMPs to 38. The HPMPs will help the countries to achieve compliance with the immediate Montreal Protocol control measures for the phase-out of HCFCs by January 2013 (freeze) and January 2015 (10 per cent reduction). In parallel, UNIDO is engaged in the preparation of individual investment projects and a limited number of HCFC phase-out demonstration projects in some of the countries where UNIDO is preparing HPMPs. These will involve the transfer of new technologies for the conversion of manufacturing facilities to HCFC-free alternatives. In its technology selection UNIDO will deal with climate change, energy savings and labour productivity in addition to the phase-out of ozone depleting substances.

29. UNIDO is also focusing on completing the implementation of national and sector plans addressing the complete phase-out of CFCs, the final date for this being 1 January 2010. Finally, UNIDO is continuing the implementation of approved metered dose inhaler (MDI) phase-out projects in China, Egypt, the Islamic Republic of Iran, and Mexico. In addition, two investment projects were approved for Argentina and Croatia. Furthermore, two projects were approved for UNIDO in Iraq in the foam and refrigeration sectors. Iraq is a new party to the Montreal Protocol and these were the first projects approved for the country under the Multilateral Fund. It may be noted that the alternatives selected for these projects are free from ozone depleting substances (ODSs) and also provide for additional climate benefits and energy savings. UNIDO has also been awarded four tranches of multi-year agreements, two institutional strengthening projects in Armenia and the former Yugoslav Republic of Macedonia, and two technical assistance projects in

Kenya and Cambodia. Finally, the preparation of pilot projects for the disposal of ODSs was approved for Mexico and Turkey. This gives UNIDO a new opportunity to suggest a methodology for the destruction of unwanted ODSs. The results of the pilot projects will be disseminated in Latin America and certain parts of Europe.

30. In the area of persistent organic pollutants (POPs), UNIDO is continuing to support the preparation of national implementation plans (NIPs), which have been completed in many countries in the meantime. As reported earlier, UNIDO has initiated two large projects for NIP preparation in China and India. Meanwhile, the Organization has begun to move beyond the formulation of NIPs, and is implementing GEF-funded projects focusing on the reduction of specific sources of POPs by means of a variety of methods including medical waste management, the management of polychlorinated biphenyls (PCBs), the introduction of best available technologies and best environmental practices (BAT/BEP), and the remediation of contaminated sites. A number of projects have been approved by the GEF, including three in China on the management and disposal of medical waste, on capacity-building, and on the sound management and disposal of pesticides using non-combustion technologies; one each in Armenia, Azerbaijan, Mongolia, Peru and the former Yugoslav Republic of Macedonia on the disposal of PCBs; a regional project for Ghana and Nigeria on contaminated sites; two regional projects on BAT and BEP, one for the countries of the coastal zone of the Red Sea and Gulf of Aden (PERSGA) and another for the East and South East-Asia region focusing on the power generation sector; and a country-level project in Viet Nam on the introduction of BAT/BEP strategies. It is expected that the portfolio will increase progressively to meet the high demand of countries to move from the NIP stage to post-NIP projects.

31. UNIDO's energy programme has continued to promote the cleaner and more efficient use of energy by industry, as well as industrial applications based on renewable energy. In addition, the Organization has also promoted access to energy for productive activities, particularly in rural areas, in the context of its poverty reduction agenda. Through the appointment of the Director-General as chair of UN-Energy, UNIDO has also been actively involved in promoting United Nations system-wide collaboration in the field of energy with a coherent and consistent approach on key topics, and has led consultations on industrial energy efficiency and technology transfer issues.

32. With regard to energy efficiency, UNIDO's portfolio GEF-funded Industrial Energy Efficiency (IEE) projects covers ten countries (Egypt, Indonesia, Malaysia, Philippines, Republic of Moldova, Russian Federation, Thailand, Turkey, Ukraine and Viet Nam) for which project preparation activities have been approved, while the approval of similar activities is awaited for another four countries (Brazil, Ecuador, Iran (Islamic Republic of) and Turkey³). Project preparation activities have started, and will continue into 2010. The total potential budget allocation from GEF could be in the range of \$80 million. A further industrial energy efficiency project in South Africa has been accepted for funding by Switzerland. The Organization has also further strengthened its collaboration with the International Organization for Standardization (ISO) and established itself as a key contributor of the new ISO

³ The inclusion of Turkey in both groups is due to the implementation of two separate projects in that country.

international energy management standard ISO 50001. This will reinforce UNIDO's focus on promoting a systems approach to industrial energy efficiency and provide a supplemental mechanism to enhance the sustainability of efficiency gains and market transformation. The Organization has now positioned itself well to move towards a more important normative contribution in the global fight against climate change.

33. UNIDO has also built up a portfolio of projects with GEF funding in the field of renewable energy. In the framework of UN-Energy, UNIDO was invited by GEF to lead the preparation and management of the energy component of the GEF Strategic Programme for West Africa (GEF-SPWA). This component was developed with the active participation of regional stakeholders, and will support the region's efforts to address its lack of access to energy. Specific projects have been prepared in this connection for Benin, Cape Verde, Chad, Côte d'Ivoire, Gambia, Guinea, Liberia, Nigeria and Sierra Leone. Project preparation activities are already under way for another GEF-funded project in India, while the implementation of such projects are continuing in Cuba and Zambia.

34. Emphasis continues to be given to the production of hydrogen energy for electricity generation, fuel cells, uninterrupted power supply and hydrogen-powered internal combustion engines through the International Centre for Hydrogen Energy Technologies (ICHET) in Istanbul, Turkey. New products were introduced by the Centre in an official ceremony in Istanbul on 2 April 2009 in the presence of the Turkish Minister of Energy. They included a hydrogen-powered golf cart, a hydrogen-powered scooter, hydrogen production to generate electricity on Bozcaada Island, Turkey, through wind turbines and solar photovoltaic panels, a hydrogen-powered mobile house, and a forklift powered by hydrogen fuel cells. The construction of a new campus for ICHET is expected to begin before the end of 2009, and a World Hydrogen Energy Summit is planned for July 2010 in Istanbul, Turkey.

35. UNIDO is also continuing its global forum activities in the field of renewable energy. These include the International Energy Conference organized jointly with the Government of Austria from 22 to 24 June 2009 in Vienna. Within the context of securing sustainable policies and investments, the Conference is intended to provide a platform for policymakers, the private sector and civil society representatives from developing and industrialized countries, to discuss energy issues in the context of the current global financial and economic crisis, stressing the need for increased international cooperation and highlighting the role which the United Nations system and the development partners can play in the field of energy. A further major event in the field of renewables will be organized in Mexico from 7 to 9 October 2009 to further strengthen UNIDO's network and to influence the policy agenda.

IV. Other programme activities

New and emerging technologies

36. During the reporting period, UNIDO has continued its active engagement in capacity-building activities related to industrial and environmental areas of biotechnology, including novel bioprocesses, bioremediation and the utilization of genetic resources for productive purposes. In 2009, the Common Fund for

Commodities approved the funding of a project for the demonstration of the competitiveness of kenaf plants aiming to prove the potential for increased income generation from the production and processing of kenaf fibre. The project was launched by UNIDO in the first quarter of 2009. Commitments of additional financial support have also been received. The first of these has been a pledge from the Federal State of Flanders in Belgium for UNIDO's efforts to promote the establishment of an International Industrial Biotechnology Network, which is intended to foster the application of sustainable biotechnology-related industrial practices in developing countries through awareness creation, demonstration projects and capacity-building initiatives.

37. UNIDO is further considering measures to promote the transfer of nanotechnology to developing countries. In November 2008, UNIDO, on the initiative of the Government of the Islamic Republic of Iran, approved a project for the establishment of an International Centre on Nanotechnology, which will act as a catalyst for technology transfer, commercialization, and further diffusion in this specific area. The stimulation of technological partnerships will be centred on demand-driven projects involving the private sector and other key agencies from participating countries for partnership and co-funding arrangements of joint initiatives.

Human security and post-crisis rehabilitation

38. Based on its experience in post-crisis and human security programmes and projects, UNIDO has continued to respond to complex emergencies through activities that contribute to socio-economic as well as environmental and energy security. In this way, the Organization has helped to strengthen institutions and the productive sector in post-crisis countries and has contributed to strengthening human security, especially for vulnerable groups.

39. In order to assist countries and communities faced with severe threats, UNIDO has mobilized \$12 million from the United Nations Trust Fund for Human Security (UNTFHS) for ten projects in Afghanistan, Bangladesh, Ghana, Guinea, Indonesia, Lao People's Democratic Republic (PDR), Malawi, Sri Lanka, Sudan and Uganda. The areas of UNIDO intervention include peacebuilding and the restoration of livelihoods in conflict-affected communities, the resettlement of refugees through small and medium enterprise development, the provision of safe drinking water through the mitigation of arsenic poisoning, and the promotion of alternative livelihoods for former opium poppy-growing farmers. UNIDO is currently preparing a publication that will present all the projects implemented with funding from the UNTFHS.

40. Since early 2007, UNIDO has focused on a wide range of post-crisis projects and activities in Côte d'Ivoire, Guinea, Haiti, Indonesia, Iraq, Lebanon, Liberia, Pakistan, Sierra Leone, southern Sudan and Timor-Leste. The total budget for these projects has grown to approximately \$41 million. The types of services provided under these projects continue to include technical assessments of agro-industries, strengthening the export capacities of local enterprises, promoting community-building and community livelihoods, supporting job creation and self-employment through the promotion of micro-industries, rebuilding the food processing industry and strengthening food safety to promote food security and poverty reduction, and a quick impact programme for refugee zones involving the development of

community-based production centres and community rehabilitation projects with skills upgrading. UNIDO is also continuing to contribute to the formulation of a technical cooperation programme for the rehabilitation of the construction sector in the earthquake-affected areas of the Sichuan Province of China.

41. UNIDO has successfully completed a pilot programme entitled “Improving Human Security by Mitigating Arsenic Poisoning in Bangladesh”. Based on the lessons learned in this project, and on the continuing presence of arsenic in the drinking water sources in Bangladesh, the Organization has entered into a partnership with the World Health Organization (WHO) and the Government of Bangladesh to develop an expanded programme to remove arsenic from drinking water and to address the human health issues related to this chemical. More recently, China has expressed interest in a similar programme and efforts have been initiated to identify possible sources of funding.

42. UNIDO has also continued to work on reducing the contamination of water sources with highly toxic mercury, released by artisanal gold miners working in rural areas. It has done so primarily through the development of a follow-up intervention to the Global Mercury Project, and through its leadership role in the artisanal gold mining section of the UNEP Global Mercury Partnership. A project is also being developed with the ILO and WHO to address the risks faced by populations living in, and downstream from, artisanal gold mining sites in Mozambique. Additionally, the Government of Finland has provided funds for an awareness-raising workshop in Francophone Western Africa, which will be organized jointly with the Environmental Protection Agency of the United States of America. This will lead to the formulation of national plans of action to address the issue.

43. Activities funded by the Government of Japan to promote productive and decent work for youth in the Mano River Union (MRU) countries of Guinea, Liberia and Sierra Leone, along with Côte d’Ivoire continued during the reporting period as a joint programme by UNIDO, ILO, UNDP and the Youth Employment Network (YEN) hosted by the MRU Secretariat. Local trainers were trained in entrepreneurship development at border townships linking Guinea, Liberia and Sierra Leone such as Gueckedou in Guinea, Kailahun and Koindu in Sierra Leone, and Ganta in Liberia through technical cooperation with another UNIDO project funded by the UNTFHS in N’Zerekore, Guinea. Youth entrepreneurship training also continued in towns and townships along the North-South corridor in Côte d’Ivoire, and a joint youth technical training programme is being formulated with large-scale companies for all four MRU countries based on principles of corporate social responsibility. In addition, UNIDO is working with YEN to implement a grants programme for youth-led social projects, and an Internet-based social communication programme has been launched on the theme of youth employment (www.mryouthplatform.org), for which administrators and moderators have been trained in the MRU countries. Finally, a Youth Forum was conducted in Freetown, Sierra Leone, in March 2009 with the participation of high-level officials including the President and the Minister of Education, Youth and Sport of Sierra Leone, the Secretary-General of the MRU, and the Executive Representative of the United Nations Secretary-General for the United Nations Integrated Peacebuilding Office in Sierra Leone. Funding for the implementation of programme activities are secured until the end of 2009.

44. In China and Tunisia, UNIDO is cooperating with other United Nations agencies in the implementation of youth employment programmes approved by the MDG Achievement Fund. In China, UNIDO will provide improved access to vocational training for migrants and young people in rural areas to prevent premature entry to the labour force and increase self-employment opportunities. The UNIDO contribution is part of the programme on protecting and promoting the rights of China's vulnerable migrants that is jointly implemented by UNDP, UNESCO, UNICEF, UNIFEM, UNFPA, United Nations Volunteers (UNV), World Health Organization (WHO) and UNIDO. In Tunisia, UNDP, FAO, International Organization for Migration (IOM), International Labour Organization (ILO), and UNIDO are cooperating in a joint programme to increase job opportunities mainly for youth, women and higher-education graduates to obtain productive and permanent jobs with decent suitable incomes. It was anticipated that the programme would start in the second quarter of 2009.

Research and statistics

45. The *Industrial Development Report (IDR) 2009—Breaking In and Moving Up: New Industrial Challenges for the Bottom Billion and the Middle-Income Countries* was published in February 2009, with Paul Collier of Oxford University and John Page of the Brookings Institution as the main authors. The report highlights the progressive impact of globalization on industrial development through the extensive relocation of manufacturing activities into developing countries, particularly in East and South Asia. The 2009 IDR argues that while the impacts have been unevenly distributed geographically, the growing breakdown of international production within the value chain, coupled with an increased outsourcing and trade of the components arising from these activities, opens possibilities for undertaking sophisticated manufacturing in low-income as well as middle-income developing countries by entering the continuously emerging production niches. The Report concludes that seizing the available opportunities depends on policy choices by both developing and developed countries, and provides specific policy recommendations for such choices. The 2009 IDR also contains UNIDO's Competitive Industrial Performance Index ranking of countries in terms of their industrial performance.

46. In other research-related activities, the Annual Conference of the Sanjaya Lall Programme for Technology and Management for Development was co-organized with Oxford University's Department of International Development from 29 to 30 May 2008. UNIDO's World Productivity Database was launched in June 2008 and is currently being updated to incorporate 2006 data as well as productivity measures. This will permit manufacturing productivity and structural change to be analyzed at global, regional and national levels. A survey on national systems of industrial innovation was conducted among medium- and high-technology industries, knowledge-based institutions and policymakers in selected emerging markets to identify the dynamics and structural patterns of innovation. In addition, a series of working papers were produced on the principal issues and challenges facing industrial development in the twenty-first century with respect to foreign direct investment, trade policy, infrastructure and productivity at different stages of development, and the types of infrastructure investment that support industrial development as well as the integration of developing countries and their firms into the international economy. New publications on public goods for economic development and global value chains were also produced. Additionally, in view of

the global capital and financial crisis unfolding since 2007, studies were carried out during December 2008 in selected developing countries to ascertain the effects of the crisis on manufacturing industry. A compendium report will be produced during 2009.

47. During 2008, a new research programme aimed at understanding the fundamental determinants of industrial development and related structural change in the context of UNIDO's thematic priorities was started. Studies will be undertaken to examine the impact of investment and technological change on industrial development, with particular emphasis on domestic investment in machinery, infrastructure and knowledge, so that a basic industrial policy framework can be developed to help the design of country-specific industrial strategies. The new research programme is based on four principles: focus, integration, value added and relevance. Focus is provided by concentrating work on a small set of closely connected explanatory issues. Integration is achieved through bringing together solid empirical analysis, UNIDO statistics, and coherent industrialization explanations. Value added is created by generating practical and useful knowledge not available elsewhere. Relevance is obtained by meeting the specific demands for such analysis by governments, the private sector and UNIDO itself.

48. In accordance with its mandate, UNIDO has been maintaining international databases of industrial statistics and producing statistical products for international data users. The 2009 edition of the commercial hardcopy publication *International Yearbook of Industrial Statistics*, based on the compilation and aggregation of statistical tables in standard format at the country, region and global level, was produced and disseminated worldwide. The 2009 edition of CD products from the industrial statistics database (INDSTAT4) and the industrial demand supply balance (IDSB) database were also produced as planned. Similarly, the web-based Statistical Country Briefs have been updated for 2009 and made available online (www.unido.org/statistics).

49. UNIDO is currently collecting data from the national statistical offices (NSOs) of those countries which are not members of the Organization for Economic Cooperation and Development (OECD). UNIDO has prepared and distributed the relevant questionnaires, pre-filled from the INDSTAT database, to the NSOs. These data will be used to update the industrial statistical database for the publication of the 2010 edition of the *International Yearbook of Industrial Statistics*.

50. In the context of modernizing its statistical processes, UNIDO recently completed the migration of its statistical databases from the IAEA mainframe to the client server environment. The database that was accumulated in the mainframe with numerous applications has now been transferred into a self-reliant client-server system. The new system provides much better possibilities of updating data, controlling errors and producing statistical products.

51. UNIDO is also working on the further development of statistical methods and applications to improve the quality of data collected and disseminated by the Organization. A quality assessment framework of UNIDO data was published and distributed to data users. The framework describes the statistical activities of UNIDO and the relevant quality dimensions which are followed in the process of statistical data production. The 2009 edition of the *Yearbook* presents data with a revised country grouping.

52. As an active member of the international statistical community, UNIDO has continued to contribute to the development of international recommendations and standards. It thus contributed to the action plan on the development of economic statistics in the region covered by the Economic Commission for Asia and the Pacific (ESCAP), and is also engaged in a programme of cooperation with FAO and WTO on the establishment of an inter-agency database. In addition, preparatory technical activities are under way on integrating the UNIDO database into the United Nations data system. UNIDO has also been listed among the international partners of PARIS21 (Partnership in Statistics for Development in the 21st Century). Finally, a number of projects are being implemented or are in the pipeline for technical cooperation with developing countries in the field of industrial statistics.

Partnership with the private sector and civil society

53. In the framework of their strategic partnership and based on the activities initiated in 2007, UNIDO and Microsoft have launched a programme to provide affordable, high-quality secondary computers to rural small-scale entrepreneurs. The programme includes responsible end-of-life solutions and offers an innovative business model based at the bottom of the economic pyramid to narrow the digital divide in Africa. The programme was successfully piloted in Uganda where more than 4,000 computers have been refurbished and sold locally. UNIDO and Microsoft have documented their joint approach in a blueprint to share practical experiences and best practices, and to facilitate an up-scaling of the initiative. In response to requests from several countries, computer refurbishment programmes are being developed for Nigeria, Senegal and Trinidad and Tobago.

54. The UNIDO partnership with Hewlett-Packard, launched in May 2008, has been further strengthened. In January 2009, both partners agreed to increase the number of countries and beneficiary institutions under the Graduate Entrepreneurship Training through Information Technology “GET-IT” partnership. This programme provides entrepreneurship and skills training in information technology (IT) for young people from disadvantaged social backgrounds. Based on the results of last year, GET-IT will cover eight countries in Africa and the Arab region in 2009, comprising Algeria, Egypt, Kenya, Morocco, Nigeria, Saudi Arabia, South Africa and the United Arab Emirates. Twenty local training institutions are benefitting from the GET-IT programme through training of trainers courses and technology grants. Additionally, it is planned to develop substantive synergies between the Enterprise Development and Investment Promotion (EDIP) programme of the UNIDO ITPO Bahrain, the UNIDO Entrepreneurship Curriculum Programme (ECP) and the GET-IT programme.

V. Programme coordination and regional dimension

Country-level and regional coherence

55. UNIDO has continued to actively participate in endeavours to promote United Nations system-wide coherence in the various countries where the Delivering-as-One (DaO) initiative is under way along with the countries where a United Nations Development Assistance Framework (UNDAF) is being rolled-out. As a member of the United Nations Global Change Management Support Team (GCMST), the

Organization participated in the inter-agency task team meeting and the change management (CM) training course in Italy in October 2008. This involvement allowed UNIDO to contribute to the CM framework and toolkit, and to have one of the Organization's staff members placed on a roster of United Nations staff with the knowledge and skills required to serve as CM facilitators and advisors for United Nations Country Teams (UNCTs) in implementing CM for increased system-wide coherence, effectiveness and efficiency in their countries. More recently, UNIDO joined the second mission in Cape Verde with the objective of planning organizational changes and supporting the initial phase of developing an office management plan.

56. In November 2008, the Organization also participated in the briefing of Resident Coordinators (RCs) and Resident Representatives (RRs) on the mandate, priorities and operational modalities of UNIDO in order to generate an increased understanding of UNIDO's thematic priorities and the services offered by the Organization in their programme countries. With regard to the strengthened role of the Regional Directors Teams (RDTs) and Regional Managers Teams (RMTs) in the oversight and support of UNCTs, UNIDO is considering its participation in all RDTs/RMTs by assigning the relevant UNIDO Representative and Director of the Regional Office in the region to participate on each RDT/RMT. Where there is no UNIDO Representative and Head of Regional Office, a senior staff member from Headquarters will be assigned to the relevant RDTs/RMTs. In this connection, UNIDO Headquarters staff participated in a regional meeting in Bratislava, Slovakia, for the countries of Central and Eastern Europe and Newly Independent States (NIS) during March 2009. This meeting gave the Organization an opportunity to contribute to improving the regional support to UNCTs.

57. Further to the establishment of the DaO Rapid Response Team (RRT) at UNIDO Headquarters to provide urgent support and guidance to UNIDO's field offices, regular meetings of a newly established "Informal DaO Monitoring Group" take place to coordinate and monitor the implementation of UNIDO's commitments in the One-United Nations Programmes of the DaO pilot countries, having so far concentrated on Mozambique, Rwanda, United Republic of Tanzania and Uruguay. By June 2009, these four pilots will have started the second phase of delivery. As for the other four pilot countries, implementation using complementary One Fund resources will start in Albania, Cape Verde and Pakistan in the near future based on resources allocated in February 2009, while delivery in Viet Nam was expected to also begin soon with resources from the One Fund. Holding regular meetings has proved to be very helpful in meeting the tight implementation deadlines imposed by the field.

58. The recent endorsement by UNDG of the "Expanded DaO Funding window" on 29 January 2009 and the increasing support for UNDAF roll-out countries creates a strong incentive for countries engaged in common programming processes to embrace the DaO approach from the outset. The timely involvement of UNIDO in these country-level processes is now critical. Thanks to the funds made available for this purpose, UNIDO has been able to secure its effective participation in selected 2008 UNDAF roll-out and mid-term review countries, notably through the strengthening of UNIDO field offices with short-term national and/or international consultants. This exercise will continue, not only for the 2009 UNDAF

roll-out/mid-term review countries and DaO pilot countries, but also for countries that have voluntarily embraced the DaO approach (DaO self-starter countries).

59. The strengthening of UNIDO's field presence has continued steadily since the last reporting period. All posts of UNIDO Representatives (URs) have been filled and other international professional staff have taken up their assignments in the field. Moreover, two new UNIDO Desks (UDs) have become operational and a third is in the process of being established. In view of a visible decline in donor interest in the Junior Professional Officer (JPO) Programme, however, the option of utilizing National Programme Officers (NPOs) is being considered to ensure adequate capacity in the field, especially in the Country Offices.

60. The substantive capacities of the field offices have also been strengthened on multiple levels. Firstly, the workplans of field offices applying the principles of results-based-management (RBM) have set a framework for field activities, while secondly, increased emphasis has been placed on aligning the technical cooperation (TC) delivery efforts of Headquarters staff with the activities of the field offices. The former are also being utilized by the Headquarters-based Regional Programmes to plan their own activities, and thereby to ensure that the activities foreseen in countries covered directly from Headquarters are also well planned and defined. The latter has resulted in ten field offices having held detailed discussions with relevant project managers at Headquarters concerning the agreed TC delivery targets for each of the projects in the respective countries covered to agree on delivery details where the field will play an increasingly important substantive role. Moreover, the issuance of new guidelines⁴ on the management of staff members assigned to the field as Industrial Development Officers (IDOs) has defined the future relationship between the staff members in the field and the relevant substantive branch at Headquarters.

61. Programmatic support funds have continued to be allocated to requesting field offices to ensure that they can increase their involvement in the programme/project development process and also engage in fundraising activities to diversify and increase the UNIDO programme and project portfolios in their respective countries.

62. An evaluation is due to be carried out shortly of the UNIDO-UNDP Cooperation Agreement on the enhancement of UNIDO's field presence through the establishment of UNIDO Desks and joint programming with UNDP. In this context, preliminary discussions have commenced between the two organizations, and between the evaluation teams established for this purpose. The results of this evaluation are expected to become available by the final quarter of 2009.

South-South cooperation

63. In light of the recent developments in the global economy and the increased potential for South-South cooperation, UNIDO is giving increased priority to its efforts in this area, with South-South activities being increasingly promoted in the fields of environmental management, renewable energy, agribusiness and trade capacity-building. Meanwhile, the preparation of operational guidelines for the UNIDO Centres for South-South Industrial Cooperation (UCSSICs) and a

⁴ Director-General Bulletin UNIDO/DGB/(M).108.

comprehensive UNIDO South-South Strategy is under way, and was expected to be completed in the second quarter of 2009.

64. Reflecting the increased priority being given to South-South industrial cooperation initiatives, there has been a continued growth in programming activities being undertaken in both of the existing UCSSICs in India (established in February 2007) and China (established in July 2008). The sectors covered by the cooperation programmes between the Centre in India and various African countries have expanded to include pharmaceuticals and youth entrepreneurship training, while the Centre in China has identified entrepreneurship development in collaboration with ITPO Bahrain; bamboo technology transfer; environmental protection and renewable energy as key areas for programme development. This constitutes part of a broader effort to create synergies among the UCSSICs and UNIDO's ITPO network, with a decision having been taken to develop a joint workplan between these centres and the Bahrain ITPO during the second quarter of 2009.

65. The professional staff of both UCSSICs visited UNIDO Headquarters during March 2009 for introductions and consultations with a wide range of departments. The event provided a mix of training, team-building and programming initiatives as part of UNIDO's substantive mainstreaming and support to the UCSSICs. It also increased the potential for cooperation between the two UCSSICs, which is expected to generate visible results in the foreseeable future.

66. UNIDO's efforts to create a network of such UCSSICs have been boosted further following a recent agreement to establish a new centre in the Islamic Republic of Iran, which was expected to be launched in Tehran in the second quarter of 2009 with a Government allocation of about \$4 million over a period of five years. The establishment of this centre will constitute an integral part of UNIDO's Country Programme for 2009-2013 in the Islamic Republic of Iran, with the centre being designed to maintain close links with the UNIDO Country Office in Tehran. This reflects an important milestone in UNIDO's efforts at mainstreaming South-South cooperation. Indonesia is another country that has included the establishment of a UCSSIC as part of its new draft Country Programme for 2009-2013, and discussions are under way with other countries, such as Egypt and Morocco, on similar possibilities.

67. As a follow-up to an expert group meeting for Latin American countries in late 2007, the UNIDO Technical Assistance Knowledge Bank has been created for the countries in the region. It operates as a platform for the sharing of expertise and experience on industrial issues. Cuba and Mexico have already offered expertise and other countries have confirmed their interest in participating.

Support for least developed countries

68. While the developing countries' share of global manufacturing has risen considerably in recent decades, that of the least developed countries (LDCs) remains relatively small. The recent turmoil in the global economy has added to the urgency of mobilizing the potential of LDCs. In response, UNIDO has placed a deliberate and progressively stronger emphasis on its support to LDCs in recent years. This is reflected in a significant increase in the allocation of the Organization's technical cooperation resources to LDCs, which have risen by an

average of 30 per cent per year for the five-year period 2003-2008, as indicated in Table 1. Almost 80 per cent of LDC programme delivery over the same period was concentrated in Africa. This trend is set to continue.

Table 1

TC delivery and project allotments for LDCs, 2003-2008 (\$ million)

Year	2003	2004	2005	2006	2007	2008
Delivery	10.505	8.157	9.363	15.283	17.481	22.032
Allotments	14.927	12.021	16.174	17.676	23.059	27.480

69. UNIDO's engagement in trade capacity-building and the Aid for Trade (AfT) initiative was boosted following the invitation issued by the LDC Ministerial Conference in November 2007 to the Director-General to "take special account of the needs of the LDCs" in implementing the 2008-2011 medium-term programme framework. UNIDO has responded by intensifying its collaboration with WTO and other core members of the Enhanced Integrated Framework (EIF), developing five pilot project proposals for LDCs in Africa (Benin, Lesotho, Mozambique, Rwanda and Senegal) and another three in Asia (Cambodia, Lao People's Democratic Republic and Yemen) during 2008. The proposals were reviewed and updated at a workshop in Kigali, Rwanda, in September 2008 as part of the preparations for the November 2008 LDC Ministerial Conference in Siem Reap, Cambodia. The 2008 LDC Conference was a milestone in reaching a shared understanding of UNIDO's role in helping to build the supply-side capacities of LDCs to support their integration into global trade flows. It also helped to cement partnerships with Aid for Trade stakeholders. In urging UNIDO to "use the opportunities provided by AfT and EIF to further develop and expand its concept of South-South industrial cooperation", the 2008 Ministerial Conference also set the scene for the forging of closer links between South-South cooperation and LDC-specific programmes in the future. The deliberations at both meetings were guided by the UNIDO paper *Addressing Supply-Side Needs in LDCs: Eight Pilot Countries* and the concept paper *Aid for Trade: An Industrial Agenda for LDCs*.

VI. Resource mobilization

70. The MTPF for 2008-2011 projected that the annual level of resources mobilized should increase from the level of \$120-130 million per year prevailing in recent years to \$170-200 million by 2011. The Organization is well under way to achieve this target, with an average of \$164 million per year having been mobilized in 2007 and 2008, and the prospects for achieving \$170 million in 2009 looking very good. Within this total, the share of contributions from governmental donors across the priority themes has continued to increase while the share of multilateral funds related to international environmental agreements has decreased, although the absolute amount has stabilized at an average of \$45-47 million. A new development in 2008 has been the increase in so-called multi-donor trust funds. Initially established mainly to finance activities in crisis and post-crisis situations, the same mechanism has been adopted for the One-United Nations funds in the pilot countries, and for the MDG Achievement Fund initiated by Spain.

71. Following an adjustment in the categorization of activities by thematic priority at the start of 2008, the “environment and energy” and the “poverty reduction through productive activities” themes each attracted almost 40 per cent of the total funds in 2008 with “trade capacity-building” receiving almost 20 per cent. In 2009-2010 however, the trade capacity-building theme is expected to be the main driver of further increases in resource mobilization as the first large-scale programmes developed with the United Nations Regional Commissions for funding by the European Commission are expected to start operations and donors are expected to contribute to large projects under the “Aid for Trade” initiative, especially to meet the requirements of LDCs in this area. A second area of growth is expected from GEF funding as a number of preparatory projects have recently been initiated or are being submitted. These will result in the implementation of larger GEF-funded projects in the fields of energy and climate change, and persistent organic pollutants that have already been agreed in principle for funding by the GEF. Under the theme of poverty reduction through productive activities, funding is expected to increase from the various multi-donor trust funds mentioned above. However, several of these funding sources require co-funding from UNIDO or a third party, so consultations have been initiated with donors on this subject.

72. Strategic partnerships with complementary organizations are an essential component of UNIDO’s strategy of operating within its own clear thematic focus. As in previous years, efforts will continue to be made to strengthen such partnerships with organizations such as FAO, IFAD, ILO, UNDP, UNEP and WTO, and to develop specific activities for joint implementation with them.

VII. Programme support and management services

73. In recent months, UNIDO has initiated an ambitious programme of business process re-engineering (BPR) with a view to enhancing management efficiency. Particular emphasis is being given in this connection to the effective use of information and communication technologies. The participation of all staff in identifying potential sources of increased efficiency is actively being sought in this connection, and a staff survey conducted in April 2008 in this connection generated more than 200 responses. This has led to the formulation of a prioritized action plan, which included a number of initiatives that have already been implemented. While seeking to simplify and streamline UNIDO’s business processes, the BPR effort is also 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.

74. Following the decision of the General Conference (GC.12/Dec.14) on the adoption of the International Public Sector Accounting Standards (IPSAS) by UNIDO effective 1 January 2010, efforts are under way to ensure that UNIDO is IPSAS-compliant by the target date. The cross-organizational working groups especially established for this purpose are engaged in a number of parallel activities, including IPSAS awareness-raising through UNIDO’s intranet; development of asset management policies related to the identification, evaluation, recording and verification of the Organization’s fixed assets; assessment of employee benefits for recognition as long-term liabilities; recognition criteria for voluntary contributions; identification of intangible assets within the Organization; and training of key staff

members in the relevant branches. Consequential improvements to business processes and systems, having implications across the Organization, are also being addressed simultaneously, during the IPSAS implementation. As a member of the Task Force on United Nations Accounting Standards and the United Nations IPSAS Adoption Project Steering Committee, UNIDO is also continuing to contribute to the development of IPSAS-compliant accounting policies, practices and guidance for a consistent application of IPSAS across the various organizations of the United Nations system.

75. As a recipient of direct funding from the Global Environment Facility (GEF), UNIDO is required by the GEF Council to implement a set of recommended minimum fiduciary standards or equivalent relevant procedures or policies. UNIDO is continuing its efforts to meet these standards. Progress has already been made in respect of several standards and UNIDO expects to be fully compliant with all standards by the end of the current biennium.

76. In February 2008, in response to the assessment on agency compliance with the fiduciary standards undertaken by PricewaterhouseCoopers (PWC) on behalf of the Trustee, UNIDO submitted a report on its procedures with respect to the GEF fiduciary standards providing a clear strategy and a monitorable action plan. Currently, UNIDO is fully or largely compliant with nine of the twelve standards set by GEF. A few standards with greater implications on the business processes or requiring investment of additional resources are under review, also with reference to the recently initiated change management process. In early 2009, the GEF Secretariat contracted PWC to conduct a comparative analysis of the initial assessment submitted by the GEF agencies and to prepare a final report for presentation to the GEF Council in May 2009. In April 2009, UNIDO participated in a further discussion with PWC on its assessment. Out of the twelve standards, UNIDO is rated as fully compliant by PWC on the standards of Internal Audit, Procurement, Evaluation Function and Investigation Function. In three other standards it significantly meets the requirements (60-70 per cent). There are no areas where standards do not appear to be met or where a monitorable action plan has not been established. In other cases, while standards are in place at the process level, a monitorable action plan has been provided for additional entity-level requirements.

77. Further steps have been taken to enhance the effectiveness of the procurement process and to increase the accountability of the staff involved. The implementation of a series of initiatives, including BPR, the introduction of a Procurement Help Desk, modifications to the computerized procurement system, and the extensive application of open international solicitation using various Internet platforms have resulted in a streamlining of procurement procedures, an improvement in the quality and efficiency of acquisitions, and an increase in the transparency of UNIDO's procurement activities. These initiatives have been supported by the development and execution of a comprehensive procurement training programme aimed at raising the awareness of the staff at large of the provisions of the new Procurement Manual and their compliance with these provisions.

78. UNIDO's inventory control system and related procedures are being modified to meet the IPSAS requirements. In this connection, UNIDO has already completed the classification of assets located at Headquarters and identified the required changes in the property management processes. Work is continuing on the

modification of the related computerized systems in order to support IPSAS-based property management processes. All these measures will have a significant positive impact on the accuracy of acquisition reporting, maintenance of the assets register, and monitoring of assets located at UNIDO Headquarters, field offices and project sites.

79. Steps have been taken to upgrade UNIDO's Enterprise Resource Planning (ERP) system to enable it to integrate programme objectives, knowledge assets, and budgetary and financial data into one technology-assisted process. It is also being equipped with Web features to support, inter alia, both BPR at Headquarters and the connectivity of UNIDO field offices. Meanwhile, increased videoconferencing capabilities have been installed in UNIDO's Headquarters and in several field offices, which has helped to strengthen relationships between them.

80. The introduction of these new systems has been accompanied by a number of training events to ensure their effective utilization and to (re-)familiarize staff with the Organization's various administrative rules and processes. These programmes have covered UNIDO's Financial Performance Control System (FPCS), and a mandatory training programme for procurement-related issues. These programmes have been carried out in addition to UNIDO's regular training programmes.

81. The Organization is taking wide-ranging measures aimed at facilitating the career development and utilization of staff in the General Service (GS) category following recommendations made by a task force that reviewed relevant issues such as career development and the current utilization of GS resources. Some of the recommendations can be implemented in the short run while others will be translated in policy proposals that will be subject to staff management consultations at the Joint Advisory Committee.

82. The Joint Advisory Committee (JAC), which is the formal staff-management consultative body, held 31 meetings between January 2008 and 30 April 2009, and has worked on a wide range of staff related matters and human resource policies that have subsequently been promulgated.

83. The Director-General has continued his tradition of meeting with new staff to outline his expectations of them. The Human Resources Management Branch also introduced a mechanism of meeting with new staff early in their careers in the Organization. These meetings are aimed at ensuring that issues confronting new staff members are resolved in order that they can be integrated as quickly as possible and begin to contribute to the achievement of UNIDO's organizational goals without undue delay.

84. Similar initiatives have been taken at other levels in the Organization. Both the Programme Development and Technical Cooperation Division (PTC) and the Programme Support and General Management Division (PSM), introduced an "open door" policy to meet with interested individual staff members. The meetings are informal and provide an opportunity for staff members to discuss their concerns directly with management thus helping to solve potential problems.

85. The Organization's policy on the Young Professionals Programme (YPP), one of the subjects considered by the JAC, was promulgated and the ten positions for the YPP were widely advertised. The objective was to ensure a wide coverage and to target non- and under-represented countries. Over 1,240 applications were received

and 503 applicants were shortlisted. Following initial testing, fifty candidates were retained and they were invited to Headquarters to undergo a full assessment process during the months of April and May 2009.

86. The management development programme for all staff at the P-1 to P-4 levels as well as National Programme Officers has been implemented and four sessions have already been held. The feedback so far has been very positive.

VIII. Regional programme for Latin America and the Caribbean

87. In conformity with the implementation guidelines reflected in resolution GC.12/Res.1 and adopted at the second Expert Group Meeting in November 2007, UNIDO has continued to implement a number of specific activities under the Regional Programme for Latin America and the Caribbean (RPLAC).

88. The UNIDO Technical Assistance Knowledge Bank was established in 2008 as a tripartite South-South cooperation platform to promote the exchange of expertise and knowledge within the region. It is expected to provide knowledge services in a variety of fields related to industrial development, including agro-industries, trade facilitation, quality management, SME development and renewable energy. Following initial pledges for the provision of such services from institutions in Brazil and Cuba, the Knowledge Bank has recently received further contributions. By April 2009, it had a roster of more than 30 experts from Argentina, Chile, Cuba and Mexico. Additionally, the Bank platform is being utilized for the development of tripartite cooperation between UNIDO, Mexico and Kenya.

89. Following the holding of the Global Renewable Energy Forum in Foz de Iguacu, Brazil, from 18 to 22 May 2008, preparations are under way for the next UNIDO Global Renewable Energy Forum (GREF 2009), to be held in Guanajuato, Mexico, from 7 to 9 October 2009 in cooperation with the Ministry of Energy of Mexico. The tentative agenda has recently been agreed and the promotion of the event has already started. In this context, cooperation with regional institutions, such as the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and the Organización Latinoamericana de Energía (OLADE), will be strengthened.

90. Funds have been secured from Italy and Spain for launching the UNIDO Renewable Energy Observatory for Latin America in 21 countries. In 2009, activities will concentrate on Brazil, Colombia, Dominican Republic, Ecuador, Mexico, Paraguay and Uruguay. The progress made will be presented at the GREF 2009 in Mexico. The Observatory activities are in line with the objectives of the recently signed Memorandum of Understanding between UNIDO and OLADE.

91. The promotion of knowledge transfer between LAC and African countries in the field of renewable energy, which was initiated through a study tour in the context of the UNIDO-Brazil meeting in Foz de Iguacu, has continued. In October 2008, a study tour to Colombia was organized for seven representatives of the palm oil industry in five African countries. As part of this knowledge transfer programme another UNIDO study tour is planned in connection with the GREF 2009 in Mexico and will focus on geothermal issues.

92. In response to requests received from GRULAC, progress has been made towards the elaboration of subregional technical cooperation programmes. Details of these programmes are given below:

(a) At the request of CARIFORUM, activities were undertaken to facilitate the formulation of the programme for “Strengthening Competitiveness and Innovation to Remove Supply-side Constraints and Foster Regional Integration in the Framework of the Economic Partnership Agreement (EPA) between the EU and African, Caribbean and Pacific (ACP) Countries”. In this connection, an assessment was prepared jointly with the Centre for the Development of Enterprise (CDE), and in consultation with the EU. The survey conducted by UNIDO/CDE was subsequently submitted to the local partners, including the Caribbean Community (CARICOM), and a validation seminar is expected to take place during the second half of 2009. The programme aims to address the weak trade and productive capacities in the member countries of CARIFORUM by promoting innovation, technology, and improved access to regional and international markets;

(b) Also in cooperation with CARICOM, activities were initiated to study the possibility of UNIDO cooperation with the Caribbean Task Force for Promoting Local Creative SMEs;

(c) In accordance with a Memorandum of Understanding signed with the Secretariat of the Community of Andean Nations (CAN) in April 2008, UNIDO is supporting the formulation of a subregional programme to be submitted to the EU for consideration. The programme aims at supporting quality improvement, SME development, agro-industry development, trade capacity-building and regional integration with the overall objective of increasing the competitiveness of products from the Andean countries in international markets. Initial consultations have been held recently with the CAN Secretariat in this connection as part of a preparatory assistance activity; and

(d) Technical support has been provided to the Central American Secretariat for Economic Integration (SIECA) in the form of preparatory assistance, funded with UNIDO resources, for the formulation of a subregional programme for the Central American countries. The proposed programme covers quality infrastructure and market access support for Central America and Panama. The programme and the associated implementation modalities are currently under negotiation between SIECA and the EU, the latter having pledged €20-25 million for the programme. It is expected that implementation will start during 2010.

93. In addition, the formulation of a new regional programme to increase the global competitiveness of the Latin American leather industry has been initiated. National actors and governments were contacted to review the main strategic issues, current needs and fund mobilization strategies.

94. Support has also been received from the LAC countries for the regional chapter of the second phase of the Global Mercury Programme (GMP2), which is currently being formulated for submission to donors. Initial activities are expected to start by mid-2009 in Colombia under a Trust Fund Agreement.

IX. Regional programme for Africa

95. Within the medium-term programme framework 2008-2011, UNIDO has continued to implement and develop a number of specific activities in Africa with particular relevance to the needs of the continent. These have covered all of UNIDO's three thematic priority areas including poverty reduction through productive activities, trade capacity-building, and environment and energy.

96. The principal focus of UNIDO's activities in Africa is on poverty reduction through productive activities, in accordance with Millennium Development Goal 1 to reduce world poverty by 50 per cent by 2015. The range of technical cooperation activities under implementation in this connection includes advice on policy and institutional support measures to improve the conduciveness of the prevailing business environment; support for the development of rural, women's and youth entrepreneurship; measures to promote cluster and business linkages; assistance in the fields of agro-processing and value chain development; and measures to support technology diffusion and investment-related activities. Examples of these projects include:

(a) The Enterprise Incubation Programme in Sierra Leone, which provides capacity-building to SMEs, including measures to facilitate linkages between these enterprises and financial institutions;

(b) The computer refurbishment programme in Uganda which seeks to bridge the digital gap and help the country to reap the benefits of information and communication technologies (ICTs), particularly in terms of access to affordable hardware, relevant software and adequate ICT training; and

(c) The Mano River Union Youth Employment Programme covering four countries (Côte d'Ivoire, Guinea, Liberia and Sierra Leone), which directly addresses the needs of the youth, linking them to employment opportunities in the private sector and training them in various market-driven skills, self-employment, access to finance and ICTs.

97. Various activities related to agro-processing are also being implemented in a number of countries including Burkina Faso, Congo, Mali, Mozambique, Rwanda, and United Republic of Tanzania. These programmes are aimed mainly at stimulating local production capabilities and supporting the integration of marginal rural communities into the global market economy by linking small food processors with wider distribution channels. In this connection, a new agri-enterprise development project for eight West African countries has been initiated with the objective of promoting integrated agri-business, poverty reduction and economic growth. In addition, Cameroon and Nigeria are being assisted to maximize the potential of their oil palm resources, while in East Africa a pilot project on increased farm income from banana-based beverages will benefit Kenya, Uganda, and United Republic of Tanzania.

98. UNIDO's activities related to leather production and processing, retain their critical importance for poverty reduction in Africa, especially through their effect on the growth of small enterprises. These activities include technical cooperation for improved production of hides and skins, and the establishment of common facility centres providing services such as design, marketing, trading and grading of

products. In 2009, a common facilities centre is planned in the context of the One-United Nations programme framework for Rwanda. Several leather-based activities are also included in the recently approved Integrated Programme for Kenya. Meanwhile, two programmes for the improvement of hides and skins have been initiated in Ethiopia and Nigeria.

99. UNIDO is also continuing to fulfil its global forum role in the promotion of agro-industrial development. An example of its work in this field is the forthcoming High-level Conference on Development of Agri-business and Agro-Industry in Africa, which will be held in Nigeria in October 2009. In the lead-up to this conference, UNIDO is undertaking a comprehensive analysis on the topic of “Africa and the Global Industrial Economy: Strategies for Prosperity”. This study is intended to generate new approaches to support Africa’s industrial development efforts, diversify its internationally tradable products, and significantly increase its share of global manufacturing and manufactured exports. This study will also be issued as a major publication for wide dissemination to decision makers and stakeholders. The findings and recommendations derived from the study and conference will contribute to the formulation of strategies and actions in support of the African Union Action Plan for Accelerated Industrial Development of Africa.

100. Under the thematic priority of trade capacity-building, UNIDO has developed a number of flagship activities. In particular, several programmes to promote industrial upgrading and modernization were developed in 2008 with Regional Economic Communities (RECs), including the Economic Community of West African States (ECOWAS), the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), and the Economic and Monetary Community of Central Africa (CEMAC), all within the framework of their Economic Partnership Agreements (EPAs) with the European Union. Validation workshops for these programmes have been held with each of these RECs, and implementation is scheduled to be initiated as part of the MTPF. Overall, these programmes are expected to contribute to helping the countries concerned to overcome the supply-side constraints inhibiting their participation in regional and international trade.

101. Several other significant programmes and activities are being implemented under the trade capacity-building theme in Africa. The West Africa Quality Infrastructure Programme covering 15 countries, which is a successor to the quality programme implemented in the eight countries of the West African Economic and Monetary Union (UEMOA), is focused on building national capacities in trade analysis, standardization, accreditation, laboratory development, inspection, metrology, quality promotion, traceability and inspection among other things. The East African Quality Programme is being implemented in the East African Community (EAC) countries of Kenya, Uganda, and United Republic of Tanzania and it aims at updating and harmonizing regulatory frameworks for food safety; raising awareness on issues relating to food safety, standards and quality; developing food chain and risk analysis systems; and upgrading inspection and surveillance services.

102. In addition, an international conference entitled “From farm to markets: Providing know-how and finance”, was organized in Cairo, Egypt, in November 2008. The conference considered issues related to supply/value chains, market access and linkages; compliance with standards and conformity assessment;

technology and value addition; and innovative forms of financing. An overarching issue was the traceability of agro-products for the EU market, based on the experience of a successful UNIDO project.

103. In the thematic priority area of environment and energy, UNIDO arranged the International Conference on Renewable Energy in Africa in April 2008 in Dakar, Senegal, in cooperation with the African Union, the Government of Senegal and the German Federal Ministry for Economic Cooperation. The primary objective of this conference was to discuss the potential to scale up the availability of renewable energy so as to increase access to modern energy services and energy security for economic and social development. The conference adopted a plan of action with the following five key programmatic dimensions:

- (a) policy, regulatory and institutional framework;
- (b) capacity-building and skills development;
- (c) development of financing options;
- (d) renewable energy for enterprise development and industrialization; and
- (e) cross-cutting action on renewable energy development.

As requested by the conference, UNIDO will continue to play a critical role in the implementation of this action plan in collaboration with the African Union.

104. UNIDO is currently working with various development partners to establish a Centre for Renewable Energy in the Economic Community of West African States (ECOWAS), and a similar centre has been proposed for East Africa. Based on the experiences gained from these centres, the establishment of similar centres in other regions of Africa will be considered. UNIDO is also responsible for the overall coordination of a \$16 million regional programme to promote renewable energy and energy efficiency in West Africa funded by GEF, and is implementing specific projects in Cape Verde, Chad, Côte d'Ivoire, Gambia, Guinea, Liberia, Nigeria, and Sierra Leone in the context of this programme. A similar programme for Eastern Africa is under consideration.

105. Other important energy-related projects under implementation in Africa include mini-hydro projects (such as in Rwanda) and the Community Power Centres project in Kenya, which are focused on the provision of electricity to off-grid areas from zero-emission hybrid renewable energy technologies, such as micro-hydro, biogas, wind, solar and straight vegetable oil (SVO) fed generators.

106. Based on the conviction that pollution and resource degradation represent an inefficient use of resources and therefore constitute an economic waste as well as an environmental threat, UNIDO has focused its environment-related programmes on encouraging the use of cleaner production practices to reduce waste, stimulate efficiency gains and enhance quality improvements. This is largely done through the network of national cleaner production centres (NCPCs) operated by UNIDO in collaboration with UNEP. Following an evaluation of the NCPCs, measures are being taken to further strengthen them within the context of the MTPF 2008-2011.

107. At a broader level, UNIDO has continued to support the Conference of African Ministers of Industry (CAMI). The tenth African Union (AU) Heads of State summit held in January-February 2008 in Addis Abba, Ethiopia, was dedicated to the theme

of industrialization, and endorsed the “African Union Action Plan for Accelerated Industrial Development of Africa”. Subsequently, as requested by the summit, UNIDO provided assistance towards the formulation of an implementation strategy for the Action Plan, in collaboration with the AU. The strategy was endorsed by the eighteenth session of CAMI in Durban, South Africa, from 24 to 28 October 2008, and is to be presented to the next AU summit in 2009. The Action Plan with its related implementation strategy is the latest initiative of far-reaching consequences adopted by African Heads of State since the Industrial Development Decade for Africa programmes of the 1980s and 1990s, and the Alliance for Africa’s Industrialization initiated in 2003. As further requested by both the AU and CAMI, UNIDO will continue to provide assistance for the execution of the strategy.

108. Based on a workplan approved at the Regional Coordination Mechanism meeting in Addis Ababa, Ethiopia, in October 2008, UNIDO is developing a comprehensive programme in its capacity as the convener of the cluster on Industry, Trade and Market Access. The programme will focus on institutional capacities and policy analysis, mobilization of investments for industrial development, and analysis of supply chain constraints in the agro-processing and textile sectors. More specifically, UNIDO will coordinate the establishment of an electronic databank in the AU Commission, preparing an inventory of manufacturing establishments, undertaking joint studies on the competitiveness of African products, helping to draft elements of industrial policies, arranging forums on regional value chains, addressing issues related to indigenous intellectual property, monitoring WTO and EPA negotiations, and developing African trade facilitation programmes.

X. Arab regional programme

109. UNIDO’s programming strategy for the Arab region is based on the implementation guidelines contained in the MTPF 2008-2011, the recommendations of the Arab regional round table held at the twelfth session of the General Conference (and as reflected in resolution GC.12/Res.2), as well as the Vienna Ministerial Declaration of the Least Developed Countries (as contained in document GC.12/CRP.5). The strategy also conforms with the objectives of the MDGs, and targets poverty reduction and employment generation in particular, which remain the primary challenges facing many countries in the Arab region and constitute a major obstacle to economic development.

110. UNIDO implements its regional strategy for the Arab region through the formulation of tailor-made regional and country-level programmes and projects in priority areas. In doing so, it takes full account of the economic diversity of countries within the region, and the resulting differences in the industrial challenges facing the West Asian Arab countries, the Arab Maghreb states, the Arab Gulf states, and the Arab LDCs.

111. In the predominantly oil-rich countries of the Gulf, UNIDO’s programming strategy supports national efforts to promote sustainable industrial development as a means of diversifying their economies, enhancing the role of the private sector, and increasing the degree of economic openness. In the West Asian Arab states, UNIDO supports measures to encourage the growth of the private sector as a means of generating increased investment and productivity, and sustainable industrial

development. In the African Arab states, UNIDO's technical cooperation focuses on the promotion of sustainable development through productivity growth, with an emphasis on industrial modernization and upgrading technology diffusion and trade facilitation/market access, as well as private sector development and support for the EU Mediterranean initiative. In the Arab LDCs, UNIDO is supporting efforts to overcome the economic stagnation arising from low levels of industrial development and technology transfer.

112. The strategy adopted by UNIDO for the countries of the Gulf Cooperation Council (GCC) aims to support the transformation of their economies into knowledge-based, competitive economies with a leading role for the private sector. UNIDO's technical cooperation services to these countries focus on the provision of high-quality technical advice for human resource development, the establishment of a conducive business environment, private sector development, economic diversification, the application of new competitive technologies, environmental sustainability, and the consolidation of regional integration. An example of this approach is the formulation and implementation of the programme entitled "Industrial Strategies to Enhance Diversification and Competitiveness in the Kingdom of Saudi Arabia". In this subregion, UNIDO also seeks to strengthen regional institutions, such as the GCC and the Gulf Organization for Industrial Consulting (GOIC), and to build international partnerships. An important contribution to the achievement of this objective is made by the ITPO in Bahrain, which facilitates the mobilization of foreign, technical, managerial and financial resources, and promotes industrial partnerships and cooperation between companies in the subregion.

113. UNIDO's programmatic interventions in the Arab Countries of West Asia and the Eastern Mediterranean are mainly oriented towards private sector development, capacity-building for production and export, promoting business partnership programmes, establishing and/or strengthening SME export consortia, and supporting product innovation and diversification. In addition, UNIDO promotes capacity-building for market access in such areas as metrology, testing, quality management, compliance with international standards, and accreditation and certification. Following visits by the Director-General in 2008 to the region, Memoranda of Understanding were concluded with Lebanon and Syria, under which UNIDO provides technical cooperation services for investment and technology promotion, compliance with international market requirements and market access, and the rehabilitation of the agro-industrial sector. Considerable attention is also being given to the upgrading of the Syrian textile sector, and the micro-, small- and medium-sized enterprises within the sector.

114. The future orientation of the UNIDO activities in the countries of the North African subregion will reflect the challenges posed to the local industrial sector by the gradual establishment of a Euro-Mediterranean free-trade area by 2010. UNIDO activities will aim to modernize and strengthen priority industrial sectors such as textiles, food and leather, through upgrading programmes, and enhancing the capabilities of local institutions to facilitate competitive trade expansion through the establishment of export consortia and the improvement of quality, metrology, standards and certification services. Emphasis will also be placed on SME and private sector development programmes for income generation, job creation and fostering growth. Recent UNIDO activities in the Arab Maghreb region have

fostered the restructuring and modernization of industry, with a focus on agro-industries, in Morocco, and the development of SME clusters and export consortia in Algeria, Morocco and Tunisia.

115. The UNIDO strategy for LDCs in the Arab region aims to enable these countries to benefit from the globalization process and the resulting liberalization of trade flows through the introduction of appropriate economic policies and institutional support services to increase their supply capacities in promising sectors. Special attention is being given to SME development and the strengthening of agro-based and agro-related industries, and to developing renewable sources of energy for productive use. In this connection, UNIDO's technical cooperation services in the field of youth entrepreneurship development and sustainable demand-driven enterprise-based vocational training are particularly important. UNIDO is also engaged in preparatory assistance and capacity-building projects to strengthen supply chains under the enhanced integrated framework mechanism in Djibouti, Sudan and Yemen.

116. UNIDO has sought to coordinate its activities within the developmental framework established by the international community for the countries of the region. The Organization is actively involved in the preparation and/or review processes of the United Nations Development Assistance Frameworks (UNDAFs) in the region, especially in Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia. It is also cooperating with the MDG Achievement Fund in several projects in Egypt, Sudan and Tunisia. Similarly, UNIDO has entered into partnerships with international development finance institutions such as the Islamic Development Bank (IDB), with regional institutes, such as the Arab Sciences and Technology Foundation, and with private sector corporations, such as Hewlett-Packard, to implement important development programmes in the region. It has also established a network of Investment Promotion Units (IPUs) to support local beneficiary institutions and SMEs.

117. During this period, UNIDO has continued to integrate the Arab region into its global South-South cooperation programme. A particularly important activity in this context was the Conference on Innovative Solutions for Agribusiness held in Cairo in November 2008, as a follow-up to the successful "Global Agro-Industries Forum – Improving Competitiveness and Development Impact", which took place in New Delhi, India, in April 2008.

118. UNIDO also continues to provide a platform for a proactive dialogue to strengthen interregional cooperation and partnerships for increased investments in environment and renewable energy issues. In this context, the Eco Cities of the Mediterranean Forum 2008 was held in October 2008 in Jordan. Under the Montreal Protocol Programme, UNIDO, in partnership with UNEP, succeeded in mobilizing more than \$10 million in 2008 to support the phase-out of ozone depleting substances in Iraq, Kuwait, Oman, Qatar, Saudi Arabia and Yemen, and expects to develop new projects to promote alternative technologies in Jordan, Kuwait, Lebanon, Qatar, Syria and Tunisia. Meanwhile, UNIDO has continued to promote its holistic approach to cleaner production in several countries of the region, including Egypt, Lebanon and Morocco, with a focus on reducing the environmental impact of products throughout their life cycle through the design of environmentally friendly but cost-effective products.

XI. Regional programme for Asia and the Pacific

119. The Asia and Pacific region has achieved unprecedented sustained growth and development in the past decades, which was accompanied by a dramatic decline in the incidence of absolute poverty, a significant increase in per capita income, and notable improvements in key social indicators. At the same time, manufacturing value added (MVA) witnessed a substantial increase in various countries in the region. These favourable developments notwithstanding, the region is home to more than 600 million people living in extreme poverty. Income disparities are growing wider within the region and within individual countries. Poverty reduction therefore remains the main priority for most of the countries in the region. In addition, the region faces several other challenges, the most immediate of which is the challenge of the global economic downturn, which has affected many export-oriented economies. Other development challenges include the increasingly unequal distribution of income and wealth, and the emergence of new groups of poor (such as those in urban areas), as well as environmental degradation and resource depletion.

120. Based on the above challenges and needs of the region, and in close consultation and cooperation with the Member States, UNIDO has been implementing several subregional technical cooperation projects in the three thematic areas of poverty reduction through productive activities, trade capacity-building, and environment and energy, so as to help to achieve sustainable industrial development in the region.

121. In the context of poverty reduction through productive activities, UNIDO is engaged in a project to enhance production efficiency and generate increased incomes in smallholder production and processing of kenaf in Bangladesh, China and Malaysia. At the request of the Association of Southeast Asian Nations (ASEAN), UNIDO has also developed a project to survey post-harvest losses of the main food commodities produced in these countries, which will strengthen the Organization's cooperation with ASEAN in agro-industry development. UNIDO has also continued its participation in the multi-agency Tumen River Area Development Programme in North-East Asia, which covers China, the Democratic People's Republic of Korea, Mongolia, the Republic of Korea, and the Russian Federation. Within this programme, UNIDO has carried out a number of important activities such as promoting investments, preparing investment guides, and supporting the implementation of the Tumen River Investors' Service Networks. Another important project undertaken in the context of this thematic area is the information technology (IT) partnership project, which will facilitate a further enhancement of international cooperation in the IT sector, and the promotion of public/private partnerships in IT across the Asia-Pacific region.

122. In the area of trade capacity-building, UNIDO is implementing the second phase of a project to support trade facilitation and market access for South Asian LDCs through a strengthening of national institutional capacities related to standards, metrology, testing and quality (SMTQ) in Bangladesh, Bhutan, Maldives and Nepal. A similar second-phase project to strengthen national capacities and the institutional infrastructure for SMTQ is being implemented in the Mekong Delta countries of Cambodia, Lao People's Democratic Republic and Viet Nam, with the objective of enhancing industrial development, consumer protection and export

capabilities in these countries. In cooperation with the Economic Cooperation Organization (ECO), UNIDO has also developed a trade capacity-building project for ECO Member States based on improved institutional capacities for SMTQ. This project will contribute to the establishment of a Regional Institute for Standardization, Conformity Assessment, Accreditation and Metrology (RISCAM), in an effort to promote intraregional trade by removing technical barriers to trade in the region.

123. In the thematic priority area of environment and energy, the Regional Network on Pesticides in Asia-Pacific (RENPAAP) project being implemented in China, India, Malaysia, Republic of Korea and Thailand is particularly important. It aims to promote environmentally benign and user-friendly crop protection agents through the adoption of cleaner production techniques and environmentally sound management processes in agricultural production, thereby ensuring the safety of farmers and workers in the production units. Another important project is the renewable energy project for the Pacific Island countries, which aims to promote renewable energy sources to provide modern energy services and support productive uses in Samoa and the Solomon Islands.

124. UNIDO has also continued to engage in a variety of important global forum activities. In April 2008, the Organization jointly organized the first global conference on agro-industries in New Delhi, India, in cooperation with the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), and the Government of India. The Forum, which was intended to promote the importance of agro-industries for economic development and poverty reduction, attracted about 500 senior representatives from agro-industry, governments, technical and financing institutions, civil society and the United Nations system. UNIDO also made an important contribution to the fourth Tokyo International Conference on African Development (TICAD IV) held in Yokohama, Japan, in May 2008, by developing specific proposals for technical cooperation projects in cooperation with the Government of Japan and relevant research institutions in Asia and Africa to further promote the development of tripartite cooperation.

125. In collaboration with UNEP, UNESCAP and the Government of the Philippines, UNIDO is organizing an International Conference on Green Industry in Asia from 9 to 11 September 2009 in Manila, the Philippines. The Conference will serve as a platform for a multi-stakeholder dialogue on the challenges and opportunities of moving towards resource-efficient and low-carbon production patterns in Asia. It will seek to scale up eco-efficient and cleaner production processes and practices through a sharing of information and experience, and the forging of partnerships. The Conference is expected to adopt a declaration and plan of action that will feature a mechanism for the regular review and assessment of progress towards resource-efficient and low carbon industries in the region.

XII Regional programme for Europe and the Newly Independent States

126. Within the framework of its regional programme for Europe and the Newly Independent States (NIS), UNIDO has implemented a variety of important technical

cooperation and global forum activities during the period under review, especially in South-Eastern Europe and the NIS. The total value of approved technical cooperation projects in the region increased from \$5.5 million in 2007 to \$6.9 million in 2008. The primary goal was to promote sustainable industrial development and facilitate a successful transition to the market economy in line with UNIDO's three thematic priorities.

127. While all three of UNIDO's thematic priorities were promoted in the region, environment and energy remained the principal area of focus of the Organization's technical cooperation projects. Particular emphasis continued to be placed on projects involving the phasing out of ozone depleting substances under the Montreal Protocol, although measures were also taken to increase UNIDO's activities in areas such as industrial energy efficiency, renewable sources of energy and persistent organic pollutants following the Organization's recognition as a GEF implementing agency under the climate change agenda. A regional project has been initiated to develop country strategies for the phase-out of hydrochlorofluorocarbons in eight countries in Europe and Central Asia, and to design specific activities to be implemented in compliance with their Montreal Protocol obligations. Activities to support the development of national energy management standards have been included as part of new GEF-targeted projects that are under preparation.

128. UNIDO's worldwide programmes on resource efficiency, national cleaner production and chemical leasing have also been successfully promoted in the region. The programmes contribute to a rational use of raw materials, water and energy in the production process, as well as promoting environmentally friendly technologies. In 2009, new projects focusing on cleaner and resource efficient production have been initiated in Albania (within the One-United Nations framework), Republic of Moldova and Montenegro. UNIDO has also launched a project in Ukraine focused on identifying and dealing with manufacturing enterprises that are a source of pollution and contamination along the basin of the Western Bug River.

129. In 2008, UNIDO launched a regional project on corporate social responsibility (CSR). The regional CSR network, to be led by Croatia, will aim at promoting a sustained and continuous improvement of the environmental and social conditions in SMEs operating in the region's industrial sectors, thereby enhancing their competitiveness and market access. It will assist local SMEs in the participating countries to conduct business in a socially and environmentally responsible manner.

130. In the area of poverty reduction through productive activities, UNIDO has implemented the regional project on Healthy and Safe Food for the Future (Future Food6) as a technology foresight (TF) project with the participation of six countries from Central and Eastern Europe. The project, financed by the European Commission, is aimed at assisting the participating countries to reach international quality and safety standards. In parallel, training programmes on TF were conducted in the Czech Republic, Hungary, Slovakia, and Turkey. To support the implementation of the TF programme, UNIDO has launched a regional Eurasian Virtual Centre on Technology Foresight with its information management unit located in Prague. The Centre provides a platform for sharing experiences and practices in TF and promotes the mainstreaming of TF methodologies.

131. With regard to global forum activities in the region, UNIDO organized a Regional Workshop on Renewable Energy in the Carpathians Region in Lviv,

Ukraine, in May 2008. The workshop focused on discussing policy issues and the needs of the Carpathian region (Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia and Ukraine) for renewable sources of energy. It assembled more than 50 participants from the Carpathian region, UNEP, FAO, Central European Initiative (CEI), and the Carpathian and Alpine Conventions.

132. Since UNIDO is a non-resident agency in the region, the Secretariat has intensified its dialogue with the United Nations Resident Coordinators in the context of strengthening United Nations system-wide coherence. In 2008, it contributed to the development of new United Nations Development Assistance Framework (UNDAF) documents in Armenia, Bosnia and Herzegovina, Kazakhstan, the former Yugoslav Republic of Macedonia, Turkmenistan and Uzbekistan. The Organization also established close cooperation with the Resident Coordinator's office in Tirana and with the Government of Albania within the framework of the One-United Nations initiative. As a result, UNIDO was invited to join and participate in preparation of the One-United Nations programme in the country, to which it has contributed a National Cleaner Production Centre project.

133. A key element of the strategy pursued by UNIDO with regard to this regional programme has been an intensification of the Organization's dialogue with donors for the mobilization of financial resources for its activities in the region, inter alia, by seeking to expand its access to funds of global and regional institutions such as the Montreal Protocol, Global Environment Facility and European Commission. A new element of the funds mobilization strategy has been increased collaboration with emerging donors such as Croatia, the Czech Republic, Hungary, Poland, the Russian Federation, Slovakia, Slovenia, and Turkey, for expanding East-East and East-South cooperation initiatives. UNIDO activities under these initiatives include the transfer of industrial development experiences, know-how, and human and financial resources of successful transitional economies.

XII. Action required of the Board

134. The Board may wish to take note of the information provided under this agenda item.
