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### **UNIDO activities related to the 2009 Vienna Ministerial Declaration and Plan of Action of the Least Developed Countries**

## **UNIDO activities in support of least developed countries**

### **Report by the Director-General**

In compliance with resolution GC.13/Res.5 on the Vienna Ministerial Declaration and the Plan of Action of the Least Developed Countries, the present document provides information on the implementation of the resolution, the activities that have been undertaken and the events organized in support of the least developed countries. In particular, the Conference will be apprised of the outcome of the Fourth United Nations Conference on the Least Developed Countries (LDC IV) as well as on the preparations for the Ministerial Conference of the Least Developed Countries, scheduled in Vienna from 24 to 25 November 2011.

## **I. Introduction**

1. The third UNIDO Ministerial Conference of Least Developed Countries, held in Vienna in December 2009 and co-organized with the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), focused on the impact of the global economic crisis on the productive capacities and trade of least developed countries (LDCs). It resulted in the 2009 Least Developed Countries Ministerial Plan of Action and the Ministerial Declaration, which were both taken note of by the thirteenth session of the General Conference

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(resolution GC.13/Res.5). The Plan of Action had the overall aim of enhancing productive capacities for economic development among LDCs with the objective to achieve economic diversification of the countries in order to enhance food security and productive capacities, thereby reducing their vulnerability to external shocks. The LDC Plan of Action, together with the African Union Action Plan for the Accelerated Industrial Development of Africa (AIDA), and the African Agribusiness and Agro-industries Development Initiative (3ADI), guide the Organization's support towards LDCs and form the three major frameworks of the UNIDO Agribusiness Development Initiative.

2. Special account of the Plan of Action and the Ministerial Declaration is taken in implementing the medium-term programme framework, 2010-2013 (IDB.35/8/Add.1). Particular attention continues to be paid to agro-business, trade capacity-building (including standards and metrology), small and medium enterprise (SME) development, cleaner production and technology transfer as described in further detail in the *Annual Report of UNIDO 2010* (IDB.39/2, chapter 3). That report provides an account of how UNIDO continues to implement programmes which address the issue of poverty reduction, with special attention to LDCs.

## **II. Examples of programmes and initiatives in support of least developed countries**

3. Since the issuance of the *Annual Report of UNIDO 2010* a number of important programmes and initiatives have been undertaken. One of the key programmes in support of the LDCs was announced during the Istanbul Conference, namely the "3ADI Initiative: Expansion of capacity-building work in the area of policy formulation for SMEs in LDCs in all stages of the value chain". The goal of 3ADI is to have an agriculture sector in Africa, which by the year 2020, comprises highly productive and profitable agriculture value chains that effectively link small and medium size agricultural producers to markets, supply higher-value food, fibre, feed and fuel products, contribute to increasing farmers' incomes, utilize natural resources in a sustainable manner and generate increased and high-quality employment. The model of development applied in the 3ADI takes a broader view of economic development and poverty alleviation, while UNIDO acts as a catalyst to mobilize resources from development finance institutions and, most importantly, attract private-sector development. In the Democratic Republic of the Congo, cassava, a staple product which provides food and income for 70 per cent of the rural population, is one of three products earmarked under the 3ADI, along with palm oil and wood. It is intended to improve supplies to Kinshasa and expand the provision of palm oil and cassava in three provinces around the capital. The Government of Japan provided \$1.3 million for the set up of a pilot food processing facility in Kimpese, in the province of Bas Congo, as part of the programme. From mid-2011, UNIDO hopes to increase the number of countries involved in the initiative and further develop downstream activities.

4. In the field of trade capacity-building, an important UNIDO activity has been launched in Haiti, one of the poorest countries in the world, with the support of the European Union (EU). This programme aims at strengthening the country's export capacity and improving its competitiveness in regional and international markets. The main focus of this initiative is to set up a national standards body, helping to

create an environment that would support the reconstruction process, encourage exports and contribute to protecting consumers from poor-quality imports. In 2008, the first phase of the project, with a volume of €440,000, started in collaboration with the Ministry of Trade and Industry. UNIDO set up premises, trained staff and worked with the Government to prepare a law on standards and quality. For phase two of the project, which is expected to start before the end of 2011, the EU has recently earmarked €600,000. UNIDO estimates that around €15-20 million would need to be invested over two decades to build up vibrant national quality infrastructure to enable Haiti's entrepreneurs to meet international market requirements.

5. An example that testifies to the crucial role of energy and energy access for LDCs is the Economic Community of West African States (ECOWAS) Regional Centre for Renewable Energy and Energy efficiency (ECREEE), based in Cape Verde and supported by UNIDO. The Centre will be pivotal in encouraging the creation of energy efficiency markets in the region. As part of the Global Environment Facility (GEF) Strategic Programme on Energy in West Africa, ECREEE is intended to attract investors and unlock the region's huge renewables potential. UNIDO has the leading role in implementing the GEF Programme, which supports a number of renewable and energy efficiency projects in the 15 ECOWAS countries, plus Burundi, Chad and Mauritania. Under the programme, UNIDO is running projects to set up mini-grids in five LDCs: Chad, Gambia, Guinea, Liberia and Sierra Leone. The grids will be developed using small hydropower, solar photovoltaic or bioenergy.

6. It is recognized that empowerment of women, and in particular economic empowerment, has a significant positive impact on sustainable economic growth and sustainable industrial development. In its programmes in Afghanistan and Mali, UNIDO targets the integration of women into the growth and development process, thereby yielding positive multiplier effects for households, communities and ultimately national economies. In Mali, UNIDO set up three pilot centres in the Dioila, Segou and Sikasso regions, in partnership with the Ministry of Women, the Ministry of Industry and the United Nations Development Programme (UNDP). These pilot centres receive funding from the Government of Luxembourg and UNIDO. The five-year project is set to run until 2013 with a volume of around €1 million. It reaches about 1,000 women across 100 of the poorest villages in the south. In February 2011, UNIDO launched a project in Nangarhar, Afghanistan, which will target the needs of small farmers and cottage-based agro-industries, in particular those run by women working at home. The project will focus on providing these women with the necessary equipment to develop their products and train them in entrepreneurial skills needed to bring these products to the markets. Around 1,800 people will benefit directly, with knock-on effects reaching many more in the region. The province of Nangarhar holds the highest population density, with an elevated level of poverty, which was exacerbated by the latest flooding in mid-2010.

### III. Fourth United Nations Conference on the Least Developed Countries, 9-13 May 2011, Istanbul

7. A crucial event supporting the advancement of the LDCs was the Fourth United Nations Conference on the Least Developed Countries (LDC IV), which took place from 9 to 13 May 2011, in Istanbul. The entire United Nations system, Member States (present with 36 Heads of State and Government and 96 Ministers), relevant international and regional organizations worked closely together and adopted the Istanbul Declaration (document A/CONF.219/L.1)<sup>1</sup> and the Istanbul Programme of Action (IPoA), (document A/CONF.219/3)<sup>2</sup> after months of intensive negotiations. The IPoA represents a mutually agreed compact between least developed countries and their development partners. The Programme provides a comprehensive road map in support of LDC economies and further underscores the need for a structural transformation of their socio-economic environment within the next decade, 2011-2020. More ambitiously, the IPoA sets the target “to halve the number of least developed countries in the next decade”.

8. The Istanbul Programme of Action gives a high priority to the structural transformation of the economies of the LDCs. The Programme comprises eight development priorities and stresses the need to enhance the productive capacity, which is considered as a development multiplier. The core elements contained in the IPoA, include, inter alia, the private sector initiative, trade, investment, technology, and South-South cooperation. These key development priorities constitute the core elements of UNIDO operations in least developed countries.

9. Throughout the year 2010, UNIDO attended various pre-conference events prior to LDC IV. The Director-General participated in a ministerial meeting held in Portugal on mobilizing financial resources for LDCs’ development. In cooperation with the authorities in Turkey, UNIDO organized successful workshops and meetings, which contributed meaningfully to the deliberations of LDC IV. Specifically, the joint workshop with the Scientific and Technological Research Council of Turkey (TÜBİTAK) in February 2011 on science, technology and innovation for LDCs, helped to identify the needs of the least developed countries in the domain of science and technology.

10. During the Conference, UNIDO participated in three side events: (a) enhancing productive capacities and the role of the private sector in LDCs; (b) a joint event with the United Nations Cluster on trade and productive capacity; and (c) a debate, moderated by the Director-General, on enhancing the role of SMEs in agribusiness value chains.

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<sup>1</sup> Currently available only as draft at <http://ldc4istanbul.org/uploads/IstanbulDeclaration.pdf>.

<sup>2</sup> Programme of Action for the Least Developed Countries for the Decade 2011-2020, available at <http://ldc4istanbul.org/uploads/IPoA.pdf>.

#### **IV. Fourth Ministerial Conference of Least Developed Countries, 24-25 November 2011, Vienna**

11. Based on the momentum built by LDC IV, the Fourth LDC Ministerial Conference, scheduled in Vienna in November 2011, under the theme “LDC IV — The way forward”, will serve to launch concrete proposals and actions contributing towards an effective implementation of the Istanbul Programme of Action (IPoA). UNIDO intends to prepare a UNIDO strategy in support of LDCs, along with a comprehensive programme framework document and thematic initiatives as concrete deliverables.

12. In relation to South-South cooperation, a number of important initiatives were announced at LDC IV, on which UNIDO will build its future technical cooperation programme as these contributions will provide significant support to them:

(a) The Government of Turkey, host country of LDC IV, intends to allocate \$200 million annually, starting in 2012, towards LDC projects and programmes;

(b) An International Science, Technology and Innovation Centre, dedicated to LDCs, will be set up in Turkey, and is intended to serve as a technology bank to help LDCs access critical technologies and develop technology transfer programmes. This initiative, with a total budget of \$5 million, will be coordinated by the Scientific and Technological Research Council of Turkey (TÜBİTAK), in cooperation with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and UNIDO;

(c) A Center on International Agriculture for the Least Developed Countries will be established in partnership with the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP) and the United Nations Conference on Trade and Development (UNCTAD) with a view to supporting global initiatives, such as the African Agribusiness and Agro-industries Development Initiative (3ADI);

(d) The Government of Turkey also declared its commitment to increase its financial contributions from \$2 billion currently to \$12 billion by 2020 in areas such as agriculture, agro-business, infrastructure, manufacturing, energy, water, extractive industries and tourism. The establishment of investment promotion institutions to further strengthen technical support in LDCs is also part of the Government’s commitment.

#### **V. Action required of the Conference**

13. The Conference may wish to take note of the information contained in the present document.