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### **UNIDO activities related to the implementation of the Lima Ministerial Declaration for the Least Developed Countries**

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

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

In compliance with resolution GC.15/Res.6 on the Lima Ministerial Declaration for the Least Developed Countries (LDCs), 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.

## **I. Introduction**

1. UNIDO's operational strategy towards least developed countries (LDCs)<sup>1</sup> is based on a three dimensional approach derived directly from the Istanbul Programme of Action (IPoA): (a) conversion of commodities into products; (b) empowerment of communities; and (c) regional industrial infrastructure for value chain development across borders. UNIDO's strategy offers concrete solutions leading to inclusive growth, sustainable industrial development and, ultimately, structural transformation of the LDCs' economies.

<sup>1</sup> The full list of LDCs is available from: [www.un.org/en/development/desa/policy/cdp/ldc/ldc\\_list.pdf](http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_list.pdf).

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2. UNIDO provided its expertise over a wide array of services, from building trade capacity to creating income generating activities, developing agribusiness and agro-industries, fostering the use of renewable energies and cleaner production methods, and advocating for environmental protection. Moreover, UNIDO strongly reaffirmed its commitment to support LDCs' graduation through its mandate of inclusive and sustainable industrial development (ISID), as adopted through the Lima Declaration in December 2013 (GC.15/Res.1). UNIDO also confirmed its unique position as a key specialized agency in eradicating poverty and answering LDCs' specific structural transformation needs within the 2030 Agenda for Sustainable Development, especially by advocating for Sustainable Development Goal (SDG) 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation".

3. The development and implementation of UNIDO's programmes for LDCs are aligned to specific national development priorities and needs, as reflected in respective national development plans and frameworks.

4. Furthermore, UNIDO's technical cooperation activities also give due importance to mainstream cross-cutting programmatic issues. As such, UNIDO contributes to gender equality by ensuring greater participation of women in various industrial sectors. The Organization also promotes the critical role of South-South and triangular cooperation, in addition to the traditional North-South cooperation. Indeed, since the inception of the South-South cooperation centres in China and India, UNIDO has played a pivotal role in promoting cooperation among its Member States, with a focus on addressing the development challenges faced by LDCs.

5. The following report offers a snapshot of UNIDO's activities geared towards LDCs' structural transformation and graduation.

## **II. ISID: the development of Programmes for Country Partnership and country programmes**

6. In order to offer systematic and yet customized solutions to the challenges of industrialization, UNIDO, in collaboration with its Member States, the private sector and relevant development stakeholders, is operationalizing its ISID mandate. UNIDO has developed a unique assistance package for its Member States: the Programme for Country Partnership (PCP). The PCP is not a static template, but a custom-built multi-stakeholder partnership formula with each beneficiary country maintaining ownership of the complete process by defining its needs and required support, and thereby ensuring the successful delivery of UNIDO's technical cooperation.

7. In this regard two LDCs (Ethiopia and Senegal) were selected to pilot this new and tailor-made business model. Each PCP is aligned to the national industrial priorities and development plans of the beneficiary countries, and is embedded into their national resource mobilization strategies. The aim is to scale up partnership for technical cooperation and to leverage additional resources by setting up a national coordination and funds mobilization mechanism for the management and implementation of the PCP.

8. This new approach constitutes an opportunity to deploy a multidisciplinary array of UNIDO services, ranging from large infrastructure development projects to support activities for small and medium-sized enterprises (SMEs) and skills development schemes. Furthermore, in order to ensure environmental sustainability, the PCP framework integrates UNIDO's considerable experience with Green Industry, resource-efficient cleaner production systems and waste management, as well as industrial energy efficiency and renewable energy approaches. PCPs also feature rigorous monitoring and reporting mechanisms, allowing Member States and partners to better measure the concrete benefits of this innovative approach.

9. More information on UNIDO's operationalizing of the partnership approach through the PCP is provided in the report by the Director General on the "Implementation of the Lima Declaration: Towards inclusive and sustainable industrial development" (GC.16/7).

10. In addition, further to the endorsement of the UNIDO LDC Strategy and Operational Plan 2012-2020 in 2011, UNIDO has developed country programmes (CPs) for 14 LDC countries in Africa, namely Burkina Faso, Chad, the Democratic Republic of the Congo, the Gambia, Guinea, Lesotho, Mozambique, the Niger, Senegal, Sierra Leone, Togo, Uganda, the United Republic of Tanzania, and Zambia. Other CPs such as Angola, Benin, Burundi, Equatorial Guinea, Eritrea, Mauritania and Rwanda are under formulation. In addition, 10 of the 11 LDCs in Asia benefited from UNIDO's TC services from 2012 to 2014, namely Afghanistan, Bangladesh, Bhutan, Cambodia, the Lao People's Democratic Republic, Myanmar, Nepal, Timor-Leste, Tuvalu, and Vanuatu. These CPs and projects aim at supporting the implementation and mainstreaming of both ISID and UNIDO's LDC Strategy and Operational Plan 2012-2020.

### **III. Agribusiness development, trade capacity-building and infrastructure development**

#### **Value chain development: ensuring quality and sustainability**

11. UNIDO is helping LDCs improve their competitiveness by smoothing agricultural and non-agricultural value chains and generating extra incomes for small-scale producers, especially women and youth. For example, UNIDO is currently implementing a (\$3 million) project in Burundi, in collaboration with and funding from the Norwegian Agency for Development Cooperation and the European Investment Fund (EIF) in the coffee sector. To date, 80 inspectors have been trained in ISO/IEC 17020 standard and market surveillance; over 100 executives have been sensitized on standardization and regulation; and 110 executives of processing units have been trained in quality and food safety. UNIDO is providing similar assistance to Malawi (\$7 million), Sierra Leone (\$760,000), and the United Republic of Tanzania (\$3.5 million), as well as LDCs in Asia, such as Cambodia, the Lao People's Democratic Republic, and Myanmar. Several regional quality infrastructure programmes are also being implemented in regions with a high number of LDCs (e.g. the Economic Community of West African States (ECOWAS)).

### **Farm to Fork — Clusters and networks in supply chains**

12. UNIDO is supporting farms and SMEs increase their productive capacities and comply with international market requirements to enable them to join global value chains, thus generating employment opportunities and income. This assistance is provided through capacity-building and training. Furthermore, in cooperation with the International Trade Centre, UNIDO introduced its Better Work and Standards Programme to set up traceability systems to reassure buyers and ensure the industry's continued access to key export markets, especially the European Union (EU). One such project is the Better Fisheries Quality project in Bangladesh, amounting to €313,525,000. The project allowed the operationalization of a full traceability process along the whole fishery supply chain, coupled with improvements in testing, inspection and hygienic practices to ensure food quality and safety for both export and local consumers. Similar projects have been developed in Ethiopia and the Lao People's Democratic Republic.

### **Industrial upgrading programmes**

13. The Industrial Upgrading Modernization Programme (IUMP) aims to contribute to economic growth and facilitates regional integration of developing countries, especially LDCs. This is achieved by increasing the capacities of local manufacturing SMEs for generating added value and creating exports and employment, while reducing their environmental footprints. IUMP projects aim to build up national institutional capacities and technical and business support infrastructure. In the United Republic of Tanzania, IUMP undertook industrial diagnosis for 14 companies operating in the dairy and edible oil sectors and 50 national experts were trained on industrial upgrading methodologies. In addition, five dairy companies received coaching for the implementation of upgrading plans which were developed by project-trained national experts. IUMPs are also ongoing in Benin, Cambodia and Senegal, with the support of EIF, EU and the French Development Agency (AFD) respectively.

## **IV. Income generating activities, private sector support and communities empowerment**

14. UNIDO fosters the creation of sustainable income generating activities and decent employment, especially targeting youth and women in LDCs. This technical assistance is provided through different services, such as entrepreneurship development; vocational trainings; micro, small and medium-sized enterprises (MSMEs) development support; and adapted financing schemes. In Myanmar, UNIDO developed a project for €3,473,327 together with the EU and the Italian Development Cooperation. The aim is to support potential MSME clusters by achieving collective efficiency; fostering cooperation, linkages and joint initiatives; and strengthening local associations and institutions. So far, 27 training sessions were delivered; more than 800 public officers were trained around the country; and 300 MSME representatives participated in training and discussions on cluster and MSME development, including 12 industrial zones management committees.

15. Regarding vocational training and entrepreneurship and skills development for young people, UNIDO has been providing assistance to, inter alia, Angola, Guinea,

Mozambique, and Rwanda through the introduction of its Entrepreneurship Curriculum Programme (ECP) in secondary and vocational schools, with a special focus on gender balance. In Mozambique, the ECP has been integrated into the formal National Education Strategy. 331 schools are currently implementing the programmes; 1,654 teachers were trained; 496,400 students were enrolled and 127,800 have graduated (45 per cent are female).

## V. Energy and environment

### Renewable energy minigrids for productive use

16. UNIDO provides institutional capacity-building, technology training and the sharing of know-how to improve access to electricity for productive use. UNIDO's intervention also encourages and advocates for the creation of public-private partnerships (PPPs). In Cambodia, UNIDO implemented photovoltaic battery-charging stations in six remote villages providing energy for 1,073 households, reducing charging costs by 32 per cent and replacing diesel generators. A solar dryer technology unit was also installed to improve dried fish production, which significantly boosted the capacity of local businesses. A 150 kilowatt rice husk gasifier also allowed to connect an additional 300 households (300 people), while reducing carbon dioxide (CO<sub>2</sub>) emissions per year by 900 tons. Similar projects have been developed in Bangladesh, Cambodia, Gambia, Liberia, the Sudan, and Zambia.

### Enabling framework for renewable energy

17. The lack of access to modern energy services considerably hinders the industrial development of LDCs and small island developing countries. UNIDO, together with the Government of Austria, the Secretariat of the Pacific Community, and the Pacific Power Association, is therefore implementing a project to support capacity-building and networking-related activities promoting renewable energy for industrial applications. The project enabled the creation of a solar-powered community centre in the Solomon Islands, using solar photovoltaic technologies and improving the local living conditions of 15 communities. In parallel, to ensure knowledge retention, local entrepreneurs were trained and the project effectively reduced CO<sub>2</sub> emissions by 460 kg per year. Furthermore, the Strategic Plan for the Community of the Pacific Power Utilities was developed and approved, with the aim of providing guidance to relevant decisions makers on priority areas of intervention. Regional sustainable energy centres are also available in ECOWAS and are being replicated in the East African Community (EAC), the Pacific and Caribbean region, and the Southern African Development Community.

## VI. Industrial capacity-building, policy support and statistics

18. UNIDO assisted LDC governments in building their industrial policy plans and strategies by providing tailored advisory services. The "Industrial policy capacity-building support programme" aims to assist countries such as the United Republic of Tanzania in formulating and implementing evidence-based industrial policies and strategies. So far, 54 people from several key institutions were trained.

Moreover, two Industrial Intelligence Units have been set up permanently on the mainland and in Zanzibar, to support the Government's activities.

19. UNIDO also assisted the country by training national statistical authorities in collecting, compiling and disseminating global industrial statistics, enabling the publication of the very first industrial competitiveness report in 2013. A second report covering 2014 is being drafted. The project is now being replicated and scaled up to all EAC countries. Additionally, UNIDO has been requested to provide similar assistance to, inter alia, Burkina Faso, Malawi, the Niger, and Zambia, as well as to Tuvalu and Salomon Islands.

## **VII. Post-conflict peacebuilding and recovery**

20. UNIDO is developing customized projects aiming to foster economic recovery targeting impacted populations by reintegrating them within productive activities. As such, a special emphasis is put on building up and strengthening local human and transformative capacities, especially targeting youth and women. In Liberia, UNIDO, in partnership with the mining and construction equipment manufacturer Komatsu and the Government of Japan, is developing a \$1.4 million project promoting youth employment in the mining, construction and agricultural sectors. So far, a training school has been established, which is the first operator training school in Western Africa providing modular trainings systems in the areas of safety, diesel engine maintenance, cooling systems, and heavy machinery operation. As of the end of 2014, the project had trained 148 diesel technicians and 84 machine operators. Similar projects are being implemented in the Democratic Republic of the Congo, Mali and South Sudan.

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

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

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