



# General Conference

## 16th Session

30 November – 4 December 2015, Vienna, Austria



Sustainable industrialization  
for shared prosperity



UNIDO focusing on Sustainable Development Goals

**#SDG9:** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.





## CONTENTS

General Conference Overview	3	Snapshot of Side Events	24
Highlights from Keynote Speeches	4	UNIDO Open Data Platform	27
The Conference in Pictures	10	Introducing UNIDO Goodwill Ambassador, Janne Vangen Solheim, Norway	27
Fourth UNIDO Forum on Inclusive and Sustainable Industrial Development	12	The Least Developed Countries Ministerial Conference	28
Second Donor Meeting	15	General Conference Outcomes	30
UNIDO's Cooperation with the European Union and the European Investment Bank	22	Looking Forward	32

## General Conference Overview

# Sustainable Industrialization for Shared Prosperity

The sixteenth session of the General Conference of the United Nations Industrial Development Organization (UNIDO) took place in Vienna, Austria, from 30 November to 4 December 2015. The theme of this year's biennial event was 'Sustainable Industrialization for Shared Prosperity'. Over 800 participants attended the Conference, including government officials, representatives of all UNIDO Member States and representatives from the private sector, academia and the international media.

The Conference was convened at a defining moment in the history of global development cooperation, coming just months after world leaders adopted the Sustainable Development Goals (SDGs). These 17 SDGs constitute the core of the 2030 Agenda for Sustainable Development. United Nations (UN) Member States are expected to use the SDGs to frame their agendas and political policies over the next 15 years.

UNIDO's mandate is to promote and accelerate inclusive and sustainable industrial development (ISID) in order to achieve shared prosperity and environmental sustainability around the world. The concept of ISID is included in Goal 9 of the SDGs, which calls upon the international community to **"build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation"**.

Austrian President Heinz Fischer welcomed participants to the Conference, acknowledging the

"important role of UNIDO in providing decent livelihoods, especially in those countries from which we are now receiving refugees".

### Promoting equitable, inclusive and sustainable development

One of the highlights of the Conference was a keynote speech by Nobel-prize winner in Economic Sciences, Joseph Stiglitz, who underscored UNIDO's call for equitable, inclusive and sustainable development.

The **Second UNIDO Donor Meeting** demonstrated the effectiveness of UNIDO's technical assistance interventions. The event highlighted the additional value that donors receive when resources invested in UNIDO's projects are aligned with the Organization's expertise and services.

The **Fourth UNIDO inclusive and sustainable industrial development (ISID) Forum** offered a platform for participants to discuss multi-stakeholder partnerships. The forum provided an overview of the achievements to date of UNIDO's new Programme for Country

Partnership (PCP). The PCP is being piloted in Ethiopia and Senegal and has just been extended to Peru.

During the Conference, participants agreed that:

- UNIDO's thematic priorities fully reflect the economic, social and environmental dimensions of sustainable development;
- The Organization's role will be pivotal in implementing Goal 9 and the 2030 Agenda;
- UNIDO is well equipped to deliver on the SDGs to eradicate poverty, create jobs, combat environmental degradation and promote sustainable economic growth;
- The Organization offers valuable services which are, inter alia, helping to tackle the root causes of migration by supporting job creation.

Other key events during the Conference included:

- A meeting between UNIDO Director General LI Yong and the Vice-President of the European Investment Bank, Ambroise Fayolle. The two institutions reaffirmed their commitment to promoting inclusive and sustainable industrial development, particularly in Africa.
- The launch of three publications:
  1. A new report on the cooperation between UNIDO and the European Union;
  2. The new Oxford Handbook of Africa and Economics;
  3. UNIDO's flagship publication, the Industrial Development Report (IDR).
- Three events held on the sidelines of the Conference addressing:
  1. The role of innovation hubs for sustainable industrialization and shared prosperity;
  2. Youth and women entrepreneurship;
  3. Sustainable industrialization for climate action.

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*"Voluntary contributions received from our donors reached their second-highest levels ever in 2014, when they were 110 per cent higher than in the year 2000, and the full-year figure for 2015 is expected to be close to that for 2014. No less than 60 donor countries provide us with funding for the delivery of our services in technical cooperation, research or global forum activities."*

**UNIDO Director General, LI Yong.**



# Highlights from Keynote Speeches

## *Austria's long-standing support for UNIDO and the Organization's contribution to the 2030 Agenda*

Highlights of the opening address by the **President of Austria, Heinz Fischer**



*Heinz Fischer, President of Austria, delivering opening remarks at the sixteenth session of the UNIDO General Conference.*

This Conference comes at the juncture of four landmark anniversaries: The 70<sup>th</sup> anniversary of the United Nations, 60 years of Austrian Membership of the United Nations (UN); the soon upcoming 50<sup>th</sup> anniversary of the establishment of UNIDO in Vienna; and finally, 30 years of UNIDO's transformation into a specialized agency... .These anniversaries present a stock-taking opportunity, but also a moment to look ahead... . UNIDO was created in 1966 to promote and accelerate industrialization in developing countries. The eradication of absolute poverty through industrialization was the main focus of UNIDO's work and in order to underline its importance for the work of the UN system, UNIDO became a specialized agency 30 years ago. Since then, the Organization has constantly evolved to adapt its strategies to tackle the challenges of sustainable development in an ever changing world. In the late 1990s, UNIDO reformed its agenda to adapt it to the Millennium Development Goals.

The last session of the General Conference in December 2013 resulted in the adoption of the Lima Declaration, entitled "Towards inclusive and sustainable industrial development".

In accordance with this declaration, UNIDO began to position the concept of inclusive and sustainable industrial development in all processes, leading to the formulation of the post-2015 development agenda.

### **Providing decent livelihoods**

In September 2015, at the Summit for the Adoption of the 2030 Agenda for Sustainable Development in New York, at which I had the honour to represent Austria, 17 Sustainable Development Goals were adopted, among them Goal 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation". I would like to congratulate Director General LI Yong for the important role he played during the negotiation process. His wisdom and management capability were a cornerstone to this success. He is also very successfully working on changing an output-oriented organization to an outcome-oriented one, thereby underlining that the effects of UNIDO's technical-cooperation work are more important than how much money is spent. Recent developments underline the important role of UNIDO in providing decent livelihoods especially in those countries from which we receive now so many refugees.

### **Partnership, People, Planet Prosperity and Peace**

In this global agenda with its 17 Sustainable Development Goals and its underlying 169 targets nobody is to be left behind and all countries have to work together to reach these ambitious targets over the next 15 years in the following areas: Partnership, People, Planet, Prosperity and Peace. Each of the five "P's" stands as a synonym for actions to be taken:

- Partnership stands for strengthened global solidarity, focused on the needs

of the poorest and most vulnerable.

- People stands for the eradication of poverty and hunger.
- Planet stands for the protection of the planet which is our environment.
- Prosperity is a synonym for achieving economic, social and technological progress.
- Peace means fostering peaceful, just and inclusive societies which are free from fear and violence.

All of these areas are interconnected and cannot be tackled separately.

### **Decoupling economic growth from negative environmental impact**

Austria takes the Sustainable Development Goals very seriously and is committed to their implementation. The successful implementation of the Sustainable Development Goals is intrinsically linked to UNIDO's contribution. One of the major challenges for sustainable development is decoupling economic growth from negative environmental impact. With the new mandate for inclusive and sustainable industrial development contained in the 2030 Agenda, UNIDO is the agency best suited to link economic, social, and environmental aspects of industrial development. This is why Austria strongly supports the UNIDO-UNEP Resource Efficient and Cleaner Production Strategy. Austria has funded this very successful programme since its introduction in 1995 with more than US\$12.3 million.

Over the last 20 years, Austria has been one of UNIDO's largest donors in absolute terms. Austria also continues to fully support UNIDO and its programme activities, thereby supporting its valuable contribution to the 2030 Agenda. At the same time, we appreciate when recipient countries show their commitment to the Organization as well as ownership for their respective country programmes by providing national input. International organizations can only fulfil their mandate meaningfully if all parties live up to their financial obligations. It is therefore crucial that all past and present Member States pay assessed contributions in full and on time.

## Aligning UNIDO's services to inclusive and sustainable industrial development and the 2030 Agenda

Highlights of the opening speech by **UNIDO Director General, LI Yong**



*UNIDO Director General LI Yong opened the sixteenth session of the UNIDO General Conference.*

Two years after the adoption of the Lima Declaration, we can proudly say that much has been achieved. With the guidance we received from you, our Member States, UNIDO has been able to navigate through uncharted waters, and sail safely and with reinvigorated spirit towards new opportunities ahead...Under your guidance, we have worked hard. We have strengthened our partnerships. We have been innovative. And I am pleased that we have achieved considerable success in meeting all of these objectives, despite very limited financial resources and great uncertainties.

### **Anchoring UNIDO's mandate in the post-2015 framework**

In September this year, the General Assembly adopted the 2030 Agenda for Sustainable Development at the United Nations (UN) Summit on Sustainable Development. This agenda will guide all our development efforts over the next fifteen years, and we are highly satisfied with its provisions. ISID is fully recognized in the new agenda, and is prioritized as one of the main drivers for development, finance and stability. Sustainable Development Goal 9 spells out the importance of ISID. But we can also see the significance of ISID

for all the Sustainable Development Goals... UNIDO will play a crucial role in supporting countries to move towards higher degrees of economic growth, social inclusiveness and environmental sustainability. This is a powerful mandate, recognized by all UN Member States, the broader UN system, the private sector, and all stakeholders at large. We now have the responsibility to rapidly advance ISID. This is why we have fine-tuned our strategic plans, sharpened our technical cooperation approaches, and strengthened our normative and policy advisory role. And we have let the world know of our commitment to contribute effectively to this new development agenda.

### **Implementing the 2030 Agenda requires strong leadership**

With the adoption of the 2030 Agenda, ISID became more relevant than ever. We must now work to scale up our efforts to support our Member States as they strive towards the achievement of this objective. But this cannot be done by the Secretariat alone – despite the hard work of all UNIDO staff under increasingly challenging circumstances. It will also require your leadership. The same strong leadership that led to the Lima Declaration and ISID. The same strong leadership that led to the full recognition of UNIDO's mandate in the new overarching development framework of the global community – the 2030 Agenda for Sustainable Development. This same leadership will be required for the implementation, follow-up and review of the new Agenda.

### **Aligning UNIDO's services to ISID and the 2030 Agenda**

We have fully updated UNIDO's strategy to deliver on the SDGs, in particular Goal 9. We have designed a strategic framework for the next four years – the medium-term programme framework, MTPF, 2016-2019 – which is already in

full alignment with the 2030 Agenda, and provides the strategic framework for all our programmes. Our thematic priorities rightly reflect the three dimensions of sustainable development – economic, social and environmental. This framework fully prepares us to deliver on a universal, comprehensive, holistic and interrelated set of SDGs through inclusive and sustainable industrial development. Operationally, UNIDO is continuing to increase the impact of its activities. We have also made further progress on following an integrated and holistic approach to our service delivery, for example by mainstreaming even stricter criteria for gender equality, social inclusiveness and environmental sustainability in all our programmes.

### **Engaging partners in technical cooperation programmes**

With regard to partnerships, UNIDO has expanded its efforts to engage as many relevant partners as possible in its technical cooperation programmes. Such partnerships need to be relevant to context-specific national priorities, and also to be adequately supported by a variety of financing models and industrial policies. To achieve this, we reached out and established close ties with various prestigious institutions from the public sector, finance, civil society, academia, and especially the private sector.

### **Working with the private sector to achieve ISID**

With its financial, technological and innovative capacities, the private sector represents a particularly important potential contributor to the achievement of inclusive and sustainable industrial development, and this is why I am placing great emphasis on engaging with private firms and industry associations as we move ahead with our work. At the same time, we are also seeking to enhance the impact of our services. The new generation of UNIDO technical cooperation programmes aims to effectively trigger an industrialization process with tangible results and, ultimately, a larger developmental impact. We intend to further intensify our efforts in this direction, and to



*“Twenty years after the World Conference on Women in Beijing, we cannot wait any longer. I am determined for UNIDO to make a strong contribution to the goal of achieving gender equality and to empowering all women and girls by 2030.”*

considerably scale up the impact of our activities by enhancing our normative and policy advisory services and creating more effective linkages and synergies between these services and our technical cooperation programmes.

**Accelerating ISID implementation through the Programme for Country Partnership**

The Programme for Country Partnership – or PCP – which was initiated on a pilot basis in Ethiopia and Senegal in November 2014, is a unique and highly recognized initiative to exemplify this quest for partnership-based, innovative, and high-impact solutions to accelerate the implementation of ISID. Indeed, it has been seen within the UN system as an outstanding example of how such a partnership-based model of development cooperation may be deployed for the broader implementation of the 2030 Agenda. The premise of this new partnership approach is that UNIDO needs to progressively become a coordinator, broker, and policy advisor on industry-related matters for all our partners – governments, the private sector, international organizations, and development financial institutions. Only through these partnerships will we have a truly catalytic effect and enhanced impact on the industrial development of our Member States. And the success of the pilot phase of the PCPs confirms that UNIDO has embarked in the right direction. After a year of implementation, significant results have already been achieved...

The integration of country ownership, industrial policy alignment, and a results-driven partnership approach is proving a successful strategy to attract the investments needed to realize ISID. Based on this, we have now decided to expand the programme to

a third country: Peru. This experience will demonstrate for the first time the PCP approach in a middle-income country, with a per-capita income of around US\$ 7,000, and we hope for many followers once we can show first results.

**Gender equality and the empowerment of women**

During this Conference you have a challenging list of items before you. One of them is particularly close to my heart: Gender equality and the empowerment of women. Our gender policy rightly recognizes the significant positive impact of gender equality on inclusive and sustainable industrial development, poverty reduction, social integration and environmental sustainability. At this General Conference, we are presenting a new strategy to you that will help us implement our gender policy over the period of the MTPF. This strategy is based on a multi-track approach. First, we will make gender an integral dimension of all UNIDO programmes, policies and practices. Second, we will engage in more gender-specific interventions – including women’s economic empowerment programmes – with the objective of allowing for equal participation and benefit from our development efforts. Third, we will build a strong partnership with UN Women and other relevant organizations in the UN system and beyond to promote gender equality and women’s empowerment in UNIDO’s country programmes and convening activities.

**Addressing the systemic root causes of migration**

It is said that climate change would create millions of climate refugees. However, we are already amidst one of the most significant migration emergencies for decades. With the

world facing the largest crisis of forced displacement since the Second World War, I join the UN Secretary-General in calling upon you – the Member States of UNIDO – to meet this immense challenge without lessening your commitment to vitally needed official development assistance. To mitigate this crisis, economic and social stabilization need to be advanced quickly and energetically. A holistic approach to development must be adopted to prevent further humanitarian disasters and tragedies. While humanitarian support is required to alleviate the immediate human suffering, a long-term solution can only lie in the implementation of sustained and integrated development efforts, along the lines given in the 2030 Agenda. UNIDO has been engaged for many years to help overcome the systemic root causes of migration through effective measures to create employment and income opportunities. These measures have included our various programmes to support entrepreneurs, agro-industries, SMEs, and industry-related institutions – to mention just a few. We have also given particular emphasis to support the creation of decent jobs for youth – to give them a perspective for the future. A perspective for a life in dignity. In all countries: Least developed countries – middle-income countries – and even high-income countries. Advancing peaceful and stable societies requires opportunities and prosperity for all. ISID is therefore a major contributor for stability, prosperity and peace. This is why I plead to you – our Member States – to increase your investment in our important work towards ISID.

*Development support for Small Island Developing States.*



*Referring to the newest UNIDO Member State, UNIDO Director General LI Yong said,*

*“I am particularly happy to acknowledge the accession of the Marshall Islands to UNIDO.”*

## Meeting global challenges through collective action

Highlights of the message by the **United Nations Secretary-General Ban Ki-moon**, delivered by the **Under-Secretary-General, UN Department of Economic and Social Affairs (UNDESA), WU Hongbo**



*WU Hongbo, Under-Secretary-General, UNDESA, delivering a message from the UN Secretary-General at the opening of the sixteenth session of the UNIDO General Conference.*

This gathering comes at a critical juncture. The world is facing multiple humanitarian crises. More than 60 million people have fled their homes — a record since the Second World War. Conflicts continue to rage, destabilizing fragile regions. Violent extremism presents one of the gravest security threats of our time. Poverty, discrimination and preventable disease still afflict hundreds of millions of people. These challenges, while daunting, can be met if countries and peoples rise to the moment.

World leaders have just adopted the Sustainable Development Goals.

Negotiators are now headed to Paris to reach a meaningful new agreement on climate change. Progress on these fronts can help boost human rights and security. The imperatives of sustainable development and climate change are closely linked to each other — and to industrialization. This is recognized in Sustainable Development Goal 9 on building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation.

Progress will help diversify economies, promote technological innovation and spark economic synergies. We need to work with partners in industry to create momentum for environmental sustainability by protecting the planet's resources, promoting sustainable consumption and production, and transitioning to a low-carbon economy. I count on UNIDO to continue demonstrating leadership for inclusive and sustainable industrial development.

## Bringing about the transformation promised by the 2030 Agenda

Highlights of the statement by the President of the **United Nations General Assembly, Mogens Lykketoft**

UNIDO's expertise will be particularly relevant in relation to Goal 9 as we seek to promote and accelerate inclusive and sustainable industrial development. But that expertise will also be required in relation to many other aspects of the Goals such as poverty eradication, creating full and productive employment, protecting the environment and achieving gender equality. Indeed, the theme of this year's Conference, "Sustainable industrialization for shared prosperity", itself captures the integrated nature of the Agenda. Clearly industrialization alone is not the objective — what we need is industrialization that is compatible with a flourishing environment, that delivers decent jobs and that reduces inequality. To advance this kind of industrialization,

there is a need for structural as well as technological transformation. There is a need, for example, for economic diversification into sectors characterized by higher productivity, increased technological intensity and greater value added.

This transformation demands a strong focus on finding solutions — from governments, from industry, from international policy makers and from international partners. It requires the identification of appropriate public policies and the creation of an enabling environment, more broadly, to support technological innovation and industrial development particularly in developing countries. It demands actions to support cleaner industry and improved resource efficiency as well



*Mogens Lykketoft, President of the seventieth session of the UN General Assembly, addressing the sixteenth session of the UNIDO General Conference.*

as a shift to low carbon and climate resilient development pathways. It also requires a major change among key private sector partners from short-term profit maximization to long-term value creation, and the alignment of investment portfolios with long-term public priorities. And, if we are to advance effective implementation in an integrated manner then it also requires an evolution in approach from the United Nations.



## Promoting equitable, inclusive and sustainable development

Highlights of the keynote speech by Joseph Stiglitz



*Joseph Stiglitz, Professor, Columbia Business School, and Nobel-prize winner in Economic Sciences, delivering his keynote speech at the sixteenth session of the UNIDO General Conference.*

Widely regarded as one of the most distinguished economists in the world, Joseph Stiglitz began by explaining how UNIDO's upcoming 50th anniversary holds special significance for him. "This year is the 50<sup>th</sup> anniversary of my beginning to teach economics. To think of myself as being in development economics one year longer than UNIDO is a little bit of a scary thought. From the very beginning I've been involved with some of the issues in which UNIDO has been involved."

### The Washington Consensus

Reflecting on UNIDO's early involvement in cost benefit analysis and appropriate technology, Stiglitz went on to talk about the intervening years when the Washington Consensus, which emphasized the importance of macroeconomic stability and integration into the international economy, dominated. "Unfortunately, in that period there was a process of discrediting industrial policies; there was a belief that markets would solve all problems."

### The invisible hand theory

Stiglitz explained that "the invisible hand was the idea that the pursuit of self-

interest would lead as if by an invisible hand to the wellbeing of everybody. In general, markets on their own did not lead to efficient outcomes, particularly problems of information imperfections and knowledge – many of the issues that are central to the issues in which UNIDO is engaged. These problems are present in all countries but especially in developing countries."

### The links between innovation and unemployment

On the subject of innovation, Stiglitz argues that it is not working as it should. "The world today clearly needs to have innovation to protect us against global warming and other environmental disasters. But innovation is directed today at saving labour. Nobody would rationally design an economic system where you have massive unemployment of unskilled labour. Then you have people doing research to figure out how to create more unemployment of unskilled workers. It doesn't make any sense. And meanwhile, no attention, or insufficient attention, is paid to the problems of saving the planet."

### Market failures

Disagreeing with the suggestion a few years ago by Ben Bernanke, then Chairman of the Federal Reserve, that there is a savings glut, Stiglitz stated: "When I travel around developing countries, even when I go to New York, I see huge investment needs for infrastructure, for technology, for retrofitting the world for climate change, and for human capital. How do you reconcile? It's another example of a market failure. One of the important markets in our economy, the financial market, is supposed to intermediate between savings and investment. But it's failing to do so. You have long-term investment needs, long-term savings, and in between, you have financial markets that are worrying about the next quarter or the next hour. Something is wrong where you have an economic

system with short-term financial markets trying to intermediate between long-term investment and long-term savings needs. These are all examples of the ways in which our markets clearly aren't working well, examples of market failures, examples where there is a need for government policy."

### Industrial policies

Stiglitz explained that industrial policies should promote a whole range of non-traditional activities and non-traditional technologies. "For instance, UNIDO is very involved in promoting clean energy technologies. More broadly, my concept of industrial policy is any government policy that affects the sectorial composition or the choice of technology or the direction of innovation. That can include energy policies, modern service sectors - many different aspects of an industrial policy."

According to Stiglitz, all countries have industrial policies, "It's just that some countries don't know it. And some countries don't own up to it. The basic point is that markets don't exist in a vacuum, they have to be structured. The way we structure markets works to the advantage of some sectors relative to other sectors. All governments have to make decisions about expenditure policies and tax policies. Those policies favour one industry over another, one technology over another. You have to make a decision about which infrastructure to invest in, and those infrastructure decisions affect one over another."

### UNIDO's role in helping countries formulate good industrial policies

UNIDO's focus should be on trying to help countries understand "what a good industrial policy is, one that will promote inclusive sustainable growth that is consistent with the sustainable development goals. And that's what I believe UNIDO has been doing. It's important when we think about growth that we do not confuse the ends with the means. As we think about the broader agenda of industrial policies, we need to go beyond just the increase in GDP which was the view at one time, to what UNIDO has been emphasizing: equitable,

sustainable, inclusive development, and climate change.”

During a lecture at the UN Conference on Trade and Development in 1998, Stiglitz reflected that “the language I used was that we ought to be promoting equitable and sustainable and democratic development. I think all of these issues are related: when you have high levels of inequality, it inevitably undermines democracy. So when I say we need a broader agenda, it’s going beyond just the focus on GDP, which was the major theme of the International Commission on the Measurement of Economic Performance and Social Progress that I chaired. It emphasized that GDP does not give us a good assessment of how well society is doing. The report is published under the title ‘Mis-measuring our lives, why GDP doesn’t add up’, which really summarizes what we’re saying.”

### The agenda of structural transformation

There are many dimensions of structural transformation, according to Stiglitz: “Development is to a large extent a structural transformation; it’s not just growth, it’s changing the structure of the economy. We’re going towards a green economy from a dirty economy, we’re going towards a learning society, an innovation economy.”

In advanced countries, Stiglitz notes that there are other aspects of a structural transformation. “I think one of the things that UNIDO has been very good at is emphasizing that the issues of industrial policy do not apply just to developing countries and the least developed countries, but also to advanced countries. In advanced countries they’re moving towards a service sector economy. In the developing countries, they are going from agriculture to manufacturing. In all of our economies, we should be moving from a finance-based economy to a real economy. In most of our economies, especially in developing countries, there is a process of moving to an urban economy. This year marks the first year in which a majority of the world’s population will probably be living in cities. Life in cities is different than rural life and that’s a very big transformation, it’s one of the big issues in China’s transformation.”

*“Over its almost half century of work, UNIDO has played a very important role in the development of thinking about development.”*

The fundamental point, Stiglitz argues, “is that markets on their own don’t make this kind of structural transformation well. One of the simple reasons is that people in those sectors that are dying don’t have the capital to move into the new sectors, and financial markets in general are not very good at that kind of investment, lending to people who are doing very badly. The imperfections of risk markets and capital markets are part of the fundamental reasons why markets are not very good in these structural transformations.”

### Less jobs in manufacturing

As a result of the success of the manufacturing sector, “the overall number of jobs in manufacturing globally is going to decrease,” said Stiglitz. “Productivity and manufacturing are increasing faster than the output of manufacturing goods. If the total employment in manufacturing is decreasing, not all countries can plan to expand manufacturing jobs. There will be a significant decrease in countries like the United States and Europe, and we are going to have to accept and adapt to that kind of decrease in manufacturing employment. The failure to make that transformation is part of the weakness right now in Europe and in the United States. Some countries will be able to grab some of those jobs that are leaving the United States, Europe and China. UNIDO can play an important role in helping some of the countries in Africa, for instance, to seize a larger fraction of those jobs that are going to be moving out of where they are today. The increase in the cost of labour, the changing comparative advantage, will mean that manufacturing will be moving elsewhere.”

Stiglitz argues that there are some real advantages to developing a manufacturing sector. “It is an important way of going from agriculture into a more advanced economy. There is a lot of learning that goes on as part of the manufacturing process, if it’s done in

the right way, and I believe that many of the countries in Africa can succeed in doing this. There have been some big successes: for example, in Ethiopia 50,000 jobs have been created in the shoe industry: a real success in industrial development. There are some other aspects of the change that will be going on in industrial policy. In the success of East Asia, a lot of the focus was export-led growth, but one of the aspects of the global move towards the service sector economy is that trade as a ratio to GDP will almost surely be going down. Trade went up when manufacturing was in its heyday, but its service sector traded less than manufactured goods. So the implication is that there will have to be strategies other than export-led growth for long-term development in many countries. These are among the global challenges that are going to be facing the world as one thinks about industrial policies in the next quarter century.”

### The importance of inclusive industrial development

Inequality will increase if employment doesn’t go up, Stiglitz told participants. “And if inequality increases, then aggregate demand will become weak. This is one of the problems facing the global economy today. If aggregate demand is weak then GDP growth will be weak and we can get into a vicious circle. It will be very important for us to frame policies that prevent this from happening. That’s why the emphasis on inclusive industrial development is so important. It is going to be very important to make sure that the industrial policies create employment, that the benefits are shared widely, that there is shared prosperity, if we are going to have sustained economic growth. The only sustainable economic growth will be shared prosperity.”

“As we look forward and think about industrial policies, I think shaping the direction of technology is going to be very important.”

# The Conference in Pictures

Highlights of the events that took place at UNIDO's 16<sup>th</sup> General Conference



↑ Austrian President Heinz Fischer and UNIDO Director General Li Yong at the opening of the General Conference.

→ Keynote speaker and Nobel Prize-winning economist, Joseph Stiglitz, and UNIDO Goodwill Ambassador HAI Helen.



↓ Ambassador of Peru and Outgoing President of the fifteenth session of the General Conference, Alfredo Chuquihuara Chil.



↑ Panellists at the "Sustainable industrialization for climate action" side event, 3 December 2015.



↑ Ambassador of Austria and President of the sixteenth session of the General Conference, Christine Stix-Hackl, and UNIDO Director, Fatou Haidara, at the general debate.

↓ UNIDO Deputy to the Director General, Taizo Nishikawa, at the Second Donor Meeting.



↑ UNIDO Director General LI Yong (centre) with panellists of the Fourth ISID Forum, part 2.



↑ Music legend Lokua Kanza performing during the side event "Africa: Whatever you thought, think again" on 1 December 2015.



→ One of the exhibitions during the General Conference.

↓ Keynote speaker Joseph Stiglitz and UNIDO Director General LI Yong.



↑ Melvin Archbold from Nicaragua sharing his entrepreneurial story at a side event on youth and women entrepreneurship, 2 December 2015.





# Fourth UNIDO Forum on Inclusive and Sustainable Industrial Development

30 November – 1 December 2015



Moono Mupotola, Division Manager of the Regional Integration and Trade Division at the African Development Bank, speaking at the Fourth ISID Forum.

The Fourth UNIDO Forum on inclusive and sustainable industrial development was held under the theme “Partnerships: Moving SDG 9 into action”. The event explored how UNIDO can contribute to advancing industry, infrastructure and innovation in the context of Goal 9 through its multi-stakeholder partnerships.

On the first day, the moderator, former CNN presenter Todd Benjamin, engaged speakers from development finance institutions, academia and development partners in a discussion on how partnerships can advance Goal 9 and the rest of the 2030 Agenda.

Moono Mupotola from the African Development Bank and Heike Rüttgers from the European Investment Bank emphasized the benefits of partnering with UNIDO to develop infrastructure. Both speakers commended UNIDO’s global presence and technical expertise in preparing feasibility studies and social/environmental impact assessments. Private sector development was described as crucial for poverty eradication. Martin Ledolter from the Austrian Development Agency stressed the importance of capacity-building, such as vocational training, for increased employability and



Mebratu Meles, State Minister of Industry of Ethiopia, speaking on day 2 of the Fourth UNIDO Forum on ISID.

## PANELLISTS (PART 1)

- WU Hongbo**, Under-Secretary-General of the United Nations Department of Economic and Social Affairs (UNDESA);
- Moona Mupotola**, Division Manager, Regional Integration and Trade Division, African Development Bank (ADB);
- Heike Rüttgers**, Head of Division, ACP Policy and Portfolio, European Investment Bank (EIB);
- Pavel Kabat**, Director General and Chief Executive Officer, International Institute for Applied Systems Analysis (IIASA);
- Martin Ledolter**, Managing Director, Austrian Development Agency (ADA);
- Philippe Scholtès**, Managing Director, UNIDO;
- Todd Benjamin**, Moderator.

## PANELLISTS (PART 2)

- Mebratu Meles**, State Minister of Industry of Ethiopia;
- Modienne Guisse**, Director, Minister’s Cabinet, Ministry of Industry and Mining, Senegal;
- Dejene Tezera**, UNIDO Team Leader for PCP Ethiopia;
- Tidiane Boye**, UNIDO Team Leader for PCP Senegal;
- Piero Ghezzi Solis**, Minister of Production of Peru;
- Andreas von Wedemeyer Knigge**, President of the National Society for Industry of Peru;
- Johannes Dobinger**, UNIDO Representative in Colombia;
- Petra Schwager**, UNIDO Team Leader for PCP Peru.

productive capacity. The importance of industrialization for sustainable development was reiterated throughout the forum, with UNIDO urged to spearhead efforts by the United Nations system in this regard.

The second day of the forum highlighted the achievements of UNIDO's new Programme for Country Partnership (PCP) in Ethiopia and Senegal (outlined on pages 13 and 14). Peru was introduced as the newest pilot PCP. The session illustrated how PCPs are promoting the implementation of Goal 9 as well as attracting investments

to achieve broad and sustainable industrial development.

The PCP model will operationalize UNIDO's new ISID mandate. At the same time, it can be used to address a wide range of current development challenges, including those highlighted in the SDGs.

The forum helped to raise awareness about the value of UNIDO's technical expertise in advancing the Sustainable Development Agenda, particularly through the PCP approach. Participants expressed their determination to continue collaborating with UNIDO, with many representatives requesting the PCP's extension to other countries.

## Programme for Country Partnership (PCP)

### Pilot countries

#### ETHIOPIA



#### PERU



#### SENEGAL



### What is the PCP?

Achieving ISID is a complex goal that no single organization or entity can manage successfully on its own. Partnerships enable the pooling of diverse resources and expertise, helping to ensure that industrialization benefits everyone and safeguards the environment.

#### Aims of the PCP:

- Achieve ISID at the country level by bringing partners together to coordinate and optimize their contributions;
- Through this partnership, accelerate the implementation of the government's industrial development agenda and deepen its impact.

## The Programme for Country Partnership in Ethiopia

Ethiopia is one of the continent's fastest growing economies. The country's gross domestic product was US\$46.87 billion in 2013, with a growth rate of 10.4 per cent the same year and an average growth rate of 10.9 per cent since 2004. The rate of growth is projected to average 7.3 per cent from 2015 to 2018. Economic growth is largely driven by government-led development policies, with a rapid expansion of public infrastructure and basic services. Increasing exports and foreign direct investment have also fuelled growth.



### Background to the PCP

UNIDO has been actively involved in Ethiopia's development since 1968, with nearly 300 projects covering a wide range of technical assistance interventions. The PCP is being developed with the Government of Ethiopia in line with the country's goal to acquire middle-income status within a decade and to transform the economy from one based on agriculture to one driven primarily by light industries. ▶

*"A large investment is required to establish and operationalize these parks at an estimated US\$1.5 billion for the four parks as well as US\$870 million for infrastructure. There are huge opportunities: they are going to host more than 400 companies and also generate job opportunities - over 400,000 direct employment opportunities. And when we look at the value chain, it will generate more than that: it will impact millions of farmers. This calls for significant involvement of the private sector, and development and financial institutions."*

*State Minister of Industry of Ethiopia, Mebratu Meles.*



The PCP in Ethiopia focuses on three light manufacturing sectors:

- (1) Agro-food processing through industrial development initiatives such as establishing integrated agro-industrial parks;
- (2) Textiles and apparel through the preparation of an investment promotion portfolio of Ethiopian textiles and garment companies;
- (3) Leather and leather products through the creation of a leather district so that stakeholders

can better address pollution challenges.

Why were these sectors selected?

- Job creation prospects;
- High export potential;
- Ability to attract private sector investment;
- UNIDO’s capacity to deploy a range of technical assistance services in these sectors.

The PCP also features a capacity-building component and addresses a

range of cross-cutting issues. These include industrial zones, investment promotion, and South-South and triangular industrial cooperation.

Early achievements include:

- Establishment of national structures for PCP governance and monitoring;
- Completed feasibility studies for integrated agro-industrial parks;
- Mobilization of several investors for infrastructure development.

## The Programme for Country Partnership in Senegal

Senegal is one of the most industrialized countries in West Africa and currently has the fourth largest economy in the region. The agriculture, industry and service sectors account for 18 per cent, 24 per cent and 58 per cent of the gross domestic product respectively. Senegal is also recognized as a key player within the Economic Community of West African States (ECOWAS) and its solid democratic institutions have made the country a role model for political stability in Africa.



### Background to the PCP

Senegal’s new national development strategy – the Plan Sénégal Emergent – seeks to unlock the country’s industrial potential to generate inclusive and sustainable economic growth. UNIDO’s long-standing technical cooperation with Senegal, combined with its potential for building partnerships with other development actors, have enabled the Organization to offer an integrated package to help the country achieve its national development goals.

The PCP in Senegal focuses on three main areas:

- (1) Industrial policy development;
- (2) The establishment of agro-poles (food processing industry parks) for agricultural value chains;
- (3) The operationalization of existing industrial parks and the development of new ones.

Why were these sectors selected? Because of their high potential in terms of:

- Job creation;
- Industrial capacity;
- Value addition.

The PCP will also include cross-cutting interventions related to: private sector development and investment promotion; the environment; energy; trade facilitation; South-South and triangular industrial cooperation; as well as innovation, science and technology for industry.

Early achievements include:

- Establishment of a national coordination mechanism;

- Development of a business plan for the country’s first integrated industrial platform. Public financing of US\$32 million has been mobilized, construction has already started and the first garment factory is expected to start operations in 2016;
- The preparatory phase for the establishment of three integrated and competitive agro-poles was initiated in 2015.

*“Within these agro-poles, Senegal sees poles of development which will allow us to provide value chains with both vertical and horizontal partners. This means that energies or synergies will produce cooperation on both these fronts. It’s the same for the regional mining hubs.”*

*Modienne Guisse, Director, Minister’s Cabinet, Ministry of Industry and Mining, Senegal.*

*“Our national plan for an emerging Senegal is all about growth. And UNIDO with its PCP has enabled us to get up to cruising speed with this motor force. Thanks to the PCP UNIDO label, Senegal has become visible on the international radar in industrial countries, which wasn’t possible before the implementation of the PCP.”*

*Djiby Diagne, Head of Project Monitoring, Department Delivery Unit of Senegal Emerging Plan.*

# Second Donor Meeting

1 December 2015

The Second Donor Meeting illustrated ways in which UNIDO's highly specialized services have been promoting social inclusion, economic competitiveness and environmental sustainability in different regions of the world. The meeting provided an important opportunity for donors to see the additional value they receive for the resources they invest in UNIDO's projects through the Organization's expertise and services. It also highlighted UNIDO's work and future role in the context of the 2030 Agenda for Sustainable Development and the implementation of the SDGs. The event presented a number of recent success stories (summarized below) from UNIDO's technical cooperation portfolio, illustrating the Organization's recent work.



## Success stories



- 1 Facilitating market access for typical food products in **Morocco and Tunisia** (PAMPAT)
- 2 **Bangladesh:** Fostering trade performance for inclusive growth and employment
- 3 **Egypt:** Empowering people – building resilient communities (HAYAT)
- 4 A journey towards responsible gold in **West Africa**
- 5 **Global network of regional sustainable energy centres:** A post-2015 South-South and triangular partnership – powering the path to inclusive and sustainable industrial development and sustainable energy for all
- 6 Women's economic empowerment in the **Middle East and North Africa** (MENA) region



## SUCCESS STORIES

1

# Facilitating market access for typical food products in Morocco and Tunisia (PAMPAT)



### PANELLISTS

**Thierry Buchs**, Head, Trade Promotion Division, State Secretariat for Economic Affairs, Switzerland;

**Dhaou Sadok Bejja**, General Director, Small and Medium Enterprises Development, Ministry of Industry, Energy and Mines, Tunisia;

**Otman El Mrabet**, Head of Service, Trade and Logistic Development of Local Products, Moroccan Agriculture Development Agency, Morocco;

**Mounira Ayed Jalled**, Marketing Director of Société Industrielle des Conserves Alimentaires (SICAM), Tunisia.

Mounira Ayed Jalled, Marketing Director of the Tunisian company SICAM, speaking at UNIDO's Second Donor Meeting.

### Project objectives:

- ▶ Improve performance, market access and socio-economic conditions of the Argan oil and prickly pear value chains in Morocco, and the harissa (chili pepper paste) and prickly pear value chains in Tunisia. In particular, the project supports women and producers from disadvantaged regions;

- ▶ Ensure that products comply with geographical indication and labelling requirements, thus enabling producers to obtain a premium price;
- ▶ Increase product sales both domestically and internationally.

### Results include:

- ▶ Establishment of a certification system for Tunisia's new food quality label;

- ▶ Two export consortiums of Moroccan Argon are being formed;
- ▶ Over 250 people have been integrated into value chains through cooperatives formed for the Djebba fig, prickly pear and harissa;
- ▶ Over 350 local products entered the first Moroccan Contest for Traditional Products in September 2015, with the winning products being promoted worldwide.

*"The unique selling proposition for UNIDO is the possibility of creating value, differentiating niche products with all the economic and social advantages that gives."*

**Thierry Buchs**, Head, Trade Promotion Division, State Secretariat for Economic Affairs, Switzerland.

*"The idea is to provide guarantees of origin and traceability for Tunisian products. Consumers in the Tunisian market or, more importantly, in the international market, will know that they are buying superior Tunisian products, which of course will create new export possibilities and better highlighting of Tunisian products. We are sure that this will lead to higher demand for our products, which will create more jobs, more inclusive regional development, and improve the economic and social situation for the country people throughout those regions."*

**Dhaou Sadok Bejja**, General Director, Small and Medium Enterprises Development, Ministry of Industry, Energy and Mines, Tunisia.



*"This PAMPAT project is helping us to find sustainable ways to enter the international market."*

**Otman El Mrabet**, Head of Service, Trade and Logistic Development of Local Products, Moroccan Agriculture Development Agency, Morocco.

SUCCESS STORIES

2

## Bangladesh: Fostering trade performance for inclusive growth and employment



Speakers of the second panel titled “Fostering trade performance for inclusive growth and employment”, at UNIDO’s Second Donor Meeting.

### PANELLISTS

**Md Amir Hossain**, Minister for Industries, Bangladesh;

**Bente Angell-Hansen**, Ambassador, Permanent Representative of Norway;

**Didier Lenoir**, Ambassador, Head of the EU Delegation to the International Organizations;

**Mala Khan**, Project Director and Senior Scientific Officer, Designated Reference Institute for Chemical Measurements, Bangladesh Council of Scientific and Industrial Research, Bangladesh;

**Saleh Ahmed**, Project Director, Better Fisheries component of the Better Work and Standards (BEST) Programme, Bangladesh.

### Project objectives:

- ▶ Improve performance of the fishery and textile sectors and increase market access by supporting public and private partners to develop skills in these sectors, thus enabling Bangladesh to comply with international market requirements;
- ▶ Strengthen local quality infrastructure and services to better serve the country’s exporters and consumers through internationally recognized good practices.

### Results include:

- ▶ The fisheries sector is exporting to international markets again as a result of better hygiene and environmental impact management and the introduction of traceability schemes;
- ▶ A long-term plan has been developed for textile training, aimed at long-term sustainability and international competitiveness, in particular through investments in people and skills.

*“Today, in terms of food safety, standards in Bangladesh are assessed as being equivalent to EU standards...Jobs have been created, better livelihoods have been developed, families enjoy better standards of living. This is really the logic of what we should try to get through the life cycle of this project and take it forward in the long run. Because at the end of the day, this is what development is all about.”*

**Didier Lenoir**, Ambassador,  
Head of the EU Delegation to the International Organizations.

*“The Programme has helped us develop our quality infrastructure to international best practice ... We plan to further develop sectorial advisory institutions that provide world class business advisory services on technologies, innovation, productivity, food safety etc., which will make our products more competitive.”*

**Md Amir Hossain**,  
Minister for Industries, Bangladesh.

*“We now export to international markets with an annual value of about 650 million Euros in the past year.”*

**Saleh Ahmed**, Project Director,  
Better Fisheries component of the  
BEST Programme, Bangladesh.

*“What is pivotal here has been the results-oriented commitment of the Bangladesh Government. We’ve seen in the fisheries sector, 12,000 jobs for women! That is really delivering on the sustainable development goals.”*

**Bente Angell-Hansen**,  
Ambassador, Permanent Representative of Norway.





3

# Egypt: Empowering people – building resilient communities (HAYAT)



PANELLISTS

**Khaled Abdel-Rahman Shamaa,**  
Ambassador, Permanent Representative of Egypt;

**Yuichi Oba,** Counsellor and Head of Economic Section, Embassy of Japan to Egypt;

**Khaled Abdel-Halim,**  
Head, Local Administrative Reform Unit, Ministry of Local Development, Egypt;

**Gamal Hassanein,** Farmer and Entrepreneur, Egypt.

Gamal Hassanein, who was one of the first to benefit from UNIDO’s specialized training programmes on agricultural value chains, speaking at UNIDO’s Second Donor Meeting.

**Project objectives:**

- ▶ Improve the socio-economic well-being of the most vulnerable households in El-Minya Governorate in Upper Egypt by creating local ownerships of productive projects;
- ▶ Develop local sectors through agricultural extension, small-scale processing and value addition;
- ▶ Support neighbourhood upgrading and entrepreneurship initiatives;
- ▶ Promote rural village savings and loan associations for women;
- ▶ Help unemployed youth find jobs by providing employment counselling services, and link micro, small and medium enterprises to bigger markets.

**Results include:**

- ▶ 2,346 farmers have been trained in irrigation techniques, pest control management, fertilization and harvesting techniques;
- ▶ Food productivity has increased, production costs have decreased and farmers now make greater profits;
- ▶ 4,500 women have joined village saving and loan associations.

*“The Hayat project gives a human face to development. It touches the lives of 20,000 people and even more. It enables employment generation and has a ripple effect which leads to jobs in other sectors such as transportation, production of packaging material at the artisan/small to medium-size level. It gives a sense of ownership to small entrepreneurs represented by the farmers in getting together and starting a developmental process, which leads to economic development and in turn to social development.”*

**Khaled Abdel-Rahman Shamaa,**  
Ambassador, Permanent Representative of Egypt.

*“The date industry has been transformed through UNIDO’s project. Before the project, I was selling dates for 2 pounds per unit. Now our prices have gone up to 15 pounds per unit after the industrialization process. I’m also using these technologies to combat palm tree diseases.”*

**Gamal Hassanein,** Farmer and Entrepreneur, Egypt (project beneficiary).

*“UNIDO has helped local farmers in many ways including pest management, drying dates, packaging and marketing. In this way local farmers have increased productivity and their incomes. UNIDO has also supported the introduction of greenhouses for local farmers, helping them to increase productivity and incomes. This project is sustainable even after we leave the area and can be replicated elsewhere.”*

**Yuichi Oba,** Counsellor and Head of Economic Section, Embassy of Japan to Egypt.



SUCCESS STORIES

4

## A journey towards responsible gold in West Africa



Tabara Cissokho, Local Coordinator, Senegal Action Development (left), speaking at UNIDO's Second Donor Meeting.

### PANELLISTS

**Watta Ouedraogo Koulibaly**, Director, Sanitation and Environmental Risk Prevention, Ministry of Environment and Development, Burkina Faso;

**Tabara Cissokho**, Local Coordinator, Senegal Action Development, Senegal;

**Anil Sookdeo**, Coordinator, Chemicals and Waste Focal Area, Senior Environmental Specialist, Global Environment Facility (via recorded message).

### Project objectives:

- ▶ Artisanal Small-scale Gold Mining (ASGM) is a major cause of mercury releases and environmental pollution. This project aims to improve the health and environment of ASGM communities in Burkina Faso, Mali and Senegal in the following ways:
  - Create national strategic action plans;
  - Implement mercury reduction/elimination projects;
  - Develop health education and technology training programmes;
  - Raise awareness about Fairmined Certification and pre-application for certification.

### Results include:

- ▶ Mercury free processing systems have been established in Burkina Faso and Senegal and are producing mercury free gold;
- ▶ 72 miners have received training in mercury free technology, and 73 health professionals/ASGM leaders have been trained on health risks related to mercury use;
- ▶ 5 kg gold has been exported to the international market;
- ▶ 175 miners have gained official mining rights.

*“Zero mercury equals greater profitability.”*

*Anil Sookdeo, Coordinator, Chemicals and Waste Focal Area, Senior Environmental Specialist, Global Environment Facility.*

*“This is a very noble project and a very valuable tool that genuinely helps these three countries (Burkina Faso, Mali and Senegal) to fight poverty. The UNIDO project aims to improve the situation of people in the sector by making better use of mercury free technologies. It also helps us understand the quantity of mercury that countries use. In Burkina Faso, to produce 1 gram of gold we use 1.3 grams of mercury.”*

*Watta Ouedraogo Koulibaly, Director, Sanitation and Environmental Risk Prevention, Ministry of Environment and Development, Burkina Faso.*

*“Since 2013, UNIDO and the Alliance for Responsible Mining have been working in synergy with local partners to make sure that employers adopt good practices and that the health and safety rules at work are respected.”*

*Tabara Cissokho, Local Coordinator, Senegal Action Development, Senegal.*





5

# Global network of regional sustainable energy centres: A post-2015 South-South and triangular partnership – powering the path to inclusive and sustainable industrial development and sustainable energy for all



PANELLISTS

- Donville Inniss**, Minister of Industry, International Business, Commerce and Small Business Development, Barbados;
- Martin Ledolter**, Managing Director, Austrian Development Agency, Austria;
- Mahama Kappiah**, Executive Director, ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE), Cape Verde.

Mahama Kappiah, Executive Director of ECOWAS Centre for Renewable Energy and Energy Efficiency, speaking at the Second Donor Meeting.

**Project objectives:**

- ▶ Address the challenges of energy access, energy security and climate change by increasing regional cooperation and capacities through the establishment of regional sustainable energy centres in the Caribbean, the Pacific, the Indian Ocean and Africa;
- ▶ Create investment and business opportunities for local industries and businesses.

**Results include:**

- ▶ Reinforcing ongoing national activities in policy and capacity development, knowledge management and awareness-raising, and promoting investment in businesses;
- ▶ Empowering local energy industries to take advantage of the growing renewable energy and energy efficiency market opportunities.

*“We believe that regional cooperation can help address some of the barriers that challenge us in terms of sustainable economic development and climate change. We’re very grateful for the involvement of UNIDO, the EU, the Government of Austria and others who have come to our assistance in the creation of a renewable energy centre. Certainly we recognize the importance of a regional approach to build capacity in these areas.”*

**Donville Inniss**, Minister of Industry, International Business, Commerce and Small Business Development, Barbados.



*“This is an excellent example of South-South cooperation and the development of local capacities ... Regional cooperation allows an effective exchange of lessons learned.”*

**Martin Ledolter**, Managing Director, Austrian Development Agency, Austria.

SUCCESS STORIES

6

## Women's economic empowerment in the Middle East and North Africa (MENA) region



Speakers at the panel titled "Women's economic empowerment", at the Second Donor Meeting.

### PANELLISTS

- Bianca Pomeranzi**, Senior Gender Specialist and Member of the United Nations Committee on the Elimination of Discrimination Against Women, Ministry of Foreign Affairs, Italy;
- Pierre Antoine Omran**, Head, Beirut Permits Committee, Ministry of Industry, Lebanon;
- Shereen Allam**, Chief Executive Officer, Association for Women's Total Advancement and Development, Egypt;
- Sinda Soussia**, Entrepreneur, SEABEX, Tunisia.

### Project objectives:

- ▶ Promote public-private dialogue on policy reforms to make the environment more conducive for women entrepreneurs in the Middle East and North Africa (MENA) region, which has the world's highest unemployment rate and an extremely low level of women entrepreneurship;
- ▶ Enhance capacities of national business women associations as service providers through training and coaching;
- ▶ Identify investment opportunities and encourage business partnerships through international investment forums and access to finance.

### Results include:

- ▶ Almost 200 women entrepreneurs from the region have helped formulate their business proposals for international markets;
- ▶ About 300 business-to-business meetings in the service and artisanal manufacturing sectors were held between MENA and European entrepreneurs in October 2015.

*"Women entrepreneurs are challenged by networking. This project helps young women to cross borders, to go regional, and to go international."*

**Shereen Allam**, Chief Executive Officer, Association for Women's Total Advancement and Development, Egypt.



*"This opportunity (Milan Expo 2015) helped us to know more about international markets. We're ready to go global as soon as possible. Nothing will stop us from innovating!"*

**Sinda Soussia**, Entrepreneur, SEABEX, Tunisia (project beneficiary).



# UNIDO's Cooperation with the European Union and the European Investment Bank



*(From left to right): Head of UNIDO Brussels Office to the EU, Christophe Yvetot; UNIDO Director General LI Yong; Vice-President of the European Investment Bank, Ambroise Fayolle; and Deputy Director General for International Cooperation and Development, European Commission, Klaus Rudischhauser.*

The EU and UNIDO support the development of the private sector focusing on small and medium-sized enterprises (SMEs). This support includes building the capacity of SMEs to add value to their products, creating jobs and helping them to move towards quality production. At the same time, the partnership supports the transition of beneficiary countries towards a green economy and industry. This is achieved through knowledge and technology

transfer in resource and energy efficiency, cleaner production, renewable energy, and climate action.

With the launch of a report on the last 10 years of cooperation at this year's General Conference, UNIDO and the EU celebrated this important partnership and paved the way for a closer and stronger future together.

Speaking at the event, Klaus Rudischhauser, Deputy Director

General for International Cooperation and Development of the European Commission, praised the excellent cooperation with UNIDO and said that "the new 2030 Agenda creates an excellent framework to further develop our cooperation for inclusive and sustainable industrial development".

UNIDO Director General LI Yong added: "UNIDO looks forward to continuing this fruitful cooperation with the EU and to working together towards the

achievement of the 2030 Agenda. We believe that together we can help create jobs opportunities, limit migrations and move towards a more circular economy. The new SDG framework will very much support our cooperation on inclusive and sustainable industrial development”.

The event illustrated the convergence of interests between UNIDO and the EU and the achievements already attained through the existing cooperation.

### A new partnership: UNIDO and the European Investment Bank

As the United Nations specialized agency mandated to implement ISID, UNIDO is increasingly engaging with development finance institutions to maximize the impact of its operations. Over recent years, UNIDO and the European Investment Bank (EIB) have decided to develop their cooperation to upscale efforts towards industrialization in developing countries.

During the Conference, UNIDO and the EIB presented their new partnership and cooperation to combine industrial expertise with development finance.

Vice-President of the EIB, Ambroise Fayolle, stated that *“the collaboration with UNIDO will further enhance the EIB’s impact in ACP countries. Cooperation will focus on some of the key sectors for ACP development, most notably energy and climate action, while much attention will also be paid to agri-business and the development of the private sector.”*



## UNIDO and the European Union Cooperation Report

*“Cooperation between the EU and UNIDO has been steadily growing and now covers over 80 countries. The EU Member States are the main contributors to UNIDO’s regular budget and the EU and its Member States together also provide one of the largest contributions to UNIDO’s technical cooperation activities. We are open to discussing new projects and programmes that match our partners’ priorities in areas where UNIDO has established expertise and can provide value for money.”*

*Romain Schneider, Minister for Development Cooperation and Humanitarian Affairs, Luxembourg, on behalf of the EU.*

### How does UNIDO engage with the private sector?

#### Through the following types of partnerships:

- » **Core Business and Value Chain Partnerships**, which harness the core strengths of the private sector and/or aim to change the way businesses operate to be more in line with social, environmental and development goals.
- » **Social Investment and Philanthropy Partnerships**, which provide the UN system with different types of support. These include traditional philanthropy, social venture funds, financing mechanisms, volunteers or by contributing of core business expertise, products or services to the public cause.
- » **Multi-stakeholder and Transformational Partnerships**, which enable consultation and scalable operations among numerous private and public parties, as well as including private sector representatives in their governance structures.



# Snapshot of Side Events

## The Industrial Development Report 2016: The Role of Technology and Innovation in Inclusive and Sustainable Industrial Development



### PANELLISTS

**Xiaolan Fu**, *Founding Director, Technology and Management Centre for Development, Professor of Technology and International Development and Fellow of Green Templeton College at the University of Oxford, UK;*

**Augusto Luis Alcorta**, *Director of the Research, Statistics and Industrial Policy Branch of UNIDO;*

**Dirk Willem te Velde**, *Head of the International Economic Development Group, Overseas Development Institute, UK;*

**Michael Landesmann**, *Scientific Director, Vienna Institute for International Economic Studies and Professor of Economics, Johannes Kepler University, Linz, Austria.*

The General Conference provided an excellent opportunity to launch UNIDO’s flagship publication, the Industrial Development Report (IDR) 2016. The report addresses a challenging question: under which conditions do technology and innovation achieve inclusive and sustainable industrial development (ISID)?

While technological change is recognized as one of the main drivers of long-term growth and industrialization, there has been uncertainty about whether it can promote social inclusiveness

and environmental sustainability at the same time.

The report’s main finding is that there are conditions under which ISID is feasible and technology can simultaneously serve all three dimensions of sustainability, including economic, social and environmental.

Other key findings include the following:

- When policymakers use sound policies to steer the industrialization process and avoid past mistakes, rapid inclusive and sustainable industrialization can occur more frequently;
- Innovation needs to be supported by interventions that strengthen the process from invention to adoption, as capabilities are developed and high tech manufacturing sectors are created. This will lead to higher rates of sustainable growth.

For long-term structural change, the report notes that manufacturing plays a key role. It creates many productive,

formal jobs at an early stage of development. It also drives technological development and innovation to sustain productivity growth in manufacturing and other sectors.

In the report’s foreword, UNIDO Director General LI Yong states that the current trend of technological change “does not guarantee that we will follow a sustainable path” in the future. He explains that while transitioning to high-tech industries can lessen environmental pollution, concerted global action is needed to stimulate the creation and diffusion of environmentally friendly technology and reduce greenhouse gas (GHG) emissions.



*“I am particularly pleased that the Industrial Development Report 2016 emphasizes the critical need for international cooperation to promote technological change and achieve ISID, and that it reaffirms the commitment of my Organization to fulfil its unique mandate in support of this effort.”*

*UNIDO Director General LI Yong.*

## Launch of “The Oxford Handbook of Africa and Economics” during the side event “Africa: Whatever you thought, think again”



### PANELLISTS

**Célestin Monga**, *UNIDO*  
Managing Director;  
**Nadereh Chamlou**, *former Senior*  
Advisor at the World Bank;  
**Justin Yifu Lin**, *Professor at*  
Peking University, China.

*Special musical performance*  
by **Lakua Kanza**.

“The Oxford Handbook of Africa and Economics” was released in September 2015 and explores economic thinking in Africa as well as the continent’s contribution to economics. The diverse

viewpoints of internationally-acclaimed economists are complemented by the perspectives of philosophers, political scientists and anthropologists. During the book’s launch, participants explored

the lessons learned in the successful experiences of industrialization, UNIDO’s approach to ISID on the continent, and possible policy recommendations for employment generation.

## Innovation Hubs for Sustainable Industrialization and Shared Prosperity



*Panellists at the side event on “The role of innovation hubs for sustainable industrialization and shared prosperity”, 1 December 2015.*

The overall objective was to explore how to catalyze technology-oriented innovation and development. The panel comprised experts from science, industry and technology parks (SITPs), technology-based incubators, academia, the public sector and business. Panellists discussed how to leverage multi-stakeholder partnerships to provide high quality services supporting entrepreneurship,

research and technology transfer, and how to bring innovation hubs to self-sufficiency and sustainability. They also shared examples of best practices from established innovation hubs, and discussed the role of different stakeholders, such as international organizations, government, local authorities, real estate developers, universities and research institutions, investors, and business incubators.

### PANELLISTS

**Catherine Johns**, *Innovation and*  
Business Growth Director, *Business*  
Durham, UK;  
**Sanzhar Kettebekov**, *Chief Executive*  
Officer, *Autonomous Cluster Fund*  
(Almaty Tech Garden), *Kazakhstan*;  
**Tadeusz Peczek**, *President of the*  
Board, *Office for Economic Policy*  
and *Regional Development Ltd*,  
Poland;  
**Yerbol Shormanov**, *Deputy Chairman*,  
Astana EXPO-2017, *Kazakhstan*;  
**Valery Tsepkalo**, *Director, High-Tech*  
Park, *Republic of Belarus*;  
**Matthias Weber**, *Head of Research*,  
*Technology and Innovation*  
*Policy Unit and Deputy Head of*  
*Department, Austrian Institute of*  
*Technology, Innovation Systems*  
*Department*;  
**Olga Memedovic**, *Chief of the Europe*  
and *Central Asia Bureau, UNIDO*.



## SNAPSHOT OF SIDE EVENTS

# Youth and Women Entrepreneurship

This event highlighted the significance of youth/women entrepreneurship as a key driver for Inclusive and Sustainable Industrial Development as well as showcasing UNIDO success stories in developing youth and women entrepreneurship. Through the interactive discussion with panellists and audience members, it identified a range of opportunities to support the achievement of successful young entrepreneurs, while mitigating the challenges of poverty and youth

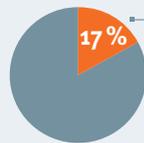


Participants at the side event on “Youth and Women Entrepreneurship”, 2 December 2015.

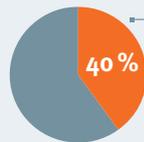
unemployment. The event featured a panel discussion, first-hand testimonials of entrepreneurs assisted by UNIDO, an interactive discussion and Q&A session, as well as a networking reception.

**Youth unemployment** is a global issue which disproportionately affects **1.2 billion young people** between **15 and 24 years old** around the world.

**Youth employment** has reached a record high of **1.8 billion**, while it is also estimated that around **500 million young people live on less than 2 dollars a day**.



Young men and women represent **17 per cent** of the world's population.



Young men and women make up over **40 per cent** of the global unemployed labour force.

### PANELLISTS

**Ellen Pratt**, Deputy Minister for Industry of Liberia;

**Raimund Magis**, Deputy Director, Multilateral Development Cooperation, Federal Ministry for Europe, Integration and Foreign Affairs of Austria;

**Delphine Borione**, Deputy Secretary General of the Union for the Mediterranean;

**Mohammad Naciri**, Regional Director for Arab States Region of UNWOMEN;

**Janne Vangen Solheim**, Chief Executive Officer Janusfabrikken AS of Norway and newly appointed UNIDO Goodwill Ambassador.

### ENTREPRENEURS

**Sinda Soussia**, Tunisia;

**Julius Mugisha**, Rwanda;

**Melvin Archbold**, Nicaragua;

**Maw Maw Aung**, Myanmar;

**Yordanos Goushe Girmay**, Ethiopia;

**Luiza Nalbandyan**, Armenia.

### MODERATOR

**Selma Prodanovic**, speaker, entrepreneur, philanthropist, and advisor.

### VIA SKYPE

**Ahmad Alhendawi**, UN Secretary General Envoy on Youth.

# Sustainable Industrialization for Climate Action

This session addressed the profound linkages and interferences between economic development and climate action. Discussions revolved around the most immediate priorities and opportunities for climate action at the national and global level. Panellists explored the changes needed and possible ways for industry to further contribute to achieving the 2030 Agenda through pursuing climate resilient development pathways. The

session described the role that the international community, and more specifically UNIDO, might play in bringing about these changes. Panellists also provided examples of

successful integration of industrial development and climate action. The event featured a keynote speech, followed by an interactive panel discussion.



Participants at the side event on “Sustainable industrialization for climate action”, 3 December 2015.

## UN Climate Change Conference COP21

Speaking about the UN Climate Change conference in Paris, UNIDO Director General LI Yong said that UNIDO would present its “new policy direction with regard to climate resilient industrialization and an integrated and ‘nexus’ approach to greenhouse gas emissions and resource depletion in the context of the 2030 Development Agenda.

“The fight against climate change is one of the most important goals of the new agenda for development,” said LI.

### PANELLISTS

**Donville Inniss**, Minister of Industry, International Business, Commerce and Small Business Development of Barbados;

**Masahiko Horie**, Ambassador of Global Environmental Affairs of Japan and SE4ALL Advisory Board Member;

**Christine Lins**, Executive Secretary, Renewable Energy Policy Network for the 21<sup>st</sup> Century (REN21);

**Leena Srivastava**, Vice Chancellor, Energy and Resources Institute (TERI);

**Nebojsa Nakicenovic**, Deputy Director General/ Deputy Chief Executive Officer, International Institute for Applied Systems Analysis (IIASA).

# UNIDO OPEN DATA PLATFORM

*Building trust through transparency*

<https://open.unido.org>

## Key features of the Open Data Platform:

- An interactive world map with details on UNIDO's ongoing programmes and projects in various countries and regions;
- Provides information about project outcomes and outputs, timelines, financial status, gender equality, project documents, country statistics and information about donors.

The Platform has been designed to enforce accountability, demonstrate efficiency and effectiveness, highlight the results and impact of projects, and build trust.

UNIDO's Open Data Platform was officially launched to the general public at the General Conference as part of UNIDO's transparency initiative, which aims for more transparency for all stakeholders to enable better monitoring and reporting on results.



## 2015

### 850 ongoing projects

Implementation budget planned for 2015 **\$185.87 million** and expenditure of **\$177.45 million** so far in 2015.

## Total

The total programmable resources of ongoing projects amounts to **\$442.22 million** for 2015 and beyond.

*“In the future, this platform will also be the interface for a new results monitoring system, fully aligned with the results framework presented in the medium-term programme framework.”*

*UNIDO Director General, LI Yong, 30 November 2015.*

## Introducing UNIDO Goodwill Ambassador, Janne Vangen Solheim, Norway

In order to enhance UNIDO's visibility, profile and global reach with governments and the private sector, the Organization selects outstanding public figures, business leaders and industrialists from various regions of the world. These Goodwill Ambassadors champion UNIDO's core theme – the role of manufacturing and sustainable industrial development in the overall development process.



*Janne Vangen Solheim, Chief Executive Officer of the Norwegian garment manufacturing company, Janusfabrikken AS, was appointed as a Goodwill Ambassador of UNIDO during the sixteenth session of the Conference.*

*“Based on her extensive and successful experience as an entrepreneur in the manufacturing sector, Ms. Solheim will champion UNIDO's mandate of inclusive and sustainable industrial development, and in particular will support our work to promote women's entrepreneurship.”*

*UNIDO Director General, LI Yong, 30 November 2015.*

### UNIDO's other Goodwill Ambassadors are:

- HAI Helen: the CEO of the Made in Africa Initiative and adviser to the Governments of Ethiopia, Rwanda, and Senegal for investment promotion and industrialization;
- Marc Van Montagu: an eminent scientist at the Vlaams Instituut voor Biotechnologie, a life sciences research institute in Flanders, Belgium;
- Marcos Pontes: one of the most experienced jet pilots in the Brazilian Air Force. On March 30 2006, Pontes became the first Brazilian and the first native Portuguese-speaking person to go into space.



Participants at UNIDO’s sixth LDC Ministerial Conference.

# Least Developed Countries Ministerial Conference

*“UNIDO has consistently accompanied the efforts of least developed countries towards structural change and economic growth. The current UNIDO LDC Strategy 2012-2020 aims to fill the gap of inclusive and sustainable industrial development in LDCs. It contains UNIDO’s commitments, which are articulated around the eight key development priorities of the Istanbul Programme of Action. Emphasis is placed on equity at all levels through empowering the poor and marginalized and ensuring, among others, gender equality, inclusive and equitable economic growth and sustainable development.”*

*UNIDO Director General **LI Yong.***

Directly before the sixteenth session of the General Conference, UNIDO hosted the sixth Least Developed Countries (LDCs) Ministerial Conference in Vienna, Austria, from 26 to 27 November 2015.

Entitled “Operationalizing ISID for LDCs: the path to graduation and beyond”, the conference brought together over 300 participants from 70 Member States, UN agencies, international organizations, development agencies, regional economic commissions, the private sector, financial institutions, civil society organizations and academia.

### Objectives:

- Determine how inclusive and sustainable industrial development

(ISID) could better integrate the key targets of the Istanbul Programme of Action, the 2030 Agenda for Sustainable Development, and the African Union Agenda 2063;

- Identify ways to sustain structural change, productive capacities and private sector development and capitalize on achievements.

Economic growth in LDCs has been impressive over recent years (see Table 1).

However, as UNIDO Director General LI Yong noted in his opening speech, export-led growth based on primary commodities has failed to lift millions from the poverty trap in LDCs, and



The Ministerial Conference elected Ahmed Abtew, Minister of Industry, Ethiopia, as the Chair of the meeting.

has resulted in growth without development. Productive sector-led growth that is critical for lifting people out of the poverty trap. The developed, emerging and newly industrializing economies of the world illustrate that manufacturing and related services, including trade capacity-building, are essential prerequisites for rapid socio-economic transformation.

### Promoting industrial development

Discussions evolved around key factors (social and economic drivers in particular) that foster industrial development. The Conference raised awareness among national stakeholders, including policy makers, about the importance of implementing and mainstreaming “ISID” into national development policies, programmes and budgets.

### Innovation and capacity-building for industrial competitiveness

It was agreed that the LDCs need to pay special attention to knowledge, innovation and technological flows, inclusive and sustainable employment creation, environmental sustainability, and partnerships for economic transformation. The Conference emphasized that UNIDO has the necessary expertise and provides a range of technical services to foster technology transfers and give policy advice to promote innovation and institutional capacity building for industrial competitiveness.

### Building partnerships

Participants identified different ways of supporting LDC private sector development as well as integration within global value chains. Conference sessions also encouraged partnership building and collaboration with governments, private sector entities and civil society, which lies at the core of the 2030 Agenda.

### Business-to-business and business-to-government exchange

UNIDO facilitated two events on the sidelines of the Conference which were attended by more than 200



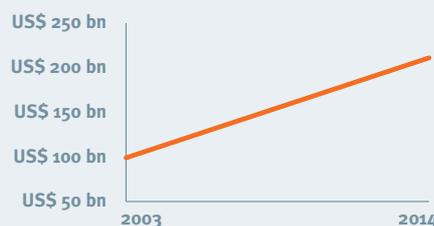
Opening session of the LDC Ministerial Conference. From left to right: Ambassador, Director General, Section for Development Cooperation, Austrian Ministry for Europe, Integration and Foreign Affairs, Peter Launsky-Tieffenthal; UNIDO Director General LI Yong; Minister of Industry of Ethiopia, Ahmed Abtew; UN Under-Secretary-General and High Representative for OHRLS, Gyan Acharya.

Table 1

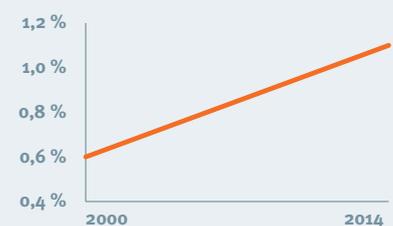
## ECONOMIC GROWTH IN LDCS

LDCs have recorded a relatively high rate of economic growth in recent years. The value of LDC merchandise exports rose from US\$99 billion in 2003 to US\$211 billion in 2014. The share of LDCs in world exports increased from 0.6 per cent in 2000 to 1.1 per cent in 2014, triggered largely by a small group of LDCs. There has also been a steady increase in intraregional trade amongst LDCs, although the degree varies by country and region. Another positive trend is the growing middle class, which offers a large domestic consumer base that could be taken advantage of to propel further economic progress in these countries. In Africa alone, where most of the LDCs are located, the middle class currently stands at 300 million people and is poised to grow to 1.4 billion by 2050.

The value of LDC merchandise exports



The share of LDCs in world exports



stakeholders: a business-to-business and business-to-government exchange.

Discussions focused on the following:

- How to leverage innovative partnerships to increase investments for ISID in LDCs; and
- How to achieve the traditional and emerging development cooperation goals of donors as well as business interests.

The Conference concluded by reaffirming UNIDO’s commitment to LDCs. The Ministerial Declaration adopted at the end of the Conference highlighted structural transformation, productive capacity-building and private sector development as key drivers of sustainable development in least developed countries on their path to graduation.



# General Conference Outcomes

The sixteenth session of the UNIDO General Conference adopted **17 decisions and 4 resolutions**. They included:

## **UNIDO and the 2030 Agenda for Sustainable Development**

Discussions at the Conference reflected the unanimous support for the 2030 Agenda for Sustainable Development, and in particular the inclusion of Sustainable Development Goal 9. The Conference called upon the Director General to develop and implement strategies to promote Goal 9 and other relevant and interlinked goals and targets. It also requested the UNIDO Director General to continue to align its activities, technical cooperation delivery, partnership approach and country programmes with the goals and targets set out in the 2030 Agenda.

## **UNIDO, Gender Equality and the Empowerment of Women**

UNIDO's Gender Equality and Empowerment of Women Strategy, 2016-2019, recognizes the significant positive impact of gender equality on ISID, poverty reduction, social integration and environmental sustainability. The Conference called on the Director General to implement the actions outlined in the Strategy and align UNIDO's programmes and projects with the goals and targets regarding gender equality and empowerment of all women and girls laid out in the 2030 Agenda.

## **The medium-term programme framework, 2016-2019**

The Conference recognized the medium-term programme framework, MTPF, as an important and flexible tool for implementing UNIDO's mandates and welcomed the main innovative features. These include the new partnership approach to promoting ISID, the enhancement of the results-based management approach and the introduction of an integrated results and performance framework.

## **The Vienna Ministerial Declaration for the Least Developed Countries (LDCs)**

The Conference took note of the LDC Ministerial Declaration and invited the Director General to take special account of the needs of LDCs on their path to graduation. The Conference called upon all development partners to continue mobilizing adequate funding for UNIDO in order to ensure the achievement of ISID in the LDCs.

*“Without industrialization, there can be no sustainable economic development. Industrialization creates income and employment and thus helps reduce poverty and inequality. The 2030 Agenda acknowledges this essential role as the primary source of income generation in Sustainable Development Goal 9. UNIDO now has the unique opportunity to shape this goal and prove its value to the international community.”*

*Peter Failer, Director-General for International Development Policy,  
Federal Ministry for Economic Cooperation and Development, Germany.*



*“Allow me to conclude by reaffirming Italy’s confidence in the capacity of UNIDO to give a significant contribution in the global effort to implement the 2030 Agenda and build a more prosperous, equitable and sustainable world.”*

*Filippo Formica, Ambassador and Permanent Representative of Italy.*

*“We commend UNIDO’s policy engagement which has successfully led to the incorporation of the concept of ISID into Goal 9 of the 2030 Agenda. We are pleased to see UNIDO’s role as one of the key organizations for global development challenges endorsed by the international community.”*

*Mitsuru Kitano, Ambassador and Permanent Representative of Japan.*

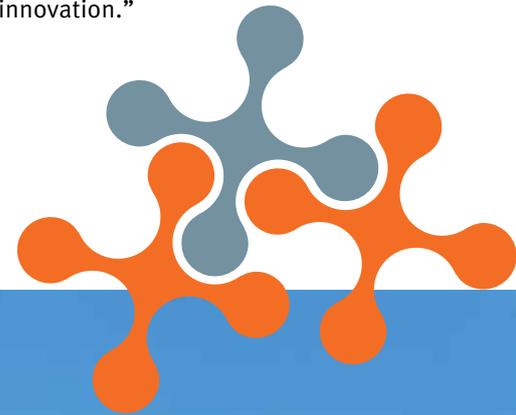
# Looking Forward

November 2016 will mark 50 years since the creation of UNIDO, with the mandate to act as the central coordinating body for industrial activities within the UN system and to promote industrial development.

During his opening speech, UNIDO Director General LI Yong reflected on the last 50 years and looked ahead to the implementation of the 2030 Agenda: “Next year will mark the 50th anniversary of UNIDO, and our mandate is more

essential than ever. Over the years, we have connected markets through global value chains, and we have created successful initiatives and platforms to advance sustainability and inclusiveness in industries worldwide. We have created opportunities for millions – to improve their lives and livelihoods. And UNIDO has always stood for an inclusive and sustainable pattern of globalization. After 50 years, we stand again at a critical juncture – with a clear mandate and direct responsibility for

the achievement of the 2030 Agenda for Sustainable Development. As our journey progresses, we will continue to cruise at full steam ahead with a clear direction, efficient implementation, strong partnerships and continuous innovation.”



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INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna International Centre · P.O. Box 300 · 1400 Vienna · Austria  
Tel.: (+43-1) 26026-0 · E-mail: [unido@unido.org](mailto:unido@unido.org)  
[www.unido.org](http://www.unido.org)