UNIDO’s INDUSTRIAL DEVELOPMENT PARTNERSHIPS WITH FINANCIAL INSTITUTIONS

INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT
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The comprehensive goals that the global community set in the 2030 Agenda for Sustainable Development cannot be achieved in isolation. With this recognition, the United Nations Industrial Development Organization (UNIDO) gives utmost importance to partnerships with diverse development actors, including governments, other United Nations agencies, the business sector, global environmental financing mechanisms and financial institutions.

Indeed, UNIDO has built many solid partnerships with financial institutions. These include international financial institutions, such as the African Development Bank, the European Investment Bank and the World Bank, and development finance institutions, such as the International Finance Corporation. Through these partnerships, financial institutions benefit from UNIDO’s technical expertise in industrial development applicable to a broad range of sectors, as well as our strong cooperation with national governments and the business sector. At the same time, such partnerships allow us to augment the impact of UNIDO’s operations by leveraging the necessary large-scale investments from financial institutions.

These partnerships therefore support us in fulfilling UNIDO’s mandate to achieve inclusive and sustainable industrial development across four thematic fields: creating shared prosperity, advancing economic competitiveness, safeguarding the environment and strengthening knowledge and institutions. Our work also directly contributes to the ambition and purpose of the 2030 Agenda and its Sustainable Development Goals, particularly Goal 9: “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”.

This brochure provides an overview of UNIDO’s partnerships with financial institutions, demonstrating our development impact in project-based and multi-stakeholder partnerships, including through the Programme for Country Partnership. Going forward, we will continue to strengthen and scale-up cooperation with our development partners, so that we can together achieve an inclusive and sustainable future for all.

Li Yong
Director General
In September 2015, the international community adopted 17 Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development. The ambition and scope of the new Agenda requires the pooling of resources from diverse actors through multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, particularly in developing countries. SDG 17: “Strengthen the means of implementation and revitalize the global partnership for sustainable development” highlights the central role of partnerships in fulfilling the 2030 Agenda. Partnerships are also vital to the achievement of SDG 9: “Build resilient infrastructure, promote sustainable industrialization and foster innovation”, a goal central to UNIDO’s mandate of inclusive and sustainable industrial development (ISID). UNIDO recognizes that achieving ISID and SDG 9 is a complex undertaking that no single entity can manage successfully on its own and, therefore, sees partnerships as a central vehicle for advancing innovation, creating income and jobs and mobilizing domestic and international resources. UNIDO cooperates with many different entities to fulfill its mandate and assist Member States in achieving their development goals. Partners include inter alia governments, development organizations, United Nations sister agencies, financial institutions, global environmental financing mechanisms, the business sector, civil society and academia. Partnering with financial institutions allows UNIDO to catalyze financial support for large-scale industrial development projects and leverage additional flows of resources for advancing ISID. Financial partners include local and national banks as well as larger international entities, such as international financial institutions (IFIs) and development finance institutions (DFIs). Partnerships with IFIs, such as the African Development Bank (AfDB), the European Investment Bank (EIB) and the World Bank (WB), allow UNIDO to deliver technical assistance and capacity-building services to the public sector. Partnerships with DFIs, such as the International Finance Corporation (IFC), support industrial development through financing of the business sector, with a strong emphasis on small and medium-sized enterprises. Cooperation modalities with financial institutions range from the provision of technical assistance with grant support from IFIs/DFIs to tripartite agreements, where UNIDO supports governments in the implementation of IFI/DFI-financed programmes or projects. In addition to financial institutions, the business sector, both local and international, is another important partner for UNIDO. International firms channel not only foreign direct investment to the host country, but also specialized knowledge and technology that helps UNIDO enhance the impact of its technical cooperation projects. By partnering with the business sector, UNIDO can increase the relevance of a skills training programme and ensure it meets labour market demand, for instance. Partnerships take the form of project-specific collaborations, long-term global alliances often focused on a specific theme, or crystallize in the Organization’s flagship partnership model, the Programme for Country Partnership (PCP). UNIDO introduced the PCP as an innovative model that brings together relevant development partners, including financial institutions, under the leadership of the host government to accelerate the achievement of ISID. The PCP was first introduced in Ethiopia, Senegal and Peru, and subsequently rolled-out to Cambodia, Kyrgyzstan and Morocco. Going forward, the PCP will expand to additional countries. It has already gained international recognition, hailed as a concrete model for achieving the SDGs, with a strong emphasis on SDG 9 and 17. UNIDO is also part of various global networks and platforms which serve as means of sharing knowledge, best practices, and innovative solutions in the field of inclusive and sustainable industrial development. In this regard, UNIDO acts as a convening partner on ISID-related issues.

INTRODUCTION
**UNIDO’s ISID INTERVENTIONS IN PARTNERSHIPS WITH FINANCIAL INSTITUTIONS**

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**UNIDO’s VALUE ADDED**

- **UNIDO helps governments to develop, accelerate and implement their inclusive and sustainable industrial development agenda, within the context of broader development initiatives financed by IFIs/DFIs.**
- **Through provision of institutional and enterprise-level training and capacity-building, policy and legislative advice, specialized technical assistance, and guidance on creating an enabling business and investment environment, UNIDO assists governments in maximizing returns from IFI/DFI-financed projects.**
- **Through its feasibility and pre-investment studies, comprehensive technical assistance and pilot interventions, UNIDO demonstrates the potential impact and viability of industrial development projects and leverages the IFI/DFI financing needed to bring these projects to life. In this manner, UNIDO’s technical assistance is directly linked to investments that flow into individual projects, creating a win-win situation for all partners, including financial institutions, the host government and local stakeholders.**
- **Acting as a neutral party, UNIDO delivers independent and specialized advice to national counterparts, helping them identify and promote private and public bankable investment opportunities to IFIs/DFIs and other financial institutions.**
- **Through its established relationships with governments and industries, field presence, extensive technical know-how in industrial development and strong network of technical and financial partner institutions, UNIDO’s specialized services can effectively support the implementation of national and regional IFI/DFI programmes.**
- **UNIDO’s project implementation assistance under projects financed by IFIs/DFIs enhances development impact and delivers higher returns on financial institutions’ investments.**
- **Through its monitoring and evaluation system, UNIDO measures the results generated by its interventions and how it contributes to the broader impact of IFI/DFI initiatives.**
- **UNIDO is a central actor advancing the global industrial development agenda, including on issues related to industrial policy, research, statistics, norms and methodologies.**
- **UNIDO’s convening role brings diverse actors such as Member States, financial institutions, the business sector, civil society and other partners together in major events, such as ISID forums, conferences and expert meetings, in order to exchange and disseminate knowledge and information, forge partnerships and shape strategies for advancing ISID.**
EXAMPLES OF UNIDO’s PARTNERSHIPS WITH FINANCIAL INSTITUTIONS
CASE STUDY

PROMOTING AGRIBUSINESS DEVELOPMENT

At a glance

Geographic scope: Democratic Republic of the Congo
Project: Programme for the Development of Growth Poles
Financial institution: WB

Context

The Democratic Republic of the Congo (DRC) is a resource rich country with considerable potential for agricultural development. It has 80 million hectares of arable land, diverse climatic conditions and abundant water resources. However, plagued by a history of war and instability, the DRC remains one of the world’s poorest countries despite its abundance of natural resources. In an effort to boost productivity and job creation, the DRC Government initiated a broad-based Programme for the Development of Growth Poles (PDPC) focusing on the development of agriculture and agribusiness.

Strategy

In 2013, the WB approved financing for the PDPC under its Western Growth Poles Project, with the aim of establishing growth pole corridors as a means to increase productivity and employment. Since then, UNIDO has been working with the DRC Government within the context of this programme, providing technical assistance and conducting feasibility studies for the establishment of multi-service platforms in the form of centres for technical and commercial development. These centres provide farmers, entrepreneurs and processors with access to infrastructure, services and technologies. This enables them to develop new skills and enhance the quality of products, and eventually increase their income. UNIDO also conducted several trainings and study tours to reinforce the Government’s capacity and contribute to the overall sustainability of the Programme.

Impact

The Programme aims to increase productivity and generate employment opportunities for rural populations dependent on agriculture in the Kongo-Central Province. Up to 50,000 farmers are expected to benefit from the overall Programme.

UNIDO

Technical assistance

World Bank

Funding

Agricultural growth poles

INCREASING

Skills

Product quality

Productivity

Jobs

UNIDO providing infrastructure, technology services to farmers, entrepreneurs, processors.

To increase skills, product quality, productivity, jobs.
At a glance
Geographic scope: Morocco
Project: Participatory Control of Desertification and Poverty Reduction on the Arid and Semi-Arid High Plateau Ecosystems of Eastern Morocco
Financial institution: IFAD
Financial mechanism: GEF

Context
Land degradation affects the livelihoods and food security of about 1.5 million households in Morocco, and is decimating the biodiversity of the country. It is forcing farmers to extend production to marginal and fragile lands, in turn degrading the natural resource base.

Strategy
In this context, the Global Environment Facility (GEF) funded a project, implemented jointly by the International Fund for Agricultural Development (IFAD) and UNIDO, to mitigate desertification and reduce poverty in the rangelands of Morocco. The project focused on catalyzing investments for the restoration and maintenance of ecosystem functions and productivity in the high plateaus of eastern Morocco. UNIDO’s technical assistance played an important role in the project by linking environmental preservation to economic development. The project introduced technologies that allow for more sustainable land and water management, help restore degraded soils and optimize rainwater use. Trainings and capacity-building activities also helped local people to develop early warning/coping strategies for drought and to find ways to diversify income-generating activities, further strengthening their capacity to adapt to climate change.

Impact
Targeting more than 3.5 million hectares of highlands in eastern Morocco, the project contributed to ecosystem conservation and helped to improve the livelihoods of local herders. Approximately 100,000 people benefitted from the project. Local populations now enjoy increased access to water resources and improved forage sites. Through the use of sustainable land management techniques, significant improvement was achieved on plant species regeneration and diversity, vegetation cover and biomass. The use of innovative ecosystem rehabilitation practices also helped mitigate climate change impacts.

As a result of the project, new income generating activities were introduced and social capital was strengthened. Given this success, UNIDO and IFAD are assisting the Government in replicating the project to other regions of Morocco.
At a glance

Geographic scope: Nigeria
Project: Staple Crop Processing Zones in Nigeria
Financial institutions: AfDB, WB, IFAD

Context

Nigeria’s agricultural sector is the largest contributor to the country’s economy, comprising over 40 per cent of its gross domestic product and 70 per cent of its employment. To accelerate agribusiness development, Nigeria’s Federal Ministry of Agriculture and Rural Development (MARD) launched an innovative Agricultural Transformation Agenda (ATA). The ATA aims to transform the agricultural sector into a modern and commercially-oriented industry. Within this context, the Government of Nigeria (GoN) initiated a project for the establishment of numerous Staple Crop Processing Zones (SCPZs) across the country.

Strategy

As requested by the GoN, UNIDO developed master plans for the establishment of SCPZs in six geo-political states of the country. The SCPZs aim to simultaneously address supply-side constraints and improve Nigeria’s competitiveness in selected agro-value chains. The type of partnership model created through this project is adopted in other projects of UNIDO, including ongoing projects for the development of industrial zones in Lebanon and agro-industrial parks in Cameroon.

Impact

The master plans delivered by UNIDO for the SCPZs demonstrated the project’s feasibility and outcomes, and had a substantial impact on attracting investment from financial institutions. With initial financing of US$ 1.4 million mobilized from the GoN to generate the feasibility studies and master plans, UNIDO helped the Government to leverage over US$ 300 million from financial institutions and the private sector towards the investment project.

It is through momentum of this public-private partnership that UNIDO was able to assist the Government in accelerating ISID in the country.

Among some of the major investors, the WB committed over US$ 200 million to develop sustainable institutions and infrastructure in the zones. The AfDB is in the process of providing the Government with over US$ 152 million in low interest loans for the development of infrastructure. Additionally, IFAD has pledged US$ 70 million to build the capacity of smallholder farmers in order to ensure inclusiveness and equitable wealth creation in the SCPZs.

In order to facilitate these investments, and given UNIDO’s substantial contribution to the project, the GoN requested UNIDO to provide technical assistance and capacity-building for the establishment of an SCPZ Authority within the MARD. This new national entity will govern all agro-industrial parks in the country, including the six that will emerge from this project.
At a glance

Geographic scope: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia
Project: SwitchMed
Financial institution: EBRD

Context

Resource efficiency is not only a necessity for ISID, but also fundamental for ensuring the competitiveness of small and medium-sized enterprises (SMEs), since raw materials, energy and water typically account for more than 50 per cent of manufacturing costs.

UNIDO supports the adoption of resource efficient manufacturing practices by providing technical assistance and capacity-building services to national counterparts and helping SMEs to identify resource efficient solutions. In this regard, UNIDO developed the Transfer of Environmentally Sound Technologies (TEST) programme. TEST presents an integrated approach for addressing some of the challenges industries face in becoming more resource and energy efficient, and non-polluting, while increasing productivity and complying with environmental standards.

At the operational level, TEST conducts technical assessments to identify resource efficient and pollution prevention techniques in existing production processes, followed by the transfer of (end-of-pipe) cleaner technologies and pollution control solutions. Existing processes are optimized by implementing no-cost and low-cost measures with a short payback period, before a portfolio of high investment measures is developed. However, difficulty in borrowing capital remains a key barrier for investing in clean technologies, particularly for SMEs. In order to help SMEs overcome this barrier, MED TEST II, a component of the EU-funded SwitchMed Programme, supports SMEs in eight Southern Mediterranean countries to switch to sustainable consumption and production methods.

Strategy

Under MED TEST II, UNIDO identifies existing resource efficiency-focused financing opportunities in each country and supports the participating demonstration companies in gaining access to them. In Morocco, UNIDO cooperates with the European Bank for Reconstruction and Development (EBRD) to link MED TEST II with the Morocco Sustainable Energy Financing Facility (MoRSEFF), a European Union-supported credit facility dedicated to financing energy efficiency and small-scale renewable energy investments of private companies.

Impact

MoRSEFF and SwitchMed are complementary initiatives that promote sustainable production methods. Through collaboration with the EBRD, UNIDO’s MED TEST II identifies energy efficiency measures eligible for financing from the onset, supports industries in preparing bankable projects and facilitates engagement with local commercial banks. In Morocco, within the context of these initiatives, UNIDO is working with over 20 pilot companies, a few of which have already applied for finance for energy efficiency measures. This collaboration supports SMEs through their transition to resource efficient and sustainable production, providing them with financing opportunities to make the necessary investments in clean technologies, leading to improved production practices, reduced operating costs, and increased competitiveness.
GLOBAL FOOD SAFETY PARTNERSHIP

At a glance

Geographic scope: Global
Initiative: Global Food Safety Partnership
Financial institution: WB

Context

According to the World Health Organization (WHO), up to 600 million people fall ill every year from eating contaminated food. Food safety not only impacts public health, but also international trade and economic development. Addressing the challenge of food safety requires training and capacity-building across the food supply chain and coordination among all relevant stakeholders including farmers, businesses, industry, governments and regulatory bodies. However, low and middle-income countries often lack the capacity to improve their food systems and to convene stakeholders across the supply chain.

The Global Food Safety Partnership (GFSP), facilitated by the WB, is a public-private initiative that aims to improve food safety in middle-income and developing countries by addressing, among others, the above-mentioned challenges. The GFSP is designed to serve as a major public-private enabler, catalyst and knowledge sharing hub for capacity-building initiatives related to food safety.

Strategy

UNIDO is actively involved in three main pillars of the GFSP’s Strategic Framework: 1) supporting analytical work; 2) convening partners; and 3) enabling the effective implementation of capacity-building initiatives.

UNIDO fulfills various strategic roles through this unique partnership model with the GFSP. As a member of the Governing Council, UNIDO is involved in the decision-making process based on its experience in food safety. In parallel, UNIDO provides extensive know-how and field experience in the implementation of food safety projects initiated by GFSP partners and the GFSP secretariat.

Impact

In June 2015, UNIDO hosted the GFSP retreat, during which the GFSP Strategic Framework for 2016-2020 was developed. Following the positive impact of the UNIDO-Global Food Safety-AEON Flagship initiative in Malaysia, UNIDO was requested to lead the design of a capacity-building project on food safety in the People’s Republic of China.
**CASE STUDY**

**At a glance**

**Geographic scope:** Global  
**Initiative:** Sustainable Cities Integrated Approach Pilot  
**Financial institutions:** WB, AfDB  
**Financial mechanism:** GEF

**Context**

By 2050, almost two-thirds of the world’s population is expected to live in cities. Urbanization is bringing greater opportunities for social and economic development, but is also amplifying the relationship between cities and climate change. With the vast majority of rapid urban growth expected to take place in Africa and Asia, sustainable urban planning and management is both a challenge and an opportunity for developing countries.

At the same time, the industrial sector has often been overlooked in the sustainable cities agenda. Industry is energy intensive and traditionally responsible for the release of high levels of carbon emissions and other harmful pollutants. With the expansion of clean technologies, industry-driven economic growth can become a pillar of sustainability. Low-carbon and resource-efficient industries have the potential to decouple economic growth from carbon emissions and environmental impacts, while at the same time generating new job opportunities.

**Strategy**

In 2015, the Global Environment Facility (GEF) launched the Sustainable Cities Integrated Approach Pilot (SC-IAP) to help cities better balance economic, social and environmental resource considerations in their urban planning and management.

The Sustainable Cities programme is implemented by several GEF Agencies, including UNIDO, other development partners, technical institutions, city municipalities and civil society organizations. The SC-IAP includes city-level projects in 27 participating cities across 11 countries and the Global Platform for Sustainable Cities (GPSC), led by the World Bank Group, which promotes knowledge sharing between the participating cities, with a focus on urban sustainability-related indicators, planning and financing. Each country is supported by designated GEF grants that are implemented by one or several GEF implementing agencies.

Within this framework, UNIDO is providing technical assistance to participating cities in Côte d’Ivoire (in partnership with the AfDB), India, Malaysia and Senegal (in partnership with the WB). Among other services, UNIDO is supporting national and local governments in developing policies and institutional mechanisms that enable sustainable urban development, promoting green industries through technology transfer and pilot demonstrations, and facilitating the establishment of national-level GPSC platforms. In Senegal, UNIDO’s interventions are part of its Programme for Country Partnership for Senegal.

**Impact**

By providing the tools, knowledge resources and services to support sustainable urban development, the Sustainable Cities initiative will contribute towards avoiding or reducing more than 100 million metric tonnes of CO2e in greenhouse gas emissions. Through its engagement in the programme, UNIDO will contribute towards the creation of a strong network of cities that will serve as models for future urban planning and development and drive economic growth and job creation, while safeguarding the environment.
Aligned with the national development agenda, the Programme for Country Partnership (PCP) is a multi-stakeholder partnership model aimed at supporting national efforts to boost inclusive and sustainable industrial development. The PCP is designed to build synergies with ongoing national interventions of relevance to industrial development, while leveraging additional investment from financial institutions and other partners towards sectors with high economic growth potential. As such, it is a model that mobilizes partners and resources to achieve larger development impact. For UNIDO, the PCP serves as a mechanism to operationalize ISID and SDG 9. At the same time, it is a model that can be used to implement the broader SDGs. UNIDO’s role within the PCP is to provide advisory services to the government on industry-related issues, lead programme design, provide multidisciplinary technical assistance and facilitate overall PCP coordination.

The PCP was first introduced in Ethiopia, Senegal and Peru, and subsequently rolled-out to Cambodia, Kyrgyzstan and Morocco. Going forward, the PCP will expand to additional countries.

IFIs/DFIs are particularly important partners within the PCP as they provide the financing needed for large-scale infrastructure development projects, such as industrial zones. The PCP, in turn, offers several advantages for IFIs/DFIs:

- The PCP facilitates the coordination of public and private investment: Through the PCP, IFI/DFI investments are coordinated with those of key public and private partners - the government, the business sector and other development actors in the country – creating synergy, generating greater impact and, therefore, higher returns on investment.

- The PCP supports an enabling investment environment: UNIDO’s capacity-building services and advisory role to the host government help improve the general investment and business climate, in turn increasing the overall effectiveness of IFI/DFI programmes.

- The PCP identifies investment opportunities: UNIDO’s technical assistance (such as feasibility studies) supports IFIs/DFIs in investment decisions by demonstrating the potential development impact and economic viability of projects.
As a global convener on ISID-related issues, UNIDO brings together relevant development actors through forums, conferences and expert meetings. These major events enable financial institutions, Member States, the business sector and civil society to exchange and disseminate knowledge and information, forge partnerships and shape strategies for advancing ISID. Often, these events are organized in cooperation with various partners, inter alia BADEA, OFID and the WB, and benefit from their support through participation as key panelists or sponsors, among others.

In this context, UNIDO organizes ISID Forums on a regular basis to provide a platform for Member States and other stakeholders to engage on issues relevant to inclusive and sustainable industrial development and to formulate actions going forward. In addition to regular ISID Forums and other major UNIDO-driven events, the Organization contributes to global forums and mechanisms focused on advancing the 2030 Agenda.

In this regard, the outcome document of the Third International Conference on Financing for Development (2015) highlighted UNIDO’s role in advancing linkages between infrastructure development, inclusive and sustainable industrialization and innovation. This is provided not only through UNIDO’s technical assistance but also through its catalytic role of bringing different development actors together, including financial institutions.

Since 2016, UNIDO has been playing a prominent role with the G20, providing direct policy advice to the G20 Development Working Group with a focus on the industrialization of Africa and least developed countries. Moreover, in recognition of UNIDO as a global leader in industrialization efforts, the United Nations General Assembly called upon UNIDO to develop, operationalize and lead the implementation of the programme for the Third Industrial Development Decade for Africa (IDDA III, 2016-2025), in partnership with other international organizations and financial institutions.
For more information, please contact:

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For more information on the Programmes for Country Partnership, please visit:

https://isid.unido.org