



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UNIDO Trust Fund for Latin America and the Caribbean

SUSTAINABLE
DEVELOPMENT
GOALS

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UNIDO Regional Coordination Division for Latin America and the Caribbean

Diego Masera, Division Chief; Barbara Boreta, Programme Officer, Raquel Barrios Gayo, Programme Associate; Joaquín Fuentes Cardona, Project Administrator; Carolina Tataje Gonzáles, Partnerships and Communication Associate; and Maria Maslanka Figueroa, Team Assistant.

For more information, please contact: lac@unido.org

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“We need to invest in a green and a digital industrial recovery in Latin America and the Caribbean. We need renewed efforts to promote technological change, improve know-how and forge partnerships. A circular economy and renewable energy will preserve our planet for future generations. This is the core of Sustainable Development Goal (SDG) 9. It is also the core of what UNIDO does to invest in your future with innovative financing models, such as the LAC Trust Fund, which needs your support.”

UNIDO Director General Gerd Müller

UNIDO – GRULAC Meeting: Cooperation in Latin America and the Caribbean (LAC). April 2022



WHAT IS THE UNIDO LAC TRUST FUND?

In December 2011, the United Nations Organization for Industrial Development (UNIDO), in close consultation with the Group of Latin America and the Caribbean countries (GRULAC), established a Trust Fund to leverage the mobilization of additional resources. Targeted particularly at the poorest countries in Latin America and the Caribbean, the purpose of the Special Fund is to provide support for services in thematic areas of particular interest to Member States from the region, above all those thematic areas which have generally suffered from limited funding. These include, inter alia, support for strategies to meet challenges in global, regional and subregional trade and economic integration; support for the building and sharing of industrial policies and industrial knowledge; and assistance in the efficient use of energy for productive activities.

The LAC Trust Fund was established as a means to promote programmable resources — the relevance of which was underlined in the Funding Compact¹ and in the General Assembly Resolution 75/233² on the quadrennial comprehensive policy review of operational activities for development of the United Nations system which “urges Member States and other contributors providing non-core contributions [...] to give priority to pooled, thematic and joint funding mechanisms applied at all levels, where appropriate, and limit earmarking to activities in accordance with the national priorities of programme countries.”

¹ A/74/73/Add.1–E/2019/14/Add.1

² A/RES/75/233

WHY THE UNIDO LAC TRUST FUND?

Despite the social and economic progress made over the last decades, there are still challenges for LAC as it is the second most unequal region in the world³ and it faces severe structural problems, such as slow growth, informal employment, and natural resource dependency. Most recently, the COVID-19 pandemic has exacerbated these challenges, followed by an unprecedented social and health crisis, which increases the risk of reprimarization.⁴ In this context, the UN Secretary General stated that achieving the Sustainable Development Goal (SDG) 9 of the 2030 Agenda for Sustainable Development is the way to overcome the pandemic in the LAC region.⁵ Inclusive and sustainable industrial development (ISID) offers the region the opportunity of a better and greener reactivation of its industrial capacities for economic recovery and an equitable distribution of benefits for all stakeholders. This, however, requires making the necessary investments to diversify the economic structure, ensure a continuous and stable growth process and avoid social and environmental setbacks.

As such, the LAC Trust Fund can mobilize financial resources for promoting Inclusive and Sustainable Industrial Development in the region. These resources can be used for:

- ➔ Co-financing training activities with regionally recognized institutions in the areas of UNIDO’s work; and
- ➔ Seed capital for the development of pilot projects of regional scope.

³ Trapped? Inequality and Economic Growth in Latin America and the Caribbean. UNDP. July 2021.

⁴ Building forward better: Action to strengthen the 2030 Agenda for Sustainable Development. Fourth report on regional progress and challenges in relation to the 2030 Agenda for Sustainable Development in Latin America and the Caribbean. ECLAC. March 2021.

⁵ Policy Brief: The Impact of COVID-19 on Latin America and the Caribbean. United Nations. July 2020.

HOW DOES THE UNIDO LAC TRUST FUND WORK?

The establishment of the LAC Trust Fund is based on the General Conference Resolution GC.14/Res.3. The activities financed from the Trust Fund are administered by UNIDO in accordance with its applicable regulations, rules and administrative instructions and directives.

Projects and initiatives financed by the LAC Trust Fund are the result of regular consultations between GRULAC Member States' representatives in Vienna, their governments, and UNIDO. The selected projects and activities are designed and implemented to promote regional partnerships that demonstrate the potential for leveraging additional financial or complementary resources.

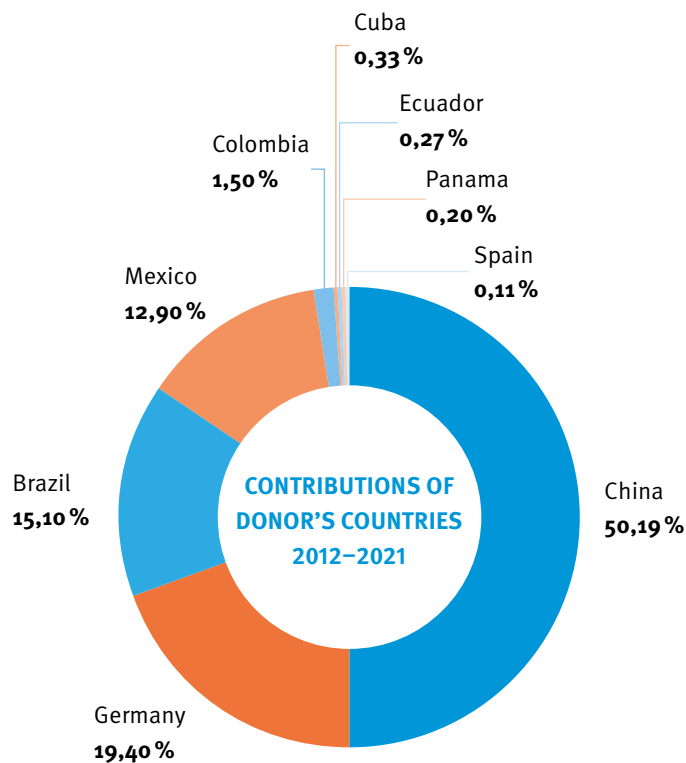
UNIDO has the responsibility to ensure that all the programmes and projects comply with the quality criteria established by the Organization in line with international standards, best practices, and consistent with the Organization's approach for the region.

The UNIDO Regional Coordination Division for Latin America and the Caribbean (PFC/ RFC/LAC) is responsible for monitoring and reporting on the Fund's progress and activities.

It is stipulated that UNIDO, along with GRULAC and all stakeholders, evaluates the operations of LAC Trust Fund as per established criteria and evaluation processes.

HOW IS THE UNIDO LAC TRUST FUND FINANCED?

The LAC Trust Fund is financed through voluntary contributions and, until December 2021, it received approximately EUR 2.6 million.



WHAT HAS THE UNIDO LAC TRUST FUND CONTRIBUTED TO?

Given that most of the LAC countries are Middle Income Countries (MICs), they require specific policies to support their efforts in mobilizing resources for development and integration into the global economy, manage macro risks, improve their economic and industrial institutions, maximize the potential of their resources and endowments, and foster ISID.

Moreover, 16 countries in the region are Small Island Developing States (SIDS), which face unique challenges due to their environmental fragility, remoteness and limited resources.

This particular regional context calls for a different approach to traditional technical assistance services in which South-South cooperation is key for countries with similar challenges and the base of regional cooperation. In this regard, Spanish as a common language (for most countries in LAC) poses an advantage to further enhance dialogue and collaboration. Therefore, the LAC Trust Fund focuses on:

- promoting South-South cooperation and strengthen regional synergies;
- leveraging value chain opportunities for regional and global integration;
- establishing closer dialogue between national stakeholders; and
- facilitating the exchange of knowledge and solutions among actors in the region.



This approach becomes even more relevant now considering the effects of the COVID-19 pandemic, which have intensified structural problems in the LAC region. A regional approach based on South-South cooperation becomes key to achieve a green and better recovery in the region.



REGIONAL INITIATIVES

To ensure an efficient operation, the Fund concentrates on regional initiatives. Since 2014 until today, six regional projects have been implemented.

COMPLETED INITIATIVES:

1. Advanced technologies foresight initiative for improving regional value chains in the LAC region
2. Improving productivity and competitiveness of fishery value chains in LAC through regional cooperation
3. The UNIDO Regional Industrial Knowledge Bank (IKB) in LAC
4. Sustainable Industrial Parks in Latin American countries

ONGOING INITIATIVES:

5. Accelerating SDG 9 implementation in Latin America and the Caribbean through South-South and triangular cooperation, networking and partnerships; and
6. Fostering regional coordination in aquaculture value chains for productive employment generation in Latin America and the Caribbean.

KEY RESULTS OF COMPLETED INITIATIVES





Through the implementation of the initial regional initiatives, the Fund has proven to be an efficient mechanism to promote South- South cooperation and strengthen regional complementarities, leverage regional value chain opportunities, support the creation of networks to establish closer dialogue between national stakeholders, and facilitate the exchange of knowledge and solutions among actors in the region.

1. ADVANCED TECHNOLOGIES FORESIGHT INITIATIVE FOR IMPROVING REGIONAL VALUE CHAINS IN THE LAC REGION

The project aimed to enhance the competitiveness of value chains in Latin America and the Caribbean by fostering the application of advanced technologies under a regional productive integration context. Underlying this project is the assumption that new technologies can directly or indirectly reduce production costs and create opportunities for new integration of local small and medium sized enterprises into regional value chains.

IMPACT

The initiative created a forum for governments of the LAC region to discuss their insertion into regional or global manufacturing chains and the potential of new technologies for creating added value. The forum allowed the exchange of experiences and challenges associated with advanced technologies and their value chains integration and competitiveness enhancement.

	Duration:	2015 – 2019
	Budget:	EUR 86,445
	Donor(s):	LAC Trust Fund
	Participating countries:	GRULAC countries

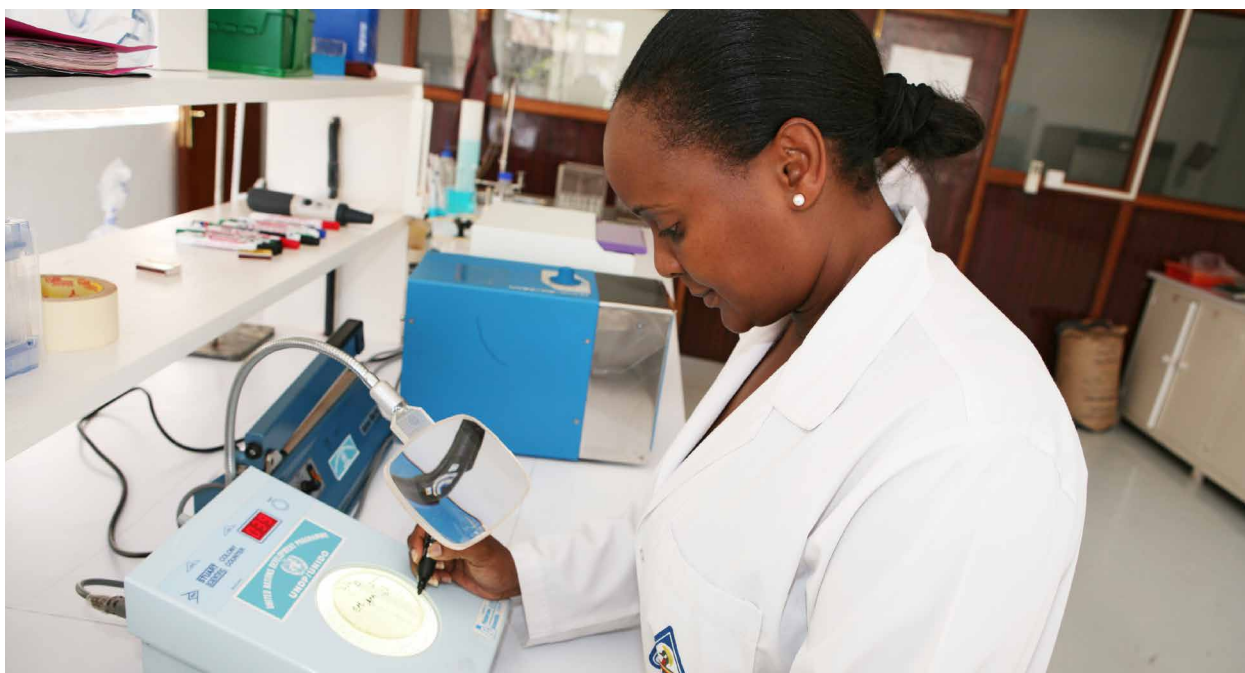


KEY ACHIEVEMENTS

- A Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis was conducted among stakeholders in Brazil and Uruguay, allowing the identification of potential opportunities and risks depending on the regional and local context for Automation, Mechatronics, and Industry 4.0. The evidence-based analysis of each sector included an integrative perspective on the different dimensions and interrelations of the socio-economic environment at sectoral, national and international level, providing a review of national competences and possible scenarios. A Preliminary Action Plan for regional integration, productivity and innovation in LAC value chains by introducing/applying advanced technologies plan was formulated.
- As a key result for the LAC region, a Roadmap was elaborated defining the steps to promote advanced technologies. This included the establishment of a regional SDG 9 Accelerator platform, aimed at







boosting the implementation of SDG 9 in the region through South-South cooperation, networking and alliances. This platform would be beneficial for the promotion of advanced technologies in the region and would integrate policy makers and the private sector through national industry chambers and academia.



2. IMPROVING PRODUCTIVITY AND COMPETITIVENESS OF FISHERY VALUE CHAINS IN LAC THROUGH REGIONAL COOPERATION

The project was developed with the aim of strengthening the productivity and competitiveness of shrimp value chains at the local and regional level by improving the productive integration of actors in various segments of the value chains, as well as supporting them in exploring new strategies to achieve ISID in the region.



	Duration: 2015 – 2019
	Budget: EUR 760,264
	Donor(s): LAC Trust Fund, OPEC Fund
	Participating countries: Colombia, Cuba, Dominican Republic, Ecuador, Mexico and Nicaragua

KEY ACHIEVEMENTS

This project contributed to improving productivity and competitiveness of fishery and aquaculture value chains in the region by, amongst others, developing a Technical Guideline on Resource Efficiency and Cleaner Production for the shrimp sector, and supporting the development of action plans to increase the competitiveness of aquaculture and fishery value chains which has ultimately translated into economic and environmental benefits for the participating countries. Additionally, a Regional Cooperation Platform for knowledge management was created, offering access to information on Laboratories, Progress Reports and experts in the region.

IMPACT

Building on regional experiences, the initiative promoted the exchange of knowledge and technology amongst the countries involved. Additionally, it improved economic production in the shrimp value chains at the national level and promoted regional integration of the shrimp sectors.



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Key achievements for participating enterprises – breakdown by country:

MEXICO

- Reduction of 40% in water and 25% in energy consumption
- Leveraged investment of USD 4M in SMEs
- Increased female employment participation by 60% – 70%

CUBA

- Increase in total production by 76%
- Reduction of 30% in water consumption
- Increase in salaries of workers and technicians up to 90%

DOMINICAN REPUBLIC

- Use of new techniques for shrimp farming in fresh water
- 200,000 larvae imported
- 55 trained experts in water and chemistry processing, aquaculture engineering and health and nutrition management in aquaculture

NICARAGUA

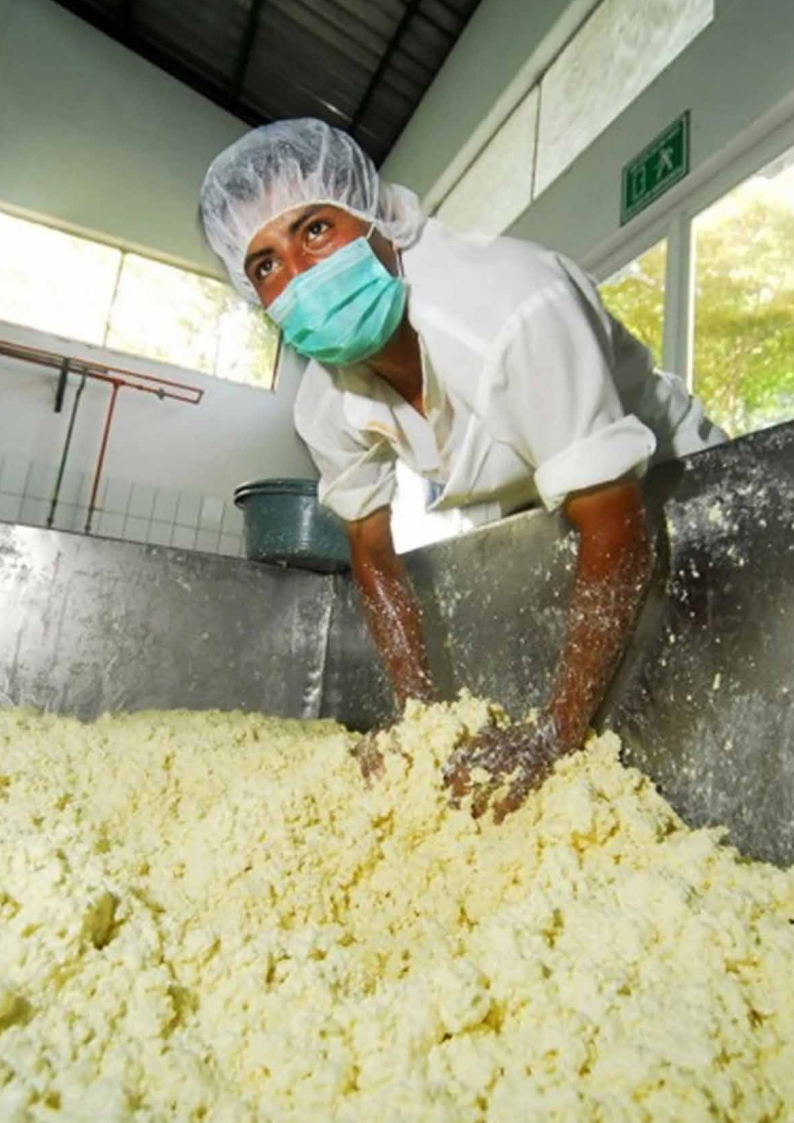
- Improvement of the accuracy of diagnoses of diseases up to 95%
- Quality control/competence improvement
- Organization of the First Fishing and Aquaculture National Congress

COLOMBIA

- Increase in the output of shrimp production from 100 to 450 kg/h
- Training of 227 employees
- Employment of women, who are heads of families or victims of violence, in the shrimp farms

ECUADOR

- Reduction in energy consumption by 8% and in water by 12%
- 100% replacement of fossil fuel in participating farms
- 15% reduction of animal feed consumption







3. THE UNIDO REGIONAL INDUSTRIAL KNOWLEDGE BANK (IKB) IN LAC

The Industrial Knowledge Bank (IKB) is a tripartite mechanism of South-South and triangular cooperation, established to promote the exchange of knowledge and expertise on industrial development in the countries of Latin America and the Caribbean. The analogy to a bank is based on the fact that knowledge (e.g., technical expertise) can be seen as a currency that is exchanged among actors, such as donors and recipients. Therefore, the IKB acts as a platform that improves the match of demand and supply for knowledge. This tripartite mechanism is supported by an online platform through which institutions can request another institution’s support or offer their own expertise. The IKB works as an efficient and low cost provider of specialized knowledge and opportunities for cooperation.

IMPACT

The knowledge exchange activities held within the innovative mechanisms of the Industrial Knowledge Bank illustrated a successful joint effort between UNIDO and the LAC countries to engage in South-South cooperation and promote regional knowledge and experience sharing, thereby fostering Inclusive and Sustainable Industrial Development (ISID).

The matching mechanisms that UNIDO offers through the IKB helped to provide different actors in the LAC region with an efficient and resource-saving way to access and provide technical knowledge in the areas of UNIDO competence. The IKB has fostered networks and strategic alliances to further engage in initiatives aligned with the SDG 9 – industry, innovation and infrastructure – and 17 – partnerships for the goals – of the 2030 Agenda for Sustainable Development. GRULAC supported the activities of the Bank, requesting the extension of the IKB twice, in 2014 and 2017 respectively.

	Duration: 2009 – 2019
	Budget: EUR 278,557
	Donor(s): AECID, LAC Trust Fund, UNIDO
	Participating countries: GRULAC countries

KEY ACHIEVEMENTS

Since its inception in 2009, the IKB has facilitated over 100 technical exchanges and mobilized strategic advisory services of over 500 experts in 20 participating countries in LAC. More than 90 institutions – including government, civil society, private sector and academia – in the region have become donors to the knowledge pool.







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THE 4 PILLARS OF THE INDUSTRIAL KNOWLEDGE BANK



4. SUSTAINABLE INDUSTRIAL PARKS IN LATIN AMERICAN COUNTRIES

The aim of the project was to provide guidance towards resource efficiency, economic feasibility, and the inclusive management and planning of industrial parks and zones in eight LAC countries by applying the model of sustainable industrial parks. The approach applied resource efficient and cleaner production methodologies and promoted synergies and innovation among enterprises. Furthermore, the project provided a regional platform for the exchange of know-how and expertise on planning, developing and managing Sustainable Industrial Parks.

	Duration: 2015 – 2019
	Budget: EUR 675,834
	Donor(s): LAC Trust Fund
	Participating countries: Argentina, Bolivia, Chile, Costa Rica, El Salvador, Guatemala, Panama, Paraguay

Impact

The project enhanced productivity, competitiveness and environmental performance of the assessed Industrial Parks in Latin America by applying resource efficiency and cleaner production strategies and promoting synergies and innovation among enterprises. This project represented an effective joint effort between UNIDO and the LAC countries to engage in South-South cooperation and promote regional knowledge and experience sharing, thereby fostering inclusive and sustainable industrial development.

Key achievements

- Developed a Technical Guideline for the reconversion of Industrial Parks –Practical Guide for Sustainable Industrial Parks (PaS)– with the assistance of experts of the eight participating countries, based on successful pilot cases.
- Developed 8 Work plans for Industrial Parks in the participating countries and 24 resource efficiency and cleaner productions diagnoses in companies operating in the selected Parks or Industrial Zones.
- Established or strengthened National Commission or Round tables for the promotion of Sustainable Industrial Parks in participating countries.



Key achievements – breakdown by country:

GUATEMALA

- Pilot cases in the Free Trade Zone for Industry and Commerce (ZOLEC) and GLOBAL PARK – where 6 companies participated
- 15 people were trained
- Outcomes served as baseline information after which actions would be pursued

EL SALVADOR

- Pilot case in Free Trade Zone San Marcos – where 2 companies participated
- A preliminary Nationally Appropriate Mitigation Action (NAMA) for sustainable industrial parks was formulated
- Allowed for energy and water savings and significant decrease in waste
- 40 people were trained

COSTA RICA

- Pilot case in the industrial park Zeta Cartago – where 2 companies participated
- Improvements were made in 12 indicators (risk and waste management, emissions monitoring and control, adaptation and mitigation of climate change, resource efficiency and industrial symbiosis promotion, etc.)
- More than 120 people were trained

PANAMA

- Pilot case in the Panama Pacifico Industrial Zone, which hosts more than 250 business and an airport
- The Wastewater Treatment Plant (WWTP) was adequate to double its capacity, 4 new recycling stations were built, and a Sustainability Committee was established
- A Waste Management Plan was developed
- More than 40 people were trained

PARAGUAY

- Pilot case in the Tosa Industrial Park – where 2 companies participated
- Raised awareness among government officials at several levels leading to a general support in the country
- Participating enterprises witnessed an improvement in material savings, reduction in the use of chemical substances and waste management
- More than 30 people were trained

BOLIVIA

- Pilot case in the industrial park Santivañez – where 12 companies participated
- 2 companies identified measures to reduce their water consumption
- 10 companies proposed energy efficiency measures and some managed to recover silver concentrate by 0.5%

CHILE

- Pilot case in an industrial exclusive zone which lacked a management or coordination team – where 25 companies participated
- A diagnosis provided the basis for improvement in terms of organization, economy and infrastructure, and environment and social
- Raised awareness among government officials and national media for setting an example as an initiative that fosters public development mechanisms of co-financing for governance with a focus on circular economy, and byproduct synergies
- 25 people were trained

ARGENTINA

- Pilot cases in industrial parks in Gualaguaychí, San Nicolás, and Villa Constitución and
- Nogoyá - where 56 companies participated
- Meetings conducted with management teams of industrial parks to raise awareness on improvement opportunities following a SWOT analysis





ONGOING INITIATIVES

Building up on the outcomes achieved by the previous initiatives, the Trust Fund is supporting the initial implementation of the second phase regional projects, which aim to foster collaboration as a pivotal strategy to achieve more inclusive and sustainable industrial development in the countries of the region.

5. ACCELERATING SDG 9 IMPLEMENTATION IN LATIN AMERICA AND THE CARIBBEAN THROUGH SOUTH-SOUTH AND TRIANGULAR COOPERATION, NETWORKING AND PARTNERSHIPS





The main purpose of this regional project is to assist the countries in the LAC region to accelerate their SDG 9 implementation through South-South and triangular cooperation, networking and partnerships.

Objectives

This will be achieved by:

- Strengthening high-level dialogue for monitoring and promotion of the SDG 9 implementation through regional networking;
- Fostering the ISID through exchange of knowledge based on South-South and triangular cooperation among the LAC region, and international partners stakeholders; and
- Establishing a partnership platform for innovative business-related partnerships to leverage resources that support SDGs implementation in selected sectors.

The project will create and strengthen a regional network for decision makers that, combined with a knowledge exchange platform, namely the SDG 9 Accelerator Platform available at www.sdggaccelerator.org, will promote strategic partnerships for ISID in the LAC region and leverage support for the implementation of the 2030 Agenda for Sustainable Development.

	Duration:	2020 – 2025
	Budget:	EUR 782,205
	Donor(s):	LAC Trust Fund
	Participating countries:	19 GRULAC countries

This initiative places great emphasis on forming partnerships at various levels to leverage priority industries in the region. Building upon the existing infrastructure of networks and partnerships of the Industrial Knowledge Bank, the platform will serve as the main mechanism to support South-South and triangular cooperation providing technical services, including national capacities building and strengthening, on identified priority sectors and areas demanded by the involved countries. The project will entail close collaboration with UNIDO Field Offices in LAC and with national counterparts, strengthening cooperation with GRULAC countries.

SDG 9 Accelerator
www.sdggaccelerator.org



Scan to access the platform!

6. FOSTERING REGIONAL COORDINATION IN AQUACULTURE VALUE CHAINS FOR PRODUCTIVE EMPLOYMENT GENERATION IN LATIN AMERICA AND THE CARIBBEAN

This initiative seeks to build upon the outcome of the first regional project on Improving Productivity and Competitiveness of Fishery Value Chains in LAC Region and to further support the participating countries in fostering regional coordination among relevant actors of aquaculture value chains. It is also aligned with UNIDO’s comprehensive response to COVID-19 pandemic and is envisaged to act as seed fund to leverage additional resources for the sustainable development of the sector and the welfare of involved communities and stakeholders in the participating countries.



Objectives

It aims to foster regional integration and increase cooperation and synergy in freshwater aquaculture in the Latin American and the Caribbean region by:

- Boosting the value generated in the freshwater aquaculture value chains in order to create productive employment, increase income generation opportunities for the targeted stakeholders, and contribute to improving living standards and poverty reduction;
- Creating productive employment in El Salvador and Honduras through capacity building as well as South-South cooperation activities, which focus on freshwater aquaculture.

	Duration:	2020 – 2023
	Budget:	EUR 484,208
	Donor(s):	LAC Trust Fund
	Participating countries:	Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Nicaragua, Peru

The project will identify potential regional partner agencies that support ISID priorities and specialized national service providers to support scaling up of the project approaches and dissemination of the generated knowledge.



THE WAY FORWARD

Since the creation of the UNIDO Trust Fund for Latin America and the Caribbean in 2011, the Fund has proven to be an efficient mechanism to promote South-South cooperation and strengthen regional synergies, leverage regional value chain opportunities, support the creation of networks to establish closer dialogue between national stakeholders, and facilitate the exchange of knowledge and solutions among actors in the region.

The Trust Fund addresses initiatives on a regional level with the participation of several LAC countries across all UNIDO focus areas.

UNIDO encourages regional integration and supports regional value chains. The Organization will continue to work closely with governments to enhance industrialization and reduce inequalities, increasing the

well-being of the population in LAC. It will also foster South-South cooperation among Middle-Income Countries by strengthening the potential of small and medium enterprises in international trade, and promote energy and resource efficiency.

UNIDO will actively engage with the Group of Latin America and Caribbean countries (GRULAC), potential donors, government counterparts, industry representatives, the private sector and other relevant stakeholders to leverage the resources of the LAC Trust Fund and to ensure a regional scope for assistance to LAC countries in the implementation of the 2030 Agenda for Sustainable Development, and, in particular, Sustainable Development Goal 9: “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”.





Vienna International Centre
Wagramerstr. 5, P.O. Box 300,
A-1400 Vienna, Austria



+43 1 26026-0



www.unido.org



lac@unido.org



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