



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



# Annual Report 2014



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UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna, 2015

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Unless otherwise mentioned, all references to sums of money are given in United States dollars. References to “tons” are to metric tons, unless otherwise stated.

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**APPENDICES** (available online at [www.unido.org](http://www.unido.org))

Operational statistics • Project approvals under voluntary contributions • Technical cooperation with the least developed countries (LDCs) • Regular programme of technical cooperation • Appointments of Individual Service Agreements (ISA) holders • Agreements and other Arrangements concluded in 2014 • Country promotion presentations/seminars organized by Investment and Technology Promotion Offices (ITPOs) • Procurement • Field representation • Overview of UNIDO workforce • Staff development • Industrial statistics • List of technical cooperation activities

# CONTENTS

Foreword	v
UNIDO at a glance	vii
UNIDO Member States	viii
<b>1. POLICY AND MANAGEMENT</b>	
<b>Policy priorities</b>	<b>1</b>
The post-2015 development agenda	1
Operationalizing inclusive and sustainable industrial development: programmes for country partnerships	2
Organizational fine-tuning and alignment	2
<b>Special focus: Meeting the differentiated needs of Member States</b>	<b>4</b>
UNIDO and the least developed countries	5
UNIDO and small island developing States	5
UNIDO and the land-locked countries	6
UNIDO and the middle-income countries	6
UNIDO and the BRICS countries	6
UNIDO and countries with economies in transition	6
UNIDO and industrialized countries	6
<b>Resources and management</b>	<b>7</b>
Funding	7
Programme approval and monitoring	9
Evaluation	9
Staffing	9
Support services	10
Advocacy and outreach	11
<b>2. PARTNERSHIPS FOR DEVELOPMENT</b>	<b>12</b>
<b>UNIDO and the United Nations</b>	<b>13</b>
Delivering as One	13
Global Environment Facility	13
United Nations programmes and specialized agencies	13
<b>National and international development partners</b>	<b>14</b>
<b>Partnerships with industry</b>	<b>16</b>
<b>Partnerships with academia</b>	<b>17</b>
<b>UNIDO's regional focus and representation</b>	<b>18</b>
Regional and country programmes	18
UNIDO Offices in New York, Geneva and Brussels	22
<b>South-South and triangular cooperation</b>	<b>23</b>

<b>3. INCLUSIVE INDUSTRY</b>	<b>26</b>
<b>Agribusiness and rural development</b>	<b>27</b>
Agro-industries	28
Rural development	29
Food security	31
Textile industries	33
<b>Inclusive entrepreneurship development</b>	<b>33</b>
Women in industrial development	33
Youth employment	36
<b>Human security and post-crisis rehabilitation</b>	<b>39</b>
<b>4. COMPETITIVE INDUSTRY</b>	<b>42</b>
<b>Investing in technology and business</b>	<b>43</b>
Investment and Technology Promotion Offices	44
Subcontracting and partnership exchange	44
<b>Gaining a competitive edge</b>	<b>45</b>
SME clusters	45
Competitive enterprises	47
<b>Making the grade</b>	<b>52</b>
Skills development	52
Quality assurance	53
Standardization and metrology	54
<b>Policy, research and statistics</b>	<b>55</b>
Research	55
Policy advice	56
Industrial statistics	57
<b>5. SUSTAINABLE INDUSTRY</b>	<b>60</b>
<b>Efficient and low carbon industries</b>	<b>61</b>
<b>Green Industry Platform</b>	<b>61</b>
<b>Cleaner production</b>	<b>62</b>
Resource Efficient and Cleaner Production (RECP)	62
Waste management	63
Chemical leasing	64
Water management	65
<b>Clean energy access</b>	<b>68</b>
Renewable energy	68
Industrial energy efficiency	71
<b>Multilateral environmental agreements</b>	<b>74</b>
Montreal Protocol	74
Stockholm Convention	76
<b>Abbreviations</b>	<b>78</b>



**It is a great pleasure for me to present the *Annual Report of UNIDO for 2014*, my first full year at the helm of this important Organization.**

2014 was a momentous year for UNIDO as it set out to implement the new mandate of inclusive and sustainable industrial development (ISID) unanimously given to the Organization by its Member States in the landmark Lima Declaration adopted by the fifteenth session of the General Conference in December 2013. To place the Organization on the right track to meet the high expectations set by the Member States in the Lima Declaration, I established three critical objectives for 2014 at the strategic, operational and management levels. I am pleased to report that considerable progress has been achieved in all of these areas, and to share related developments with you in this *Annual Report*.

At the strategic level, it was my objective to promote a global understanding and appreciation of the importance of ISID for economic growth and development, and to encourage its incorporation in the Sustainable Development Goals (SDGs) and the post-2015 development agenda. To this end, UNIDO strengthened its dialogue with Member States and other counterparts and stakeholders in capitals in all the regions to advocate the relevance of ISID, and made significant contributions to the global processes for the formulation of the SDGs and the post-2015 development agenda. It is therefore very gratifying for me to see that the Open Working Group established by the United Nations General Assembly to develop the SDGs incorporated inclusive and sustainable industrialization, together with resilient infrastructure

and innovation, as Goal 9 in its outcome document, which forms the basis for intergovernmental negotiations currently under way on finalizing the post-2015 framework. In this connection, I am pleased to report that our engagement has been sustained in the current year, and that UNIDO is continuing to contribute to all the processes leading to the launching of the new development agenda in September 2015.

At the operational level, I sought to introduce an innovative new partnership-based modality for the provision of UNIDO services, with the aim of linking UNIDO's interventions with those of other development partners and thereby generating increased synergies to enhance the development impact of these services. While maintaining a high level of service delivery in its traditional programmes of technical cooperation and policy support, UNIDO thus established a groundbreaking methodology during 2014 to enhance the effectiveness of our support to Member States through a new Programme for Country Partnerships (PCP). This model was developed jointly with high-level representatives from Government, the private sector, bilateral and multilateral development and finance organizations, academia and civil society in an ISID Forum in June, and was launched in two pilot countries, Ethiopia and Senegal, in a second ISID Forum in November attended by some 450 participants, including the Prime Ministers of the pilot countries, the Secretary-General of the United Nations and the President of the World Bank. The PCP model provides an integrated and holistic approach for meeting Member States' needs for industrial

development, aligned with national industrialization strategies and addressing all three dimensions of development: economic, social and environmental. It is my firm intention to expand this approach to the delivery of UNIDO's services in other countries and other regions.

At the management level, I committed myself to further increase the effectiveness and efficiency of our operations in order to ensure that UNIDO provides the best possible value to its Member States and other stakeholders. Against this background, I established a Task Force of senior managers at the start of the year to review and revise our organizational structure and management processes. This has resulted in a streamlining of the Organization's programme and project formulation and approval process, as well as a strengthening of its donor partnerships and external relations, policy advisory services, and field representation functions, with enhanced headquarters-field coherence. It also paved the way for the development of our new partnership-based PCP approach. Beyond these measures, we have continued to mainstream the gender dimension and the ethics and evaluation functions into our operations. In introducing these refinements to our management systems, which I see as a continuing process rather than a single event, I aim to ensure that our Organization will continue to increase its transparency and accountability. While this will be facilitated by the expanding functionalities of our enterprise resource planning system over the coming years, I also believe that we will need to increase our direct engagement with our stakeholders. It is for this reason that I initiated UNIDO's first-ever meeting with its donors in November 2014, which I intend to regularize as an annual event in the UNIDO calendar in view of the positive response that it generated.

Of course, the range of UNIDO's activities, and the services it has provided in 2014, go well beyond the successful implementation of my three policy priorities for the year, and I therefore encourage you to read the *Report* in its entirety. You will find that UNIDO's interventions have continued to span the full spectrum of its ISID mandate and meet the diversified needs of its Member States. These services are also fully aligned with our medium-term programme framework 2010-2013, the validity of which was extended to the end of 2015 by the policymaking organs, and with United Nations system-wide requirements deriving from the quadrennial comprehensive policy review of operational activities of the United Nations development system (QCPR), as demonstrated in this *Report*.

Every great journey begins with one small step. With the direction of our journey having been given by the Lima Declaration, I am pleased to note that we have taken many such steps in 2014, in order to ensure that we fulfil our mandate. We will continue along this path, and are confident that the coming years will bring greater success as our mandate gets firmly embedded in the new development agenda and our increased service delivery helps our Member States to achieve their cherished goal of inclusive and sustainable industrial development. But we are also fully aware that we will be more successful if we take a partnership approach: the scale and diversity of the challenges facing our Member States as they progress towards inclusive and sustainable industrial development underscore the necessity of the multi-stakeholder approach we have chosen to follow in our programmes and operations.

**LI Yong, Director General of UNIDO**



## UNIDO AT A GLANCE

UNIDO was established in 1966 and became a specialized agency of the United Nations in 1985. As at 31 December 2014, the Organization had 171 Member States. • UNIDO employed 684 staff members at Headquarters and other established offices as at 31 December 2014. • The Director General of UNIDO, LI Yong (China), was appointed for a period of four years by the second special session of the General Conference (28 June 2013). • The planned total volume of UNIDO operations for the biennium 2014-2015 amounted to €495.3 million. The portfolio of projects and programmes in hand reached a new record of \$489.6 million. The value of technical cooperation delivery in 2014 amounted to \$171.2 million. • The primary objective of the Organization is the promotion of inclusive and sustainable industrial development (ISID) in developing countries and economies in transition. To this end, UNIDO also promotes cooperation on the global, regional, national and sectoral levels. • In addition to its Headquarters office in Vienna, UNIDO has offices in Brussels, Geneva and New York. Its field network consists of 30 regional and country offices, as well as 17 UNIDO desks, covering 116 countries. UNIDO maintains Investment and Technology Promotion Offices in six countries. Its 56 National Cleaner Production Centres and National Cleaner Production Programmes are run in cooperation with the United Nations Environment Programme. • UNIDO has two policymaking organs: the General Conference that meets every two years and the Industrial Development Board that meets once a year. The Programme and Budget Committee is a subsidiary organ of the Industrial Development Board and meets once a year. • The General Conference is the supreme policymaking organ of the Organization that determines its guiding principles and policies, approves the budget and work programme of UNIDO and appoints the Director General. Its sixteenth session is scheduled to take place from 30 November to 4 December 2015. • The Board has 53 Members and reviews the implementation of the work programme, the regular and operational budgets, and makes recommendations to the General Conference on policy matters, including the appointment of the Director General. The forty-second session of the Board took place on 25 and 26 November 2014. • The Programme and Budget Committee, consisting of 27 Members, assists the Board in the preparation and examination of the work programme, the budget and other financial matters. The thirtieth session of the Programme and Budget Committee took place on 25 and 26 June 2014.

## UNIDO MEMBER STATES<sup>1</sup>

Afghanistan	Chile	Georgia
Albania	China	Germany
Algeria	Colombia	Ghana
Angola	Comoros	Greece
Argentina	Congo	Grenada
Armenia	Costa Rica	Guatemala
Austria	Côte d'Ivoire	Guinea
Azerbaijan	Croatia	Guinea-Bissau
Bahamas	Cuba	Guyana
Bahrain	Cyprus	Haiti
Bangladesh	Czech Republic	Honduras
Barbados	Democratic People's Republic of Korea	Hungary
Belarus	Democratic Republic of the Congo	India
Belgium	Denmark	Indonesia
Belize	Djibouti	Iran (Islamic Republic of)
Benin	Dominica	Iraq
Bhutan	Dominican Republic	Ireland
Bolivia (Plurinational State of)	Ecuador	Israel
Bosnia and Herzegovina	Egypt	Italy
Botswana	El Salvador	Jamaica
Brazil	Equatorial Guinea	Japan
Bulgaria	Eritrea	Jordan
Burkina Faso	Ethiopia	Kazakhstan
Burundi	Fiji	Kenya
Cabo Verde	Finland	Kuwait
Cambodia	France	Kyrgyzstan
Cameroon	Gabon	Lao People's Democratic Republic
Central African Republic	Gambia	Lebanon
Chad		Lesotho

Liberia  
Libya  
Luxembourg  
Madagascar  
Malawi  
Malaysia  
Maldives  
Mali  
Malta  
Mauritania  
Mauritius  
Mexico  
Monaco  
Mongolia  
Montenegro  
Morocco  
Mozambique  
Myanmar  
Namibia  
Nepal  
Netherlands  
Nicaragua  
Niger  
Nigeria  
Norway  
Oman  
Pakistan  
Panama  
Papua New Guinea  
Paraguay

Peru  
Philippines  
Poland  
Portugal  
Qatar  
Republic of Korea  
Republic of Moldova  
Romania  
Russian Federation  
Rwanda  
Saint Kitts and Nevis  
Saint Lucia  
Saint Vincent and  
the Grenadines  
Samoa  
Sao Tome and Principe  
Saudi Arabia  
Senegal  
Serbia  
Seychelles  
Sierra Leone  
Slovakia  
Slovenia  
Somalia  
South Africa  
Spain  
Sri Lanka  
Sudan  
Suriname  
Swaziland

Sweden  
Switzerland  
Syrian Arab Republic  
Tajikistan  
Thailand  
The former Yugoslav  
Republic of Macedonia  
Timor-Leste  
Togo  
Tonga  
Trinidad and Tobago  
Tunisia  
Turkey  
Turkmenistan  
Tuvalu  
Uganda  
Ukraine  
United Arab Emirates  
United Republic of Tanzania  
Uruguay  
Uzbekistan  
Vanuatu  
Venezuela (Bolivarian  
Republic of)  
Viet Nam  
Yemen  
Zambia  
Zimbabwe

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<sup>1</sup> As at 31 December 2014.

# POLICY AND MANAGEMENT

Following the adoption of the Lima Declaration: Towards Inclusive and Sustainable Industrial Development by the fifteenth session of the General Conference in December 2013, UNIDO began the year 2014—its first full year under the leadership of the new Director General—with three critical management goals: the positioning of the concept of inclusive and sustainable industrial development (ISID) in all processes leading to the formulation of the post-2015 development agenda; the operationalization of the new mandate of ISID given by the Lima Declaration; and the strengthening of management operations to optimize efficiency and effectiveness. This chapter describes how UNIDO has successfully addressed these objectives by maintaining a vigorous global dialogue with all its stakeholders and partners on its new universal mandate, by putting in place a vital partnership programme for implementing ISID, and by introducing a broad range of efficiency gains through improvements in operational processes and the structure of the Secretariat.



## POLICY PRIORITIES

### The post-2015 development agenda

*“In formulating the post-2015 development agenda, it remains critically important to deepen economic, social and environmental development in a comprehensive, balanced and coordinated manner in accordance with the Rio+20 outcomes. The post-2015 development agenda should build on the Millennium Development Goals but also ensure that we are able to reach out and sustainably improve the lives and circumstances of those who continue to live in abject poverty and of those who continue to be marginalized and left behind.”*

The Group of 77 and China

In preparing for the expiry of the Millennium Development Goals at the end of 2015, the United Nations system was engaged in earnest efforts throughout the year to negotiate a successor international development framework to meet the challenges of the post-2015 era.

In this context, a major strategic priority of UNIDO was to obtain acknowledgement of the centrality of its mandate of ISID within the broad spectrum of international development objectives through its inclusion in the new sustainable development goals framework. This objective was achieved through the incorporation of inclusive and sustainable industrialization— together with resilient infrastructure and innovation—as Goal 9 in the outcome document of the Open Working Group charged with the formulation of a set of sustainable development goals for consideration by the General Assembly at its 68th session. UNIDO received strong support from its Member States, through their national and regional contributions to the debate and through the efforts of their Permanent Missions not only in Vienna but also in New York, where 37 Permanent Representatives joined together to form a “Friends of Inclusive and Sustainable Development” group. The proposed 17 ambitious goals form the basis for intergovernmental negotiations in 2015 to finalize the international development framework for the post-2015 era.

Throughout the year, UNIDO actively engaged in the many other post-2015 formulation processes, cooperating closely with United Nations Secretary-General, Ban Ki-moon and the United Nations Department for Economic

and Social Affairs (UN DESA). At a broader level, UNIDO also continued to engage closely in a wide range of inter-agency coordination mechanisms, including the Chief Executives Board for Coordination and its three pillars: the High Level Committee on Programmes, the High Level Committee on Management and the United Nations Development Group (UNDG), as well as bilateral consultations with other United Nations entities.

In July, the Director General addressed the ministerial dialogue on “Long term measures to make poverty eradication irreversible and reduce inequalities” conducted at the High Level Political Forum on Sustainable Development under the auspices of the Economic and Social Council. The Director General emphasized the critical importance of ISID as the basis for the eradication of poverty and sustainable economic growth, shared prosperity, environmental protection, resource efficiency and other goals. The high-level forum also formally unveiled the prototype edition of the *Global Sustainable Development Report* that aims to bolster the science-policy interface and to encourage new and innovative methods of policymaking. The prototype report was presented to Vienna-based stakeholders in November at a side event entitled “Towards a transformative post-2015 development agenda: Vision and key challenges” during the forty-second session of the Industrial Development Board, in cooperation with UN DESA. UNIDO has also been requested to serve as the lead agency for the drafting of Chapter 5 on “Economic growth, inclusive and sustainable industrial development

and sustainable consumption and production” of the *Global Sustainable Development Report 2015*.

In September, the Director General exchanged views with high-level government representatives, private sector stakeholders and United Nations system counterparts on UNIDO’s activities aimed at safeguarding the environment during the Climate Summit 2014: Catalyzing Action, convened by the United Nations Secretary-General at United Nations Headquarters in New York. The Director General also participated in an event of the Secretary-General’s “Sustainable Energy for All” initiative and engaged with the Sustainable Development Solutions Network, an initiative launched by the Secretary-General to mobilize scientific and technical expertise from academia, civil society and the private sector in support of sustainable development problem-solving at the local, national, and global levels.

Following its consideration of a report submitted by the Director General on industrial development cooperation, the General Assembly adopted in December a strong resolution (A/RES/69/235) recognizing the unique mandate of UNIDO to promote ISID and endorsing the importance of ISID for the new post-2015 development agenda.

## Operationalizing inclusive and sustainable industrial development: programmes for country partnerships

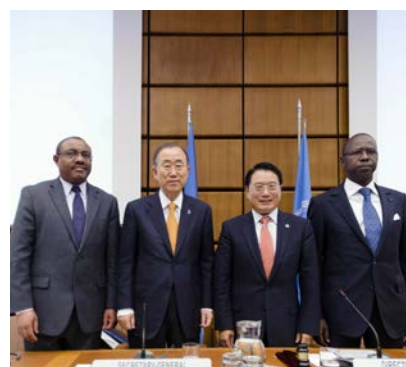
Recognizing the Herculean scale of the mandate of inclusive and sustainable industrial development given to UNIDO by the international community, the Director General has initiated an innovative new partnership approach to the provision of UNIDO’s services. This approach is based on carefully

coordinated cooperation both within UNIDO and with external providers of development services, with the aim of enhancing the synergies and overall development impact of these diverse interventions. Over the coming years, the new approach—to be implemented through a series of Programmes for Country Partnerships (PCPs)—will run concurrently with UNIDO’s traditional service delivery modalities while it is tested and fine-tuned through its implementation in a gradually expanding number of pilot countries. It will eventually form the basis of the Organization’s entire service delivery.

The new partnership approach was developed in close consultation with a large number of existing and potential partners and counterparts. Two meetings, the First and Second ISID Forums, were held with these partners in Vienna in June and November respectively, to provide a platform for the joint conceptualization and realization of this new collaborative approach. The first forum brought together around 300 representatives of government, industry, academia and the private sector to consider appropriate partnership strategies and policies. Debates reflected the diversity of Member States’ experiences but reached a consensus on the need for tailor-made solutions for individual countries and regions. The Second ISID Forum resulted in the launch of the first two pilot PCPs in Ethiopia and Senegal (see box)

## Organizational fine-tuning and alignment

Guided by the Lima Declaration and the outcome document of the informal working group on the future, including programmes and resources, of UNIDO entitled “*Strategic Guidance Document*”, the enhancement of organizational efficiency and effectiveness remained



The Second ISID Forum in November was attended by the Secretary-General of the United Nations and the Prime Ministers of Ethiopia and Senegal (pictured above) as well as the President of the World Bank, and saw the launch of the ISID Programme for Country Partnerships in these two countries. The forum had been preceded by extensive efforts during August and September to examine partnership opportunities and modalities of cooperation with government counterparts and other local and international partners in both countries.

The two-day event, titled “Second UNIDO forum on partnerships to scale up investment for inclusive and sustainable industrial development”, brought together around 440 participants from 93 countries, including heads of State and government, ministers, representatives of bilateral and multilateral development partners, the United Nations system, the private sector, non-governmental organizations and academia. The full-scale implementation of these pilot programmes was launched in early 2015. Participants commended UNIDO’s technical assistance delivery that had made a concrete impact on the ground and continued to be a crucial mechanism for enhancing development and progress.

a pre-eminent management priority throughout the year. In January, the Director General established a high-level task force on organizational fine-tuning and alignment to optimize the organizational structure and functions of UNIDO. In its deliberations, the task force focused on ways to streamline the Organization's programme and project formulation and approval process, and enhance its donor partnerships and external relations, policy advisory services, and field representation function with enhanced headquarters-field coherence, as well as developing an innovative new partnership-based approach for its technical cooperation services. The task force recommendations led to the

promulgation of two important bulletins by the Director General, UNIDO/DGB/2014/01 of 30 June 2014 on the structure of the UNIDO Secretariat and UNIDO/DGB/(P).130 of 4 July 2014 on the programme and project formulation and approval function. In drafting the former, care was taken only to modify the existing structure in those areas requiring a specific management response to increase UNIDO's effectiveness and efficiency. This reflected a conscious effort to minimize the potential disruption of these changes to the delivery of UNIDO's programmatic services.

The principal change in the broader structure of the Organization related to a strengthening of the external relations

function through the establishment of an Industrial Policy, External Relations and Field Representation Division under the direct supervision of the Deputy to the Director General. This involved the reassignment to the new division of the former Bureau for Regional Programmes and the network of UNIDO Field Offices from the Programme Development and Technical Cooperation Division and a revision of their terms of reference. Renamed the Regional Programmes and Field Representation Branch, it comprises five regional bureaux (see Chapter 2). Similarly, the former Donor Partnerships and UNDG Collaboration Unit was renamed Strategic Donor Relations Unit and reassigned directly to the executive office of the Deputy to the Director General, with an amendment to its terms of reference to include strategic and policy-level engagement with the Member States and non-Member States of UNIDO not covered by the new Regional Programmes and Field Representation Branch. The Deputy to the Director General also retained overall responsibility for the Policymaking Organs Secretariat, Advocacy and Communications Branch and the Research, Statistics and Industrial Policy Branch, the terms of reference and names of which were also revised to reflect changes in their functions. Throughout the year the Deputy to the Director General coordinated global outreach activities to position UNIDO and ISID in the post-2015 development agenda, with particular emphasis on the national and regional impact of ISID.

Within the Programme Development and Technical Cooperation Division, the Director General's bulletin provided for an expansion in the functions of the former Bureau for Programme Results Monitoring, which was renamed the Partnerships and Results Monitoring Branch. This branch is located in the Office of the Managing Director,

## ENGAGING WITH THE PRIVATE SECTOR

UNIDO was designated as co-lead, together with the United Nations Global Compact, for the theme "Engaging with the Private Sector" in the second round of consultations on the means of implementation for the post-2015 development agenda, held under the auspices of UNDG. Together with the Global Compact and with the generous sponsorship of the Governments of Spain and the United States of America, UNIDO convened a series of local, national and regional consultations that brought together an array of development actors, including representatives of the public and private sectors, international organizations, academia and civil society, in order to identify successful strategies and approaches to enhance the contribution of private industry towards the implementation of the post-2015 agenda. Global consultations took place in Addis

Ababa and Washington, D.C., while four regional consultations were held in Aruba, Colombia, Slovakia and Vanuatu, in addition to local and national consultations in a number of other countries. UNIDO also mobilized the World We Want 2015 website ([www.worldwewant2015.org/privatesector2015](http://www.worldwewant2015.org/privatesector2015)) that is open to citizens and civil society throughout the world for online consultations. The main takeaways were compiled into a consolidated report, entitled *Engaging with the Private Sector in the Post-2015 Agenda*, presented to Member States, collaborating agencies and business partners at the 69th session of the United Nations General Assembly, the Secretary-General's Climate Summit and United Nations Private Sector Forum. This in turn provided inputs for the Synthesis Report of the Secretary-General on the post-2015 development agenda issued in December.



where it serves as his strategic office. In particular, it coordinates UNIDO's partnerships with firms, development finance institutions and multilateral funds and leads cross-divisional efforts to raise operational efficiency and improve results monitoring. This branch has taken the lead in developing UNIDO's new PCPs described above.

The second bulletin, reflecting the recommendations of the task force on the streamlining of the programme and project formulation and approval mechanisms, introduced a new process for the screening, appraisal, approval and monitoring of technical cooperation programmes and projects. The new process makes the formulation of projects faster, more transparent and more collaborative, as well as strengthening quality and ensuring compliance with donor standards. A significant feature is the introduction of a checklist and compliance sheet of the criteria guiding the quality assurance process, which covers 18 separate items including alignment with national and UNIDO priorities, structural integrity, feasibility and sustainability, gender mainstreaming and compliance with environmental and social objectives. The new process runs entirely online, with the formal approval authority vested in the Executive Board.

## SPECIAL FOCUS: MEETING THE DIFFERENTIATED NEEDS OF MEMBER STATES

The Lima Declaration: Towards Inclusive and Sustainable Industrial Development calls on UNIDO to provide the full range of its development services according to



**TRAINEES AT UNIDO-SUPPORTED WORKSHOPS IN THE SELAM VOCATIONAL COLLEGE IN ADDIS ABABA LEARN TO MAINTAIN AND REPAIR HEAVY DUTY EQUIPMENT AND MACHINERY. VOLVO'S TRAINEE PROGRAMMES IN AFRICA CONSTITUTE A FURTHER STRATEGIC DEVELOPMENT OF A PILOT PROJECT IMPLEMENTED BY THE VOLVO GROUP, UNIDO AND SIDA IN ETHIOPIA.**

the differentiated needs and priorities of Member States. The declaration also notes that special attention should continue to be paid to the least developed countries (LDCs) in view of their unique development needs and challenges, while consideration should continue to be given to countries at different stages of development, including middle-income countries and countries with economies in transition.

Throughout the year, UNIDO discussed the concept of ISID with relevant stakeholders in its Member States and beyond, as well as the scope for technical cooperation and other services. Seminars, workshops and conferences on ISID took place in Algeria, Argentina, Austria, Bangladesh, Belgium, Bolivia (Plurinational State of), Brazil,

Chile, China, Colombia, Costa Rica, Denmark, Egypt, El Salvador, Ethiopia, Finland, Germany, India, Italy, Jordan, Mexico, Morocco, Myanmar, Nepal, Nigeria, Pakistan, Slovakia, Slovenia, Sudan, Tunisia, Turkey, United States of America, Uruguay, Viet Nam and with the African Union and European Union. As such, many of these events focused on the national and regional context of ISID and the important role it should play in the post-2015 development agenda. The Organization also produced a number of advocacy and communication outputs to support initiatives at the policy level. These included an introductory brochure on the concept, a more detailed booklet on current related technical cooperation and partnership activities and a promotional video.





**MICRO, SMALL AND MEDIUM ENTERPRISES ARE THE BACKBONE OF MYANMAR'S ECONOMY AND PLAY A VITAL ROLE IN THE COUNTRY'S ECONOMIC, SOCIAL AND POLITICAL DEVELOPMENT BY CREATING JOBS FOR THE POPULATION. THE SUSTAINABLE DEVELOPMENT OF MSMEs WILL CONTRIBUTE TO BETTER RESOURCE UTILIZATION, AND INCREASED INCOMES, EXPORTS AND INVESTMENTS.**

## UNIDO and the least developed countries

The disparity in rates of growth in developing countries over the past 45 years has widened the gap between the world's poorest countries and those making speedy progress in their industrialization efforts. The list of LDCs identified by the United Nations in 1971 has doubled over the years, now standing at 48 countries. They remain a focus for UNIDO's technical cooperation and policy advisory services; over the past year, UNIDO delivered technical assistance and services with a value of \$27.2 million to 40 LDCs. UNIDO was one of the first agencies to mainstream into its agenda the Istanbul Plan of Action for the Least Developed

Countries for the Decade 2011-2020. It is also implementing a range of technical cooperation activities in LDCs, in terms of building trade capacity through, for example, a project enhancing quality in value chains in Burundi, a joint UNIDO-World Trade Organization trade capacity-building programme in Zambia and a farm-to-fork traceability programme to facilitate seafood exports in Bangladesh. Projects designed to increase income include entrepreneurship development programmes in Angola, Bhutan and Mozambique, as well as projects to promote the development of micro, small and medium enterprises in Myanmar and industrial skills for young people in Liberia. In terms of infrastructure development, renewable

energy and environment programmes, UNIDO is currently implementing projects on renewable energy in the Pacific islands, an industrial and environmental and energy upgrading programme for small and medium enterprises in Senegal and renewable energy schemes in Cambodia and the United Republic Tanzania. Two LDCs, Ethiopia and Senegal, were selected as pilot countries for the launch of the new PCPs (see above).

## UNIDO and small island developing States

The unique challenges facing small island developing States (SIDS) is attributable to factors such as geographical isolation, low population density, outward migration, limited trade capacity and low-lying landscapes. The need for concerted action to address these challenges was acknowledged through the designation of 2014 as the United Nations International Year of SIDS and the convening of the Third International Conference on SIDS in September in Samoa where UNIDO played an active role in the associated policymaking processes. The Organization formulated a number of recommendations for UN system-wide initiatives, notably the SIDS Action Platform and the SAMOA Pathway and Means of Implementation and made submissions in policy areas such as technology facilitation mechanisms. Under the umbrella of the post-2015 regional consultations on engaging with the private sector, UNIDO also collaborated with the Governments of Aruba and Vanuatu on the preparation of regional consultations for the Caribbean and Pacific regions respectively, encompassing a large number of SIDS.

## UNIDO and the landlocked countries

Over half the countries classified as least developed are landlocked. UNIDO support to this group of countries ranges from trade capacity-building activities in Bolivia (Plurinational State of), Malawi, Mongolia and South Sudan, to projects related to energy and the environment in Chad, Uganda and Zambia. In November, Vienna hosted the Second United Nations Conference on Landlocked Developing Countries that was opened by the United Nations Secretary-General and the President of the sixty-ninth session of the General Assembly. The Vienna Programme of Action adopted by the conference contains six clearly defined priorities, including structural economic transformation, and calls for a unified stance by the international community on a broad array of issues.

South-South cooperation was the topic of a side event organized during the Second United Nations Conference on Landlocked Developing Countries, held in Vienna in November. The side event looked at innovative ways in which regional coherence and South-South cooperation could promote sustainable energy investments, markets and industries in landlocked developing countries.

## UNIDO and the middle-income countries

Following its active support in facilitating the High-Level Conference of Middle-Income Countries in San Jose in June 2013, UNIDO continued to strengthen its engagement with middle-income countries. Events linked to the global consultations on engagement with the private sector in the post-2015 era were held in Brazil, Mexico, Mongolia and Turkey in the context of which several bilateral meetings also took place

between UNIDO representatives and representatives of those countries. An executive programme for high-level policymakers and government officials from 25 middle-income countries on *The Future of Manufacturing: Trends and Policy Options* was also arranged by the UNIDO Institute for Capacity Development in October (see Chapter 4).

## UNIDO and the BRICS countries

UNIDO continues to strengthen its interaction with the BRICS countries—Brazil, China, India, the Russian Federation and South Africa. The conclusion of the Fortaleza Declaration, adopted by the Sixth BRICS Summit in Brazil in July on the theme “inclusive growth: sustainable solutions”, confirmed that the BRICS countries have a number of programmes that coincide with UNIDO’s thematic priorities, providing opportunities for a stronger partnership. The BRICS ministers of trade, meeting on the eve of the summit, reaffirmed their commitment to cooperate with UNIDO and other development agencies in areas of trade and investment.

With UNIDO’s support, Brazil and the Russian Federation are working on a joint project, “Partnership between Russia and Brazil in technology and innovation for development of SMEs”. The successful implementation and experience of this project could be shared with other BRICS countries and similarly used to promote South-South and triangular cooperation.

## UNIDO and countries with economies in transition

Countries with economies in transition are often characterized

by an undiversified industrial base, market imperfections and a less than conducive investment climate. Frequently, these economies lack access to information, advanced technological know-how and financial resources; they also suffer from increasing inequality and high youth unemployment. UNIDO works closely with transition economies and helps them to confront their development challenges by designing tailor-made technical cooperation projects and regional knowledge-sharing platforms. During the year, UNIDO supported countries with economies in transition in creating human and institutional capacity for resource efficient and cleaner production; building trade capacities; industrial modernization; value chain development and upgrading; developing programmes for the mitigation of global environmental problems; waste water treatment; youth entrepreneurship and building knowledge platforms for social inclusion. The Organization is also promoting a Central Asia and Europe programme on the potential of science and technology parks as an instrument for local industrial development.

## UNIDO and industrialized countries

Beyond traditional development cooperation, industrialized countries are increasingly considering UNIDO as a partner for developing industrial cooperation with developing and emerging economies and particularly to support the internationalization of their SMEs. The dialogue with the private sector and industry associations of industrialized Member States regularly takes place on the occasion of the Director General’s official visits or during UNIDO events and cooperation



**THE PANEL DISCUSSIONS DURING THE FIRST UNIDO DONOR MEETING HIGHLIGHTED THE LINK BETWEEN UNIDO'S WORK AND THE VISION OF ISID, EMPHASIZING THE RELEVANCE OF ISID AS A KEY DRIVER FOR THE SUCCESSFUL INTEGRATION OF THE ECONOMIC, SOCIAL AND ENVIRONMENTAL DIMENSIONS OF SUSTAINABLE DEVELOPMENT.**

activities. In addition to bilateral cooperation at the country level with European Member States, UNIDO is also developing its cooperation with the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs of the European Commission in the framework of the European Industrial Renaissance policy. The roadmap signed by UNIDO and the European Commission in December (see Chapter 2) provides the basis for increased cooperation with the private sector of European countries, and in particular with SMEs. The objective is also to stimulate investment in developing countries and mobilize European centres of excellence and technologies for inclusive and sustainable industrial development.

## RESOURCES AND MANAGEMENT

### Funding

2014 was yet another excellent year in terms of mobilization of voluntary contributions. Exceeding the positive results of 2013, the overall volume of voluntary contributions for UNIDO services towards its Member States reached a total of \$191.3 million. As a result, funds available for future implementation have also culminated in a record volume of \$489.6 million.

In line with the trend of past years, the largest contributor was the Global Environment Facility (GEF) leading to a net increase (excluding support costs) in project budgets of \$54 million,

followed by the European Union with \$32.6 million and the Multilateral Fund for the Implementation of the Montreal Protocol (MLF) with \$28.9 million.

In terms of thematic priorities, the largest share of funding obtained from UNIDO partners and Member States went to environment and energy with a net total of \$101.9 million, while trade capacity-building accounted for \$42.9 million (almost twice the 2013 allocation), poverty reduction through productive activities received \$41.8 million and cross-cutting programmes \$4.7 million. This will of course shape the thematic distribution of service delivery by UNIDO in future years.

The first UNIDO donor meeting took place in November at UNIDO Headquarters. It was attended by over 260 participants including ministers, vice ministers, high-level government officials, and representatives of Permanent Missions, chairs of the regional groups, regional economic community representatives, donors as well as representatives of the European Union, African Union, the private sector and development finance institutions. The purpose of the meeting was to showcase a number of recent success stories from UNIDO's technical cooperation portfolio and to provide an overview of its technical cooperation programmes and related funding over the past five years. The large number of participants and the results of the feedback questionnaire distributed during the meeting confirmed the importance of this event.

### Funding from governments and institutions

Funding from governmental sources and from other institutions (excluding GEF and MLF) reached the highest level recorded, with net voluntary contributions in the amount of \$100.4 million. This is a truly remarkable



demonstration of confidence in the quality and relevance of the Organization's technical cooperation and advisory services by UNIDO's partners and Member States.

Major governmental contributors with net funding above \$1 million included Sweden (\$9.7 million), Switzerland (\$8.5 million), Italy (\$7.8 million), Japan (\$6.6 million), Austria (\$5.2 million), the Russian Federation (\$3.3 million), China (\$3.0 million), Norway (\$2.6 million), Bahrain (\$2.2 million), the Republic of Korea (\$2.2 million), Canada (\$1.7 million) and Slovenia (\$1.3 million).

Appendix B details the distribution of Industrial Development Fund and Trust Fund approvals by region and thematic priority.

### Funding from multi-donor trust funds

Funding from multi-donor trust funds towards UNIDO's technical cooperation amounted to \$2.4 million, through Delivering as One programmes and joint programme funds, with project approvals in the amount of \$1.2 million, as well as multi-donor trust funds and contributions from the United Nations Peacebuilding Fund in the amount of \$1.2 million.

### Global Environment Facility

The GEF-6 replenishment cycle started in July 2014 and will last until 2018. Reflecting the strong support of the international community, a record \$4.43 billion was pledged to GEF by 30 countries. The GEF-5 cycle contributed approximately \$270 million to UNIDO led projects, which represents an increase of almost 40 per cent over funding from the GEF-4 cycle. Extrapolating from these trends and based on a healthy pipeline of projects anticipated for 2015 and beyond, it is estimated that UNIDO

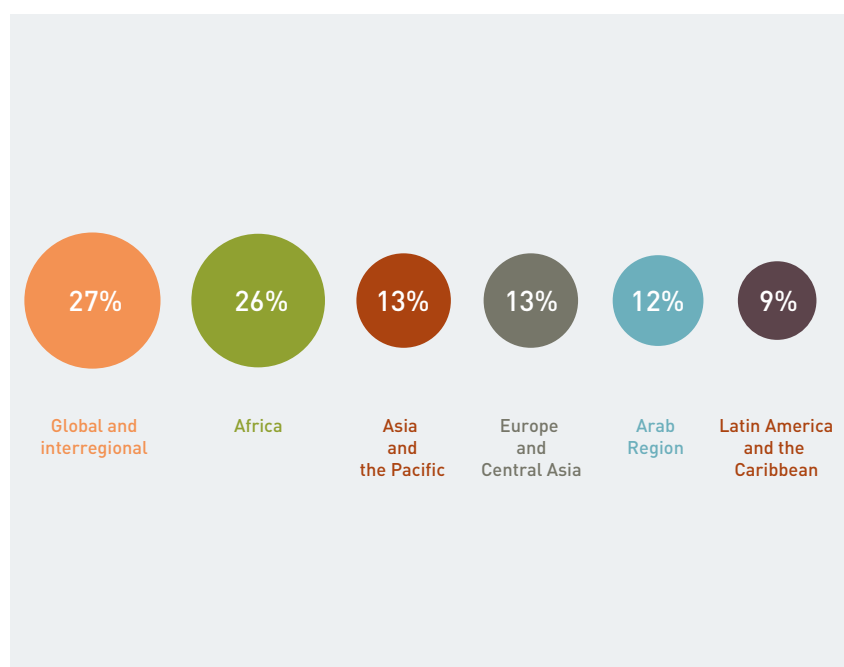


FIG 1. SHARE OF SUBMITTED PROJECTS BY REGION IN 2014 (BY NUMBER)

could be entrusted with up to \$320 million in the context of GEF-6, which will contribute to establishing GEF as an increasingly important partner for UNIDO in the years to come. Two UNIDO concept proposals for projects in China and Mexico with an overall estimated grant amount of \$22 million were approved in October for funding from the GEF-6 cycle.

### Montreal Protocol

Funding from the MLF amounted to \$28.94 million, to which bilateral contributions related to the Montreal Protocol contributed an additional \$0.98 million. Following the request of the MLF Executive Committee and in agreement with the countries concerned, UNIDO continued developing project proposals with an emphasis on the introduction of new technologies that are both ozone- and climate-friendly as well as more energy-efficient. Demonstration

projects are under implementation to test appropriate technologies using natural refrigerants with the objective of replicating and upscaling similar interventions in the future.

### Trust funds

Programmable trust funds, established mainly for the development of new projects and programmes as well as the co-funding of projects, continue to be of paramount importance to UNIDO's operations. Significant contributions beyond the allocation of renounced unutilized balances were received from Finland, which donated to the trade capacity-building and the food security and agribusiness trust funds, and from China, which contributed to the trust fund for Latin America and the Caribbean. UNIDO continues to encourage its Member States and partners to consider allocation to these programmable trust funds.



FIG 2. SHARE OF SUBMITTED PROJECTS BY THEMATIC AREAS IN 2014 (BY NUMBER)

## Programme approval and monitoring

During the year, 134 projects were submitted to the Programme Approval and Monitoring Committee and the Executive Board, of which 127 were approved, 3 were rejected and a decision postponed on 4 pending resubmission. The overall approval rate of 95 per cent was higher than the 88 per cent and 91 per cent recorded in 2013 and 2012 respectively, and significantly higher than the rates of 79 per cent and 75 per cent achieved in 2011 and 2010. Of the total number of projects submitted during the year, 26 per cent were intended for implementation in Africa, 13 per cent each for Asia and the Pacific and Europe and Central Asia, 12 per cent for the Arab region and 9 per cent for Latin America and the Caribbean. Global and interregional

projects accounted for 27 per cent of submitted projects. Disaggregated by thematic areas, poverty reduction activities accounted for 49 per cent of the total number of projects submitted, environment and energy for 30 per cent, cross-cutting projects for 14 per cent and trade capacity-building for 7 per cent.

## Evaluation

UNIDO's Office for Independent Evaluation plays an active role in the activities of the United Nations Evaluation Group, chairing during the current year the Peer Review subgroup and participating in a subgroup on the utility of evaluation and the peer review of the independent evaluation function of the United Nations Entity for Gender Equality and the Empowerment of Women. In October,

UNIDO held a three-day workshop in Bangkok to strengthen the monitoring and evaluation capacities of UNIDO counterpart ministries in Asia and the Pacific. Similar workshops for participants from Latin America and the Caribbean and for French-speaking African countries are planned for 2015. In an assessment undertaken by the United Nations Joint Inspection Unit of the maturity levels of evaluation offices in the United Nations system in terms of independence, credibility and utility of evaluations, UNIDO's evaluation function rated among the top United Nations agencies with a high level of maturity.

Independent country evaluations were completed during the year for Sri Lanka and Uruguay as well as a cluster evaluation of UNIDO projects on enabling activities to review and update the National Implementation Plans for the Stockholm Convention on Persistent Organic Pollutants, a thematic evaluation of the UNIDO Renewable Energy Trust Fund, and a strategic evaluation of the implementation of the expanded UNIDO medium-term programme framework 2010-2013.

## Staffing

With respect to the 107 vacancies among established posts, by the end of the year the assessment and selection process was completed for 66 posts only, with recruitment against the remainder suspended. A revision to the duration of fixed-term contracts allows initial appointments of less than three years although currently, for budgetary reasons, new fixed-term contracts are limited in duration until 30 June 2016. The salary scales of both Professional and General Service staff were adjusted during the year in line

with the United Nations Common System compensation package. UNIDO represented the specialized agencies at a working group on compensation of staff in the Professional and higher categories of the International Civil Service Commission and was also involved in the work of the United Nations Joint Staff Pension Fund and the Chief Executive Board for Coordination's human resources network.

Two teams and 22 individual staff members received merit awards during the year for exceptional performance. A second staff performance cycle, including multi-rater feedback, was completed for 95 per cent of the staff and forms the basis for a number of administrative and career decisions. UNIDO worked closely with other organizations in the application of special measures to safeguard the health and safety of staff working in, or travelling to, regions of the world affected by the Ebola virus.

Training activities included two new e-learning programmes: the *How Do I* for the main business processes in the Enterprise Resource Planning (ERP) system; and project tools on results-based management and the logical framework.

## Support services

As a follow-up to the completion of the Programme for Change and Organizational Renewal, a Business and Systems Support Unit was established in January with the responsibility for planning, coordinating and implementing business and systems changes, continuous improvements and optimizing processes to ensure a functioning and integrated ERP system. It has contributed to the overall efficiency and effectiveness of the Organization with over 150 ERP



**FOLLOWING THE AWARD OF A NEW CONTRACT FOR THE VIC CATERING SERVICES, UNIDO UNDERTOOK A MAJOR RENOVATION OF THE RESTAURANT AND CAFETERIA IN THE VIENNA INTERNATIONAL CENTRE. THE DIRECTOR GENERAL WAS AT THE INAUGURAL CEREMONY IN AUGUST.**

## BUILDINGS MANAGEMENT

Under the terms of the Memorandum of Understanding on Common Services, UNIDO is responsible for the operation and maintenance of the Vienna International Centre (VIC). The Organization carries out the functions inherent in this responsibility through the Buildings Management Services with an experienced team of engineers, technicians and maintenance workers. It is accountable for the safe and reliable operation, maintenance, modification, improvement, repair and replacement in the VIC building complex with an area of approximately 379,000 m<sup>2</sup>, an additional 180,000 m<sup>2</sup> of grounds as well as associated technical facilities, machinery, equipment and

furnishings. An extensive overhaul of the catering facilities was completed in the middle of the year, in cooperation with the catering agent. Also completed was the renewal of the concrete surface of some of the park decks; for budgetary reasons, the remainder will be treated on a step-by-step basis. All the elevators in the VIC complex were modernized in conformity with prevailing local safety norms and regulations, resulting in higher energy efficiency. The heat exchanger for Buildings D and E had become obsolete and was replaced. Other major work in progress during the year included the construction of a new data centre for the International Atomic Energy Agency that is financing the project.

improvements, most notably new dashboards and reports for Member States designed to improve transparency, an online project formulation and approval function, a streamlined project revisions and extensions process and other improvements in key business processes. UNIDO was the first organization to adopt the new United Nations Joint Staff Pension Fund interface that reduces processing steps and automates reporting.

At a meeting of the SAP Special Interest Group for International Organizations hosted in Vienna by the OPEC Fund for International Development in April, UNIDO was entrusted with the vice-chairmanship for the period 2014-2015. In November, UNIDO met representatives from various industries in Germany to share experiences and lessons learned from a fully integrated ERP solution including the management of the entire technical cooperation project cycle. An Organization-wide survey among representatives of Member States and staff to gauge the level of ERP users' satisfaction received a positive overall approval rating. UNIDO will continue efforts to address the key business processes where the ERP can yield further efficiency gains and improve transparency.

Procurement of goods, works and services represents a major component of UNIDO technical cooperation. The volume of procurement for technical cooperation projects and regular budget funded projects during the year was over \$140 million, with 4,003 contracts and purchase orders issued.

## Advocacy and outreach

UNIDO's advocacy and communications activities focused on promoting the new vision of ISID, supporting the post-2015 development agenda and highlighting the activities of the Director General. Underlying this was a need to maintain high visibility with stakeholders and demonstrate the Organization's value for money as well as its new partnership approach. Some 200 press releases and feature stories, as well as factsheets and videos, testified to the human face of technical cooperation, its impact on the ground, its equal opportunity approach and the doors that manufacturing and entrepreneurship open for young people.

An expansion of its web material reflected a dramatic increase in the use of social media to access information on UNIDO, with its Twitter account recording over 40,000 followers, while

its Facebook pages received over 2,000 visitors weekly. Videos posted on YouTube were viewed over 150,000 times. Interactions on LinkedIn contributed to the development of a 16,000-strong network of professionals and a FLICKR online photo archive currently has over 2,000 photos illustrating both UNIDO's global forum activities and its work in the field. The corporate website was expanded with the addition of multilingual features and showed a 10 per cent increase in traffic over the previous year. UNIDO's presence in the international media was assured by the distribution of video material to major networks while interviews with the Director General and opinion pieces were placed in strategic newspapers.

UNIDO publications received a face-lift with a revised corporate identity. Three issues of the magazine *Making It* were published during the year and the magazine's website has over time attracted a wide following of devoted readers. Lectures were given and presentations made on the mandate and activities of UNIDO to some 28 visiting groups of students from Austria, Germany and the United States of America.

# PARTNERSHIPS FOR DEVELOPMENT

Throughout the United Nations family, organizations both large and small have come to recognize the enormous value of working in partnership. When each partner contributes a unique set of skills and experience to a joint programme or project, not only do recipient countries themselves stand to gain, but organizations can place the full weight of their efforts on their respective areas of specialization. As discussed separately in Chapter 1, the Director General has introduced a completely new partnership-based modality for the provision of UNIDO's services, providing both for increased teamwork at the organizational level within UNIDO and enhanced collaboration with external partners to avoid duplication, optimize use of available resources and maximize development impact. July saw the establishment of a new Partnerships and Results Monitoring Branch with a dedicated Partnership Mobilization Unit within the Programme Development and Technical Cooperation Division that brings together teams of people already proficient in forging partnerships with the private sector, national and international development agencies, international financial institutions, civil society organizations and academia. The Director General also instituted annual meetings with UNIDO donors in order to discuss programmes and strategies with and among donor institutions and to demonstrate the way in which the Organization is using the valuable resources provided by donors to implement its programmes and projects.





## UNIDO AND THE UNITED NATIONS

### Delivering as One

The United Nations Development Group, of which UNIDO is a member, was able to put in place new standard operating procedures to ensure that the second generation of Delivering as One (DaO) projects focus on results, increased accountability and monitoring and evaluation. Signed by the heads of 18 United Nations funds, programmes, departments, and specialized agencies, among them UNIDO, they were developed as part of the provisions of the Quadrennial Comprehensive Policy Review and constitute the guiding principles on programming, leadership, business operations, funding and communications for the development of operations at the country level.

By the end of the year, 44 countries had adopted the DaO approach while 42 were engaged in United Nations Development Assistance Framework (UNDAF) exercises. Of these, 11 are

in Africa, 5 in the Arab States, 8 in Asia and the Pacific, 12 in Europe and Central Asia and 6 in Latin America and the Caribbean. This has prompted an increased demand for UNIDO services, especially where the Organization assumes the role of lead agency in UNDAF thematic working groups. Largely in response to this, UNIDO has initiated a support programme for its field offices that will allow them greater access to the One United Nations Trust Fund mechanism and strengthen partnerships with sister organizations working at the country level. UNIDO participated in a number of meetings and workshops during the year on the emerging concepts and tools adopted within the One United Nations and associated frameworks.

### Global Environment Facility

In April, 30 donor countries pledged \$4.43 billion to the Global Environment Facility (GEF) in support of developing countries' efforts to prevent degradation of the environment. The new replenishment cycle, GEF-6, began in July and runs until 2018. Under the previous replenishment cycle, UNIDO was able to secure around \$270 million in GEF grants—an increase of about 40 per cent over GEF-4—and it is estimated that this figure could reach \$320 million during the new cycle. Project concepts in China and Mexico were approved in October with an overall grant amount of \$22 million. Over the past years the share of GEF-funded projects in UNIDO's total implementation has increased to 18.7 per cent in 2014, and is expected to

rise further to around 20 per cent in the coming years. The Director General led a delegation to the Fifth GEF Assembly that was held in May in Cancun, Mexico. The Director General's interventions as well as UNIDO side events demonstrated that industrial energy efficiency and related management systems not only reduce greenhouse gas emissions but result in cost savings that make industries more competitive and by extension contribute to a country's economic development.

Agreements concluded during the year with GEF and the International Bank for Reconstruction and Development as Trustee of the Special Climate Change Fund and the Least Developed Countries Fund for Climate Change will enable UNIDO to help countries combat the adverse impacts of climate change in coming years.

### United Nations programmes and specialized agencies

Increasingly, UNIDO is collaborating with other United Nations programmes or organizations on the implementation of its projects, either bilaterally or in the context of larger, multi-agency projects. Examples can be found throughout the *Annual Report*.

UNIDO's participation in the DaO process has led to joint programmes with the United Nations Conference on Trade and Development (UNCTAD) and the International Labour Organization (ILO) on youth employment; with the United Nations Development Programme (UNDP), ILO and the Food and Agriculture Organization of the

United Nations (FAO) in the upgrading of agro-industrial value chains; and with the United Nations Environment Programme (UNEP) on environment and energy. Cooperation with the World Health Organization (WHO) focused on the toll mercury in artisanal gold mining takes on human health while the potential impact of tourism on coastal waters involved collaboration with both UNEP and the United Nations World Tourism Organization. At the United Nations Climate Change Conference in Peru in December, UNIDO joined forces with the International Atomic Energy Agency in organizing a side event on ways to mitigate energy-related greenhouse gas emissions. At the same conference, UNIDO and the World Intellectual Property Organization mounted an exhibition on “One United Nations for technology and innovation for sustainable energy, industry and transport”. UNIDO is working with FAO, the International Fund for Agricultural Development as well as the African Development Bank on the Accelerated Agribusiness and Agro-industries Development Initiative.

The Partnership for Action on Green Economy combines the expertise of UNDP, UNEP, ILO, UNIDO and the United Nations Institute for Training and Research (UNITAR) with each organization addressing different aspects of a green economy (see Chapter 5).

## NATIONAL AND INTERNATIONAL DEVELOPMENT PARTNERS

UNIDO enjoyed the support of a large number of national development institutions during the year. Joint initiatives with the Austrian Development Agency, the German Development Cooperation, the Japan

External Trade Organization, the Norwegian Agency for Development Cooperation, Swedish International Development Cooperation (Sida) and the Economic Cooperation and Development Division of Switzerland’s State Secretariat for Economic Affairs, to mention a few, are covered in other chapters. Valuable support was also received from institutions in non-Member States, such as the United Kingdom’s Department for International Development and the United States Agency for International Development.

In March, the Director General and the Secretary-General of the Economic Cooperation Organization (ECO) signed a trust fund agreement on a regional quality policy project that will provide ECO member countries with a framework for the development of quality infrastructure and services. The quality policy is expected to boost intraregional trade and contribute to sustainable economic and social development in the ECO region that

### UNIDO AND THE EUROPEAN UNION

UNIDO was one of the first United Nations agencies to sign a relationship agreement with the European Union in 1993. Since then, the Organization has enjoyed the strong support of the EU in meeting the challenges of a changing developing landscape and most recently has seen its efforts towards ISID championed by the EU. During the year under review, UNIDO and the European Commission approved two new frameworks to further develop their cooperation. The aide-memoire on themes for future cooperation with the Commission’s Directorate-General for International Cooperation and Development identifies two major areas for future joint work, namely

covers Afghanistan, Azerbaijan, Iran (Islamic Republic of), Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan.

In May, the Director General met the President and senior managers of the Asian Development Bank to discuss cooperation in the Asia and Pacific region, capitalizing on each organization’s respective expertise.

The Director General emphasized the importance of partnerships in the implementation of UNIDO’s new mandate, stating that the impact of technical cooperation could be reinforced through synergies with partners. Through its involvement in Switch-Asia—a programme set up by the EU in 2008 to help interested consumers, businesses and supporting associations shift to a more sustainable development paradigm—UNIDO is collaborating on a number of projects with the Association of Southeast Asian Nations (ASEAN).

In October, UNIDO signed a new memorandum of understanding with

inclusive growth and private sector development and sustainable industrial development. A roadmap signed with the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs supports cooperation in industrial and SME policies, business partnerships, industrial norms and standards as well as the development of a global network of policymakers and stakeholders in SME policy following the model of SME Envoys established by the European Union.

The 2nd EU-Pacific-Business Forum, hosted by the Government of Vanuatu in June, called for increased cooperation with UNIDO in private sector development and sustainable energy.



**IN DECEMBER, UNIDO AND THE AUSTRIAN DEVELOPMENT AGENCY, THE OPERATIONAL ARM OF AUSTRIAN DEVELOPMENT COOPERATION, SIGNED A €1.3 MILLION FUNDING AGREEMENT FOR THE ESTABLISHMENT OF THE CARIBBEAN CENTRE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY, IN THE PRESENCE OF REPRESENTATIVES OF SIDS DOCK AND THE CARIBBEAN COMMUNITY.**

#### **UNIDO AND THE INTERNATIONAL ORGANIZATION FOR STANDARDIZATION**



Director General LI Yong and the Secretary-General of ISO, Rob Steele

UNIDO and the International Organization for Standardization (ISO) enjoy a history of cooperation that dates back to 1986. In May, the

ISO Secretary-General visited UNIDO to discuss the two organizations' joint commitment to promulgating international standards in industry and their role in inclusive and sustainable industrial development.

A memorandum of understanding between the two organizations was updated in 2009 to add environmental and energy management, energy use and energy efficiency to existing areas of joint activity, namely food safety, social responsibility and conformity assessment. The agreement strengthens the strategic partnership between the two organizations in order to promote sustainable development

the International Accreditation Forum (IAF) and the International Laboratory Accreditation Cooperation that provides for further collaboration between the three organizations in capacity-building, training, research, seminars and workshops on accreditation-related issues and other events.

The following month saw a meeting between the executive heads of UNIDO and the Africa, Caribbean and Pacific (ACP) Group of States to explore ways of pursuing inclusive and sustainable industrial development in ACP member countries. In December, the Director General addressed the Council of Ministers of the ACP Group on the role of ISID in ACP countries.

UNIDO is currently in the process of formalizing its cooperation with the British Chartered Institute of Environmental Health, a collaboration that has already delivered high impact results. Areas identified for future cooperation include the expansion of project activities in different countries,

and economic growth through the development and implementation of standards, capacity-building and training, joint publications and related research. Activities over the past 15 years have also included e-learning and partnership in international forums to promote quality infrastructure. UNIDO, in collaboration with ISO and the IAF, has developed a methodology based on a new "market surveillance" approach to monitor the effectiveness of accredited certification. The methodology involves brief visits to certified organizations to assess the level of credibility of certification.



the co-branding of new qualifications and the development of e-learning activities and platforms.

UNIDO has been working with WorldSkills International in the training of young people and ex-combatants in Côte d'Ivoire. A technical competition, sponsored by the WorldSkills Foundation, is organized among the training centres in Côte d'Ivoire every year.

## PARTNERSHIPS WITH INDUSTRY

For today's multinationals and large and small companies alike, adopting more socially inclusive and environmentally sustainable business practices makes sound business sense. It helps to mitigate risk, create new markets and cultivate sustainable relationships with suppliers, customers and investors. This section describes a mere cross-section of the valuable partnerships that UNIDO currently enjoys with industry.

UNIDO's Green Industry Platform draws together a broad slate of business partners who are eager to seize the opportunities offered by sustainable development. Under a successful partnership between UNIDO and Green Industry Platform member DNV Business Assurance, the two organizations are implementing joint projects on the measurement of water footprints and the promotion of best practices in water management. One output of the partnership will be the creation of a self-assessment tool to assist SMEs in developing countries to evaluate their water footprint in restricted stages of a product life cycle, specifically cradle-to-gate assessment.

The young people of today will determine tomorrow's business climate.



**UNIDO, TOGETHER WITH THE REPUBLIC OF KOREA THROUGH THE KOREA INTERNATIONAL COOPERATION AGENCY AND SAMSUNG ELECTRONICS, JOINED HANDS TO DESIGN AND PUT IN PLACE A PROGRAMME THAT AIMS TO PROVIDE EFFECTIVE E-WASTE MANAGEMENT AND CREATE EMPLOYMENT OPPORTUNITIES IN THE ELECTRONICS INDUSTRY FOR CAMBODIA'S YOUTH.**

The formation of trained entrepreneurs capable of steering a clear course towards sustainable economic and industrial development is in the interests of business communities and humanitarian organizations alike. UNIDO's partnership with Hewlett Packard's Learning Initiative for Entrepreneurs (LIFE) has created over 20,000 jobs in developing countries. It has provided training to more than 50,000 students and set up LIFE centres in Algeria, Brazil, China, Colombia, Egypt, India, Kenya, Morocco, Nigeria, Saudi Arabia, South Africa, Tunisia, Turkey, Uganda and the United Arab Emirates. An ongoing LIFE project in Tunisia is described in Chapter 3. A \$1 million contribution from Chevron to UNIDO is helping to strengthen entrepreneurship as a

subject in secondary schools in Angola. Chevron is also backing a project launched in August to strengthen Angola's value chains in order to leverage private investment and public and donor agency funds (see Chapter 4).

In partnership with the Volvo Group, the United States Agency for International Development and the OCP Foundation, UNIDO is offering vocational training for mechanics in Morocco. Trainees from Côte d'Ivoire and Senegal will also be eligible to attend courses that will begin in 2015 (see Chapter 4). Last year, the Volvo Group announced that it would help set up vocational training schools for mechanics and drivers of trucks, buses and construction equipment in 10 African countries. In collaboration

with national education authorities, the Volvo Group will put in place and finance programmes based on the industry's local competency requirements. Volvo's trainee programmes in Africa constitute a further strategic development of a pilot project implemented by the Volvo Group through Volvo Construction Equipment in collaboration with UNIDO and Sida in Ethiopia.

An instructor training course in the operation and maintenance of excavators, wheel loaders, bulldozers and other heavy equipment was offered to four Liberian trainers in Itō, Japan by Komatsu, a Japanese corporation that manufactures construction, mining and industrial equipment. Under a partnership agreement signed in April, UNIDO and Japan's Nomura Kohsan Company, Ltd., a specialized mercury and mercury wastes processor, will cooperate on projects that manage waste from mercury. The new partnership is expected to increase the technical capacity of recipient stakeholders in assessing, managing and reducing the risks to human health and the environment posed by mercury and mercury-containing waste.

In September, UNIDO signed an agreement with Dell International LLC, the multinational technology solutions company, to cooperate on identifying and implementing a sustainable solution model for e-waste management for developing countries in Africa, Asia and the Pacific and Latin America and the Caribbean. UNIDO is collaborating with Samsung Electronics on a project to provide young unemployed men and women in Cambodia with the skills necessary to work in the electronics industry that also includes e-waste management. The project, which also comprises a training of trainers component, is financed by the Korea International Cooperation

Agency, Samsung and UNIDO (see Chapter 3).

In September, UNIDO and Italy's Ipack-Ima Spa, a world specialist in trade exhibitions for the packaging industry, teamed up to organize East Afripack 2014, the region's first international packaging exhibition. The exhibition in Nairobi, which showcased 130 enterprises, represented the successful outcome of a market study carried out by UNIDO and Ipack-Ima Spa in 2012. A memorandum of understanding signed with one of the largest industrial fairs, Deutsche Messe AG, in November will give greater visibility to UNIDO's subcontracting and exchange network and open the door for new partnership opportunities.

In Malaysia, UNIDO is working with Japan's Aeon Group to implement a sustainable supplier development programme following a pro-poor and inclusive public-private partnership scheme to enable clusters of suppliers to gain access to profitable new markets. After a successful pilot phase, the project will be expanded to other Asian countries. UNIDO has initiated a partnership with the household furnishing retailer Habitat to purchase from suppliers involved in UNIDO's cultural and creative industries project in the Southern Mediterranean. A partnership with Dutch brewing company Heineken International is being developed to increase the sustainable sourcing of sugar in the Democratic Republic of the Congo.

## PARTNERSHIPS WITH ACADEMIA

UNIDO's partnership with some of the world's most prestigious institutes of learning took on a new dimension

with the establishment of the UNIDO Institute for Capacity Development in 2011 (see Chapter 4). The Institute is currently working with the United Kingdom's Said Business School of the University of Oxford; the University of Bahrain; the Korea Institute for Industrial Economics and Trade; the Economic Research Institute for ASEAN and East Asia; the Institute of Developing Economies of the Japan External Trade Organization; the United Nations University's Economic and Social Research Institute on Innovation and Technology; the Czech Republic's Centre for Economic Research and Graduate Education and Economics Institute of the Academy of Sciences; the Central European University in Budapest; Slovenia's International Center for Promotion of Enterprises; and Austria's Diplomatic Academy in Vienna. Green Industry training courses held during the year included a national training course for policymakers in China in March, an eight-day regional training programme entitled "Green industry: Transforming the industry of the future" at the University of Bahrain in June for students from the Arab region and a summer course at the Central European University in July.

An ongoing joint programme with the Energy and Resources Institute and TERI University in New Delhi is helping build awareness and knowledge on major global trends, innovative technologies, policies and interdisciplinary solutions in the fields of energy, climate change and sustainable development.

Under an agreement with Purdue University in Indiana, United States of America, 22 African professionals from regulatory authorities, pharmaceutical companies and universities were given an opportunity to study for a master's degree in biotechnology, innovation

and regulatory science, in cooperation with the Merck Foundation and the Kilimanjaro School of Pharmacy, United Republic of Tanzania. At the Kilimanjaro School of Pharmacy itself, 23 participants completed advanced training on industrial pharmacy in March while 21 participants from eight African countries enrolled in a course in the new academic year.

Twenty PhD-level students from 10 countries took part in a course on “Renewable energies for unleashing sustainable development in low- and middle-income economies”, organized by UNIDO in Como, Italy, in February. The five-day course was the outcome of a partnership between UNIDO, the Politecnico di Milano, one of Europe’s foremost engineering universities, the United Nations Educational, Scientific and Cultural Organization and Fondazione Cariplo, an Italian foundation specializing in sustainable development. In cooperation with the ALTIS Business School of the Catholic University of the Sacred Heart in Milan, UNIDO is helping to set up policy frameworks for employment in Ethiopia.

A project to train young Palestinians in marble and stonemasonry skills involved academic, technical and vocational training at the Palestine Polytechnic University in Hebron, where post-secondary school students can pursue a two-year diploma course (see Chapter 3). UNIDO also cooperated with China’s National School of Development at Peking University in developing a framework to promote inclusive and sustainable industrial development (see Chapter 4).

UNIDO was invited by a number of universities and institutes during the year to deliver papers or make presentations on different aspects of its



**THE TRAINING COURSE ORGANIZED BY THE UNIDO INSTITUTE FOR CAPACITY DEVELOPMENT AT THE UNIVERSITY OF BAHRAIN IN JUNE OFFERED PARTICIPANTS AN OPPORTUNITY TO LEARN ABOUT THE LATEST TRENDS IN SUSTAINABLE SOLUTIONS AND REFLECT ON INNOVATIVE AND COST EFFECTIVE WAYS TO ADDRESS SUSTAINABILITY PROBLEMS WITHIN INDUSTRIES.**

work. For example, UNIDO presented its structural change and industrial diagnostic approach to experts in the field of industrial development at Columbia University’s Initiative for Policy Dialogue in New York, as well as to graduate students at Peking University and City University, New York.

Universities in UNIDO’s beneficiary countries often host training courses to prepare students for productive employment. The University of the Gambia and the Gambia Technical Training Institute provided training on renewable energy. A UNIDO project in the United Republic of Tanzania saw the establishment of a small hydropower technical centre within the University of Dar es Salam’s College of Engineering and Technology.

## UNIDO’S REGIONAL FOCUS AND REPRESENTATION

### Regional and country programmes

UNIDO maintains a field network of 30 regional and country offices and 17 UNIDO Desks around the world, covering a total of 116 countries. UNIDO also operates a centre for regional cooperation in Turkey.

UNIDO’s activities within a given region are overseen by the newly-named Regional Programmes and Field Representation Branch, comprising five regional bureaux (see Chapter 1). The branch provides strategic analysis and advice to support the development





**UNDER A RECENTLY COMPLETED PROJECT, FUNDED BY THE EU IN CÔTE D'IVOIRE, UNIDO HELPED SMEs IN THE TEXTILE AND GARMENTS, CASSAVA AND CEREALS AND CASHEWS SECTORS TO BE MORE COMPETITIVE. THE CREATION OF EXPORT CONSORTIUMS HELPED STIMULATE KNOWLEDGE-SHARING AND REDUCED THE COSTS AND RISKS OF EXPORTING.**

of UNIDO's regional and country programmes and identifies the development needs and emerging development patterns of individual countries and regions including donor priorities. It formulates strategic responses to technical cooperation as well as maintaining a strong relationship with Member States.

The five regional bureaux lead and support UNIDO in its global forum function through the organization and coordination of regional conferences and events. They also facilitate missions of the Director General and other senior officials within their respective areas as well as visits to UNIDO from high-level representatives of Member States. Their insight into the political, economic and social climate in their respective regions is a valuable tool for UNIDO's technical

branches in the preparation of projects. They also ensure that UNIDO's new ISID strategy is reflected in activities at the country level and within the United Nations country teams.

### Africa

UNIDO planned or helped organize a number of conferences and events during the year such as the participation of a delegation from the African Union Commission to UNIDO in June and the Ministerial Conference on New Partnerships for Productive Capacity-Building in the Least Developed Countries that took place in Benin in July. The Africa Bureau finalized country programmes for Burkina Faso, Chad, Ethiopia, Guinea, Lesotho, Mozambique, Niger, Senegal and Zambia. Needs assessment missions

were undertaken to Swaziland in July and Namibia in August. Country programmes are currently under development for Angola, Benin, Botswana, Burundi, Cabo Verde, Cameroon, Congo, Eritrea, Gabon, Ghana, Madagascar, Malawi, Mali, Mauritania, Mauritius, Namibia, Rwanda, Swaziland and Zimbabwe. Special events in connection with the launch of the new country programmes included a donor round table for Uganda in July and workshops and training in Burkina Faso and Niger for the staff of the different ministries involved as well as representatives of the private sector and financial institutions. A two-week training course on results-based management was organized by UNIDO in December in Abuja for Government officials working on the Nigeria programme steering committee.

### Arab States

Regional and subregional bodies such as the League of Arab States and the Cooperation Council for the Arab States of the Gulf play a critical role in helping poorer Arab countries cope with political, economic and social challenges and devise appropriate responses. Through its Regional Bureau, UNIDO maintains contact with these and other organizations in the region. Meetings that served to showcase UNIDO's activities included the 7th Arab-Austrian Economic Forum and Exhibition that took place in Vienna on the occasion of the 25th anniversary of the Austro-Arab Chamber of Commerce in May. The Crans Montana Forum held in Rabat in June raised awareness of UNIDO's ISID mandate.

A lively communications strategy for the region resulted in prominent coverage of UNIDO and ISID, both in the printed media and on television. Projects designed to reduce the high unemployment of youths in the Arab

region received particular attention during the year with the introduction of entrepreneurship as a subject on the school curriculum in Egypt and other countries of the region. A significant publication issued in March, *Industrial development in North African countries—A statistical profile* covered Algeria, Egypt, Libya, Morocco, Tunisia and Sudan.

### Asia and the Pacific

Middle-income countries in the region such as China, India, Indonesia, Iran, (Islamic Republic of), Malaysia, Pakistan, Philippines, Thailand and Viet Nam, are sharing their expertise under South-South cooperation initiatives (see below). UNIDO activities in these countries involved building competitiveness, other trade-related assistance and sustainable energy. Projects in the region's LDCs—Bangladesh, Bhutan, Cambodia, Lao People's Democratic Republic, Myanmar, Nepal and Timor-Leste—related, inter alia, to agribusiness, SME clusters, private sector development, trade related technical assistance, industrial policies and statistics, renewable energy and cleaner production systems.

Key events included the launch of the "Make in India" campaign that echoes UNIDO's own ISID approach as well as the strengthening of the India South-South Industrial Cooperation Centre in New Delhi (see Chapter 4). During the Second China International Technology Fair in Shanghai in April, a UNIDO event highlighted the role of technology transfer in the promotion of ISID. The Director General signed a two-year strategic cooperative framework with China, focusing on green industry and food safety. Other events in China included UNIDO forums on the development of the Silk Road economic belt and the maritime Silk Road.

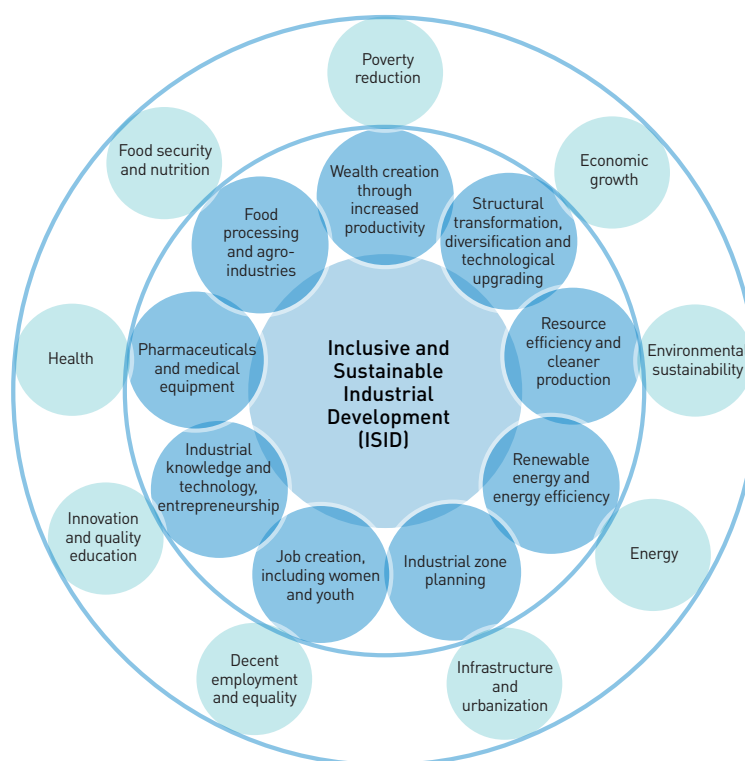


FIG 3. CONTRIBUTION OF ISID TO SUSTAINABLE DEVELOPMENT PRIORITIES

The establishment of the Pacific Centre for Renewable Energy and Energy Efficiency was announced at the Third International Conference on SIDS in Samoa in September.

### Europe and Central Asia

In October, UNIDO signed a joint declaration with the Eurasian Economic Commission that paves the way for more intense cooperation in the field of ISID. The declaration outlines specific areas of cooperation, including business entrepreneurship, innovation, technology transfer, trade capacity-building, environmental management and energy efficiency.

A framework programme on cooperation was formulated for Azerbaijan in close collaboration with the Government. The programme for

2014-2018, signed in November in Baku, aims at strengthening bilateral cooperation in the field of ISID in accordance with national development priorities. It calls for UNIDO's assistance in the development of the non-oil industrial sector and economic diversification. A draft country programme framework for Kazakhstan was approved by the Government and funds were allocated to UNIDO for its formulation (see box).

An inception workshop for a two-year regional capacity-building project to formulate programmes for the mitigation of global environmental problems took place in Vienna in March at the launch of the new project, followed in October by a five-day training workshop for environment experts from Armenia, Belarus,





## SUSTAINABLE INDUSTRIAL DEVELOPMENT IN KAZAKHSTAN

A country programme for Kazakhstan, with an indicative total budget of €15.6 million, was approved by the Government in July. Over the period 2015-2017, the programme will focus on eight areas: industrial modernization and competitiveness; subcontracting and partnership exchange; trade capacity-building; strengthening the Centre for Development of Industrial Enterprises of the Damu Entrepreneurship Development Fund; industrial energy efficiency; a Montreal Protocol project; establishment of a UNIDO Centre for International Industrial Cooperation; and the development of industrial statistics to international and

European standards. The programme approval followed the signature by the Director General of UNIDO and the Prime Minister of Kazakhstan of a joint declaration regarding cooperation on the promotion of ISID. Currently, UNIDO and Kazakhstan are cooperating on several national and regional projects including the introduction of alternatives to ozone-depleting substances in agriculture and in the post-harvest sector, a project that is co-funded by GEF and national partners. As a next step, UNIDO will explore partnership opportunities with international finance institutions such as the World Bank and the Asian Development Bank in support of ISID in the country.

Kazakhstan, Kyrgyzstan, the Russian Federation and Ukraine on issues such as the management of toxic industrial waste, renewable energy and industrial energy efficiency.

## Latin America and the Caribbean

The presence of an active representation in Vienna enables UNIDO to maintain contact with its partner countries in Latin America and the Caribbean. The Latin American and Caribbean Group (GRULAC) cooperates with UNIDO in the formulation of country programmes or project proposals for the region. During the year, the Group worked with UNIDO on four regional initiatives: a technology foresight project for the automation and robotics industry in Brazil and Uruguay; a project to improve the competitiveness of shrimp value chains in Colombia, Cuba, Dominican Republic, Ecuador, Nicaragua and Mexico; the development of export clusters in members of the Caribbean Community; and the development of eco-industrial parks in Argentina, Bolivia (Plurinational State of), Chile, Costa Rica, El Salvador, Guatemala, Panama, Paraguay, Peru and Venezuela (Bolivarian Republic of). During the Director General's visit to the Economic Commission for Latin America and the Caribbean (ECLAC) in June, the two organizations agreed to enhance their cooperation.

A second operational phase of the region's Industrial Knowledge Bank was approved. GRULAC members underscored the relevance of the project that furthers best practices and the exchange of knowledge in the region. The Bank is a successful example of South-South cooperation that GRULAC would like to see extended to triangular cooperation.

## UNIDO Offices in New York, Geneva and Brussels

Under the direct supervision of the Deputy to the Director General, three UNIDO offices promote and represent UNIDO in New York, Geneva and Brussels.

### New York

The UNIDO office in New York ensures that all Member States, whether or not they are represented in Vienna, are fully conversant with the leading role the Organization plays in ISID. The office provided regular inputs to the Technical Support Team for the Open Working Group on Sustainable Development Goals as well as a number of task forces and other forums. Through its New York office, UNIDO supports the “Friends of Inclusive and Sustainable Industrial Development”, a group of 37 Permanent Representatives that strongly advocates the importance of industrialization in the post-2015 development agenda. In addition to its outreach activities, the New York office represents UNIDO in key intergovernmental and inter-agency discussions and decision-making processes at United Nations Headquarters. It regularly provides briefings on different aspects of ISID to Member States as a whole and to New York based regional and political groupings.

During the year, the New York office organized a number of events, including a UNIDO forum on “Partnering for efficient resource management: achieving ISID” that was held in April. Another meeting coordinated by the office was a ministerial meeting of the Group of 77 and China, held in November in Tarija, Plurinational State of Bolivia, which hosted the meeting in collaboration with the United

Nations Economic Commissions for Africa and Latin America and the Caribbean. The high-level meeting addressed the governance of natural resources and industrialization and G77 members stressed the relevance of UNIDO’s services on these issues in the meeting’s conclusions. The office was also involved in side events at major conferences held at United Nations Headquarters, notably a panel discussion on the relationship between ISID and sustainable cities, held during the Integration Segment of the Economic and Social Council on Sustainable Urbanization in May. As part of its liaison function, the New York office not only maintains close contact with organizations of the United Nations family and representatives of Member States, but works with intergovernmental and international non-governmental organizations, most recently with the International Chamber of Commerce and the Pan African Chamber of Commerce and Industry.

### Geneva

The UNIDO office in Geneva is the first port of call for the 25 Permanent Missions to UNIDO located in Switzerland and facilitates the involvement of Member States without representation in Vienna in the work of the Organization. It is also UNIDO’s collocutor with the large number of United Nations organizations and other international organizations based in Geneva. During the year, a shared commitment to ISID further strengthened collaboration between UNIDO and UNCTAD, the International Trade Centre, the Joint United Nations Programme on HIV/AIDS (UNAIDS), ILO, WHO and the World Trade Organization. As a member of the Partnership for Action on Green Economy, UNIDO worked hand in

hand with UNDP, UNEP, UNITAR and ILO. Through its Geneva Office, cooperation continued with UNAIDS, WHO and UNITAID, the international drug purchasing facility, within the framework of the Pharmaceutical Manufacturing Plan for Africa.

During the year, the Geneva Office represented UNIDO at over 100 conferences, events, workshops and seminars on a range of topics. Of particular significance was its participation in the African Union high level panel on industrialization and inclusive development in Africa, held on the occasion of Africa Industrialization Day in November.

### Brussels

Through its Brussels office, UNIDO is able to work closely with both the European Commission and with representatives of EU member countries. The year under review saw the visit of two European Commissioners and other high-level officials to UNIDO Headquarters.

The Brussels office provides a valuable link between UNIDO and the private sector. During the year, discussions were held with government and private sector representatives of Germany on Africa as a continent of opportunity, with Italy on new industrial geography and the internationalization of Italian SMEs and with Poland on cooperation and investment opportunities in Africa.

UNIDO played an active role in the 5th EU-Africa Business Forum held in Brussels in March when it organized a panel on investments and partnership for productive work for youth as well as round table discussions on inclusive models in agri-food chains and health and pharmaceuticals. UNIDO also supported the agribusiness forum on enhancing regional trade and adding value to Caribbean agrifood products, held in November in Grenada.



**THE SUCCESS OF THE ECOWAS CENTRE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY, SET UP IN 2010 TO CREATE A FAVOURABLE FRAMEWORK FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY MARKETS, HAS SPAWNED NEW CENTRES IN EAST AFRICA, SOUTHERN AFRICA, THE PACIFIC REGION AND MOST RECENTLY THE CARIBBEAN.**

In June, UNIDO's work with a number of recycling companies in Belgium—Umicore, WorldLoop, Recupel, Close the Gap, Coolrec and Galloo—achieved recognition through the presentation of the 2014 Sustainable Partnership Award. The partnership addresses the environmental risks of electronic waste in Africa. Through its Brussels office, UNIDO also participated in a dialogue on the role of the private sector in development at the EU Informal Meeting of Development Ministers held in July in Florence, Italy. In the same month, UNIDO took part in a policy dialogue on business and development cooperation with the Government of Luxembourg, Lux-Dev, the country's development agency and the private sector during the Greater Region Business Days, an annual trade fair organized by the Luxembourg Chamber of Commerce. Follow-up consultations are taking place

with the private sector for increased collaboration, particularly in Africa.

## **SOUTH-SOUTH AND TRIANGULAR COOPERATION**

*“The diversity of knowledge and technology offered by the global South adds a complementary range of solutions to far-reaching development challenges, often providing alternatives that are more contextually appropriate, affordable and responsive to Southern needs, and without conditionality.”*

Director General of UNIDO, LI Yong

South-South cooperation provides a platform for the exchange of knowledge, experience, technology, investment,

information and capacity between and among countries in order to accelerate economic growth and sustainable development. It is guided by the principles of mutual benefit, respect for national sovereignty and ownership and non-interference in domestic affairs. Since its inception, UNIDO has played a pivotal role in promoting cooperation among its Member States. In November, the Director General addressed the seventh Global South-South Development Expo in Washington, D.C.

In collaboration with China, UNIDO established the first UNIDO South-South Industrial Cooperation Centre in 2006 followed a year later by a similar centre in New Delhi. The China centre helped organize the first South-South development exhibition to be held in the Arab region. Under the motto “Solutions to Action”, the Arab States Regional South-South Development Expo, hosted by Qatar in February, showcased over 100 proven solutions to development challenges, crafted and tested by countries in the region. UNIDO was one of several specialized agencies to organize a solution exchange forum. The UNIDO Centre for South-South Cooperation in India has successfully implemented projects in a number of countries, particularly in Africa and Asia and the Pacific. Ongoing projects include the production of neem-based bio-pesticides for Ghana, Nigeria and Sierra Leone, solar energy plants in Bangladesh and the production of geo-textiles in Kenya using coconut husks (see Chapter 3).

September saw the launch of a South-South network of regional sustainable energy centres for SIDS in Africa, the Pacific, the Caribbean and the Indian Ocean. Supported by Austria and Spain, the new network will stimulate national efforts in the areas of policy implementation, capacity-building, knowledge and technology transfer,



as well as investment and business promotion (see Chapter 5).

UNIDO's Global Network for Resource Efficient and Cleaner Production (RECPnet) advocates the application of RECP methods, techniques and policies through advocacy and branding. During the year, five regional meetings of the regional chapters of RECPnet identified specific thematic opportunities for South-South and triangular cooperation (see Chapter 5).

The majority of UNIDO projects involve, to a greater or lesser degree, cooperation between developing countries and are mentioned elsewhere in this *Annual Report*. Specific examples of South-South cooperation include an international workshop on plastics recycling organized in Bursa, Turkey in September where participants from Côte d'Ivoire, Kazakhstan, Kyrgyzstan, Montenegro, Myanmar, Nigeria, Sudan, Turkey, Viet Nam and Zimbabwe were able to share their experience and expertise. Based on their newly acquired knowledge, participants returned home armed with the skills to address specific problems faced by their enterprises and organizations that will in turn serve as models in their country. A new project is under way in Myanmar for a bamboo processing centre that will concentrate on skills development and serve as a demonstration centre. The centre will take advantage of technologies used by specialized institutions in India and will be funded by the South-South Industrial Development Centre in New Delhi and the Government of India.

Under a project to reintegrate former combatants into civil society in Côte d'Ivoire, Morocco offered a three-week course to 30 Ivoirian trainers to upgrade their training skills. India and the Russian Federation are providing Kyrgyzstan with the technology to produce eco-friendly, low-cost building materials. Tunisia



hosted a study tour for senior officials from the United Republic of Tanzania as part of UNIDO's industrial upgrading and modernization project (see Chapter 4), enabling participants to learn from Tunisia's successful experience under a similar project. UNIDO is currently developing an umbrella programme for the promotion of small hydropower in developing countries, with a focus on South-South cooperation. A training course on turbine fabrication was held in Bandung, Indonesia in May for participants from the United Republic of Tanzania. The three-week course allowed participants to gain an insight into the design, manufacturing and installation of T-15 cross flow turbines as well as the development and management of small hydropower plants.

Under the market access component of a project on medicinal and aromatic plants in Egypt, UNIDO negotiated the transfer of technology and trade promotion with Brazil and Serbia. An automotive supplier development project in India benefited from the experience of South Africa when methodologies developed under a similar project were tailored to the Indian context. India in turn shared best practices in the chemical and plastics sector with Kuwait as part of a project to increase the export competitiveness of Kuwaiti SMEs (see Chapter 4). India's Foundation for Micro, Small and Medium Enterprise Clusters was involved in training on cluster methodology organized by UNIDO in Cairo.

Technical cooperation between footwear clusters in Mashhad in the Islamic Republic of Iran and Herat in Afghanistan is a significant feature of UNIDO's sustainable livelihood programme for Afghan refugees in the Islamic Republic of Iran as well as those returning to Afghanistan. Counterparts in the Islamic Republic of Iran are sharing their knowledge with footwear enterprises in Afghanistan. Joint activities included participation

in national and international fairs such as the 16th Leather and Skin Fair held in Tabriz, Islamic Republic of Iran, in August and a study tour by a delegation of producers from Herat to Mashhad in December (see Chapter 3).

UNIDO's Global Cleantech Innovation Programme for SMEs involved six countries during the year: Armenia, India, Malaysia, Pakistan, South Africa and Turkey. South-South cooperation is an important feature of

the programme, allowing entrepreneurs and SMEs to expand their technological and geographical reach. Under the 2014 competition cycle, a total of 555 applications were received, from which 159 innovative clean energy technology entrepreneurs were selected to take part in the accelerator programme. The programme builds relationships between international mentors and entrepreneurs as well as supporting regional events and training courses.

# INCLUSIVE INDUSTRY

"Lives disfigured by poverty are cruel, mean and often short. Our goal must be a world of dignity, opportunity and well-being, where no-one is left behind. The poor and vulnerable are themselves indispensable partners in this work. Their knowledge and perspectives are vital if we are to find meaningful, durable solutions ... Together we have made remarkable progress. At least 700 million people were lifted out of extreme poverty between 1990 and 2010. Despite this enormous success, one of five persons in developing regions lives on less than \$1.25 a day. Where poverty persists, development gains are difficult to achieve and even harder to sustain. Where poverty and inequality are entrenched, instability and conflict are far more likely to erupt. Where poverty holds sway anywhere, people are held back everywhere. As we accelerate work towards the Millennium Development Goals, shape a post-2015 agenda and seek an agreement on climate change, let us keep the eradication of poverty in all its dimensions at the centre."

Secretary-General of the United Nations Ban Ki-moon, on the occasion of the International Day for the Eradication of Poverty, 17 October 2014





## AGRIBUSINESS AND RURAL DEVELOPMENT

In the world's poorest countries, agriculture is the main source of income for 80 per cent of the population. At the same time, just over half of all agricultural products harvested in developing countries arrive on the table as food: there is a 40 per cent accumulated loss along the entire value chain that in turn results in 550 billion m<sup>3</sup> of water being wasted in growing crops that never reach the consumer, not to mention 1.4 billion hectares of agricultural land producing uneaten food. These sober statistics are the reason why UNIDO's support to many of its partner countries focuses on the creation of agro-industries that will create jobs and income as well as the reduction of post-harvest losses that will help feed the world's 1 billion undernourished people and enhance global food security.

The Organization's contribution to the development of agribusiness in the



## AGRIBUSINESS IN AFRICA AND THE SOUTH PACIFIC

The Accelerated Agribusiness and Agro-industries Development Initiative (3ADI) is a collaborative undertaking between UNIDO and the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development and the African Development Bank, directed at the development of agribusiness and agro-industries in developing countries. Selected pilot projects are in progress in Afghanistan, Comoros, Democratic Republic of the Congo, Ghana, Haiti, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Sudan and the United Republic of Tanzania. Under the 3ADI umbrella, UNIDO is developing a project for the South Pacific islands of Fiji, Papua New Guinea, Solomon Islands and Vanuatu that will strengthen the productive capacities of small businesses and improve marketing linkages in regional fisheries value chains. The region has sufficient fishery resources—including the world's largest tuna stocks—to support an increased availability of fish catches for food in the region and sustain competitive supply-side capacities of fish and fish products for food security and rural development. Training activities will focus on post harvest handling and processing, preserving and processing fish products and adopting adequate regulations and good practices for handling the catch on board. UNIDO will promote the adoption of appropriate technologies and techniques that allow value addition as well as good practices. The project will mobilize private and public sector investments in ventures to set up or improve the requisite logistics to facilitate docking at ports and landing sites, allowing better access to regional markets.



**AGRICULTURAL VALUE ADDED PER WORKER IN THE LEAST DEVELOPED COUNTRIES IS \$336 COMPARED TO \$1,060 IN MIDDLE-INCOME AND \$18,497 IN HIGH-INCOME COUNTRIES. IN DEVELOPING COUNTRIES ON AVERAGE 38 PER CENT OF PRODUCTS ARE PROCESSED, LEAVING UNTAPPED A HUGE POTENTIAL FOR EMPLOYMENT AND INCOME GENERATION.**

world's poorer countries was reflected in a wide range of publications during the year including the October issue of *West African Quarterly Monitor*, with a special theme on agribusiness in West Africa.

During his official visit to Kyrgyzstan in April, Director General LI Yong reiterated UNIDO's continued engagement in Kyrgyzstan's industrial development efforts. One of the priorities of Kyrgyz officials was sustainable employment in rural areas. Under a \$2 million project launched in October with support from the Russian Federation, UNIDO will help create jobs through the development and use of cost-effective and environmentally-friendly building materials for housing and for the rehabilitation of water irrigation systems in rural areas. It

is expected that as a result of the project, local populations and SMEs in the building materials sector alike will benefit from the introduction of affordable and innovative technologies for housing and from the creation of jobs and value addition.

## Agro-industries

Training organized by UNIDO in agro-industries and related areas included a two-week workshop on the recycling of plastics, in Bursa, Turkey in September. The workshop enabled participants involved in the plastics industry from Côte d'Ivoire, Kazakhstan, Kyrgyzstan, Montenegro, Myanmar, Nigeria, Sudan, Turkey, Viet Nam and Zimbabwe to





### THE MIRACLE TREE

The moringa is often hailed as a miracle tree. One of the most nutritious sources of food on our planet, it is rich in protein, vitamins and minerals. It has been used for centuries by traditional cultures as a remedy for various ailments and interestingly grows in abundance, even in poor soils, in tropical and subtropical regions where malnutrition is prevalent. Despite the fact that agriculture is the leading economic sector in Sudan, the country suffers from a severe food deficit, a problem compounded by recurrent drought. As part of its community livelihood and rural industry support programme for Sudan, UNIDO is encouraging the wider use of the moringa tree by disadvantaged groups and small-holding farmers in order to extend farming into an all-season activity. The project will focus on moringa leaf powder and oil as high-end products with good prospects on international markets where they are labelled as green superfoods. The moringa is thought to act as a water purifier; its cultivation and processing has likewise been credited with slowing down desertification and releasing desirable gases into the atmosphere. A national conference on moringa was held in Khartoum in May.

**THE ULTIMATE BENEFICIARIES OF A PROJECT TO CREATE STRONG AGRO-INDUSTRIAL VALUE CHAINS IN ANGOLA ARE FARMERS, LABOURERS AND ENTREPRENEURS WHO ARE EXPECTED TO ENJOY INCREASED EMPLOYMENT AND HIGHER INCOMES AS A RESULT OF SUPPORT INTERVENTIONS DESIGNED AND IMPLEMENTED BY THE DIRECT BENEFICIARIES OF THE PROJECT.**

draw on the experience of Turkey in order to bridge the gap between their theoretical knowledge and its practical application. Once they have applied their newly-acquired know-how back home, their respective enterprises or departments will be able to serve as models for others.

As a member of the International Commission of Agricultural and Biosystems Engineering, UNIDO made a presentation during the Commission's 18th World Congress in Beijing in September on agro-value chain analysis and development. In November, UNIDO provided a keynote speaker to the annual meeting of CEMA, the European association representing the agricultural machinery industry, held in Bologna, Italy.

### Rural development

The oil boom in Angola has come at a price. By weakening the country's agricultural sector—it is often cheaper to import foods and agricultural products than produce them locally—the livelihoods of a majority of Angolans who still live in rural areas where agriculture is their primary source of income have been severely curtailed. In order to increase income and raise the standard of living of rural communities, it is imperative that Angola build strong and well-organized agro-industrial value chains. With financial backing from multinational energy corporation Chevron, UNIDO launched a \$200,000 project in July to strengthen the country's value chains and leverage

## LEATHER ONLINE

Access to computers and the possibility of online training has opened doors to millions who, by virtue of their remote location, limited time or resources, security situation or other constraints, would be unable to follow conventional learning programmes. With would-be trainees in developing countries in mind, UNIDO devised an animated 21-module e-learning course with narratives and self-tests for the footwear industry, notably footwear pattern engineering. Training material is currently being accessed through UNIDO's leather portal ([www.leatherpanel.org](http://www.leatherpanel.org)) by trainees in over 20 countries. This material provides information on

good practices in small-scale manufacturing and pollution control procedures in the leather, footwear and leather products industries, as well as additional resources including an overview of technical assistance strategies and training activities, and some 300 links to institutions working in the leather value chain. The portal also provides access to UNIDO's extensive collection of publications, manuals and reports emanating from over 40 years' involvement in the leather value chain. During the first five months of operation, users from over 140 countries downloaded more than 3,000 documents, reports and papers. Over the same period,

some 1,000 e-lessons were followed as part of an e-learning course. The flexibility of the modular course makes it suitable for classroom training as well as self-learning.

A second course is under development on the treatment of tannery effluents while UNIDO expects to launch a third course on cleaner technology in leather processing in the near future. It also intends to extend them for those already working in leather-based industries. UNIDO sees an opportunity to expand the programme through twinning arrangements with institutions in other developing countries.



UNIDO's e-learning course for the footwear industry was introduced in June under a project to upgrade the Dar es Salaam Institute of Technology in the United Republic of Tanzania, where it has since been tried and tested. The e-learning course is a useful complement to the more traditional hands-on training, depicted here.



### FROM WASTE TO WEALTH

In common with other tropical countries, coconut palms grow profusely in Kenya, especially in coastal regions. The country's coconut industry has a large untapped potential and it is the aim of the Government to increase both production and commercialization. Although coconut husks are considered a waste product in Kenya, coconut fibre (coir) and coconut dust (coconut pith or peat) can be processed into high value products that have a ready market. Under a new project, financed by the Governments of India and Kenya, UNIDO is looking at ways in which coconut husks can provide an additional source of income for farming communities in eastern Kenya. Technologies and skills are being transferred from India to Kenya to demonstrate value addition to coconut husks. As a first step, the project set up a coconut husk demonstration facility at a centre of excellence in Malindi. Staff received training in various aspects of coconut husk utilization and value addition. Training in coconut husk processing took place in Trivandrum, India where, over the course of one month, trainees were familiarized with the various processes, machinery and equipment involved in processing and composting, as well as quality assurance and testing.



### PALESTINE STONE AND MARBLE CENTER IN HEBRON

Drawing on skills, craftsmanship and enterprise that go back centuries if not millennia, the stone industry is at the forefront of the Palestinian economy and has promising potential for growth provided it can meet the growing demands of world competition. Recognizing the need for a centre of excellence that could spearhead modernization of the industry, the Palestinian Authority turned to UNIDO, which in turn brought together the Ministry of National Economy, the Union of Stone and Marble and the Palestine Polytechnic University of Hebron to pave the way for a new centre. Financial support and cutting-edge technical know-how from Italy were crucial to this endeavour. From the outset, the Palestine Stone and Marble Center was envisaged as a training ground for future generations of stone operators as well as a source of technical services, environmental solutions and quality standards. It is now equipped with a workshop where students and operators can improve their practical skills, a testing laboratory offering a range of physical and mechanical tests on ornamental stone and a research unit to create building materials from recycled stone waste. To date, over 40 students have graduated and 20 are currently enrolled.

public and private investment. The area selected was the province of Cabinda, a small oil-producing enclave separated from the rest of Angola by the Democratic Republic of the Congo. The first step was to strengthen critical capacities among 80 decision makers in central and local government, professional associations, universities and banks. Secondly, the project developed diagnostics for two value chains, cassava and vegetables. With UNIDO support, the resulting value chain development action plans will reflect local production and processing capacities, value chain governance, finance and environmental sustainability.

Together with the United Nations Development Programme (UNDP), UNIDO formulated a pilot project to support socio-economic development of rural areas in the Democratic People's Republic of Korea. UNIDO will be responsible for a component designed to increase standards of living and sustainable livelihoods of rural populations by promoting employment and income generation, improved household food security and the strengthening of rural production systems.

### Food security

The outreach of UNIDO's food security activities expanded during the year to include Member States in Central Asia as well as the Pacific region. Funding was secured for projects in Belarus and Tajikistan while a project is under development in Kyrgyzstan. A UNIDO side event at the Third International Conference on Small Island Developing States (SIDS), held in Samoa in September, focused on inclusive value chains for livelihoods, trade and food security with particular reference to the case of





### BOUNTIFUL BANANAS

People living in the western and south-western regions of Uganda are particularly vulnerable to the effects of climate change, especially members of the poorer communities who scratch a meagre living from food crops such as beans, maize and bananas. In partnership with the Government of Uganda and the Global Environment Facility, UNIDO has embarked on a three-year project to improve livelihoods and reduce poverty in rural areas. Through changes in agricultural practices, food preservation techniques and value-addition activities, communities will be better equipped to tackle food and income insecurity.

The project will introduce communities to activities such as vacuum packing and the solar drying of fresh bananas as well as the use of bananas for juice and wine making. They will also learn how to recycle banana waste for biofuel both to power processing facilities and for their domestic use.

**A FOOD TECHNOLOGIST FROM SUDAN EXAMINES A SAMPLE OF SOYBEAN FLOUR AT A FOOD PROCESSING FACTORY IN TOKYO. STUDY TOURS TO JAPAN WERE PART OF THE PROJECT TO SET UP A SOYBEAN PROCESSING PILOT FACILITY IN SUDAN, FUNDED BY THE GOVERNMENT OF JAPAN.**

The \$10.9 million project will help create a banana tissue culture industry for the benefit of poor communities and promote investment and access to finance to support a number of cottage industries created under the project. It will also build up bio-based industries using environmentally-sound technologies for a sustainable supply of banana-based products.

As a result of their improved financial status, target beneficiaries will be in a position to adopt other innovative adaptation strategies such as the construction of reservoirs for water harvesting and soil conservation strategies to increase resilience to the increasingly frequent landslides and soil degradation that result from climate change.

small-scale fisheries and aquaculture industry in SIDS.

People who have difficulty fending for themselves are particularly vulnerable to food shortages and malnutrition. Flood victims in Sudan, as well as pregnant women, infants and the elderly will benefit from a new project, financed by Japan, designed to step up the cultivation and processing of soybeans. UNIDO looked at the capacities of various institutions capable of producing soybean products and is setting up a pilot processing facility for training and demonstration purposes. Farmers in Gezira State received training and began cultivation. The early success of the project was celebrated in October when stakeholders and farmers alike were able to witness firsthand the potential of irrigated soybean as an income-generating venture.



**UNDER A CREATIVE INDUSTRY PROJECT IN MADAGASCAR, OVER 80 ARTISANS FROM THREE VULNERABLE AREAS OF THE COUNTRY ARE WORKING WITH NATURAL FIBRES TO PRODUCE BASKETS, BAGS, HATS, FURNITURE, HOME DECORATIONS AND OTHER ITEMS THAT CAN BE SOLD IN SEASIDE HOTELS OR EXPORTED TO EUROPE.**

## Textile industries

In April, UNIDO presented its concept for a new clean textile programme to Prime Source Forum, an annual event in the global fashion industry. The idea was prompted by the tragic collapse of the Rana Plaza clothing factory in Bangladesh in April 2013 as well as the Greenpeace Detox Campaign against water pollution from the chemicals used in the production of textiles. The ninth session of the Prime Source Forum was held in Hong Kong, China, and attended by 400 senior representatives of the fashion industry. A European Union (EU) meeting will be held early in 2015 to discuss the sustainability of the garment value chain as part of an EU flagship textile programme.

At the end of September, UNIDO attended the 20th Meeting of Senior Fellowships Officers of the United

Nations System Organizations and Host Country Agencies, organized by the United Nations Department of Economic and Social Affairs and the International Atomic Energy Agency and hosted by the International Training Centre of the International Labour Organization (ILO) in Turin, Italy. A UNIDO presentation on its group fellowship programme in textile technology and its impact on the textile sector in Bangladesh stimulated discussions on future collaboration with representatives of a number of international organizations and national bodies.

The textiles industry is the second largest productive sector in terms of employment in the Latin America and Caribbean region. Ways for Barbados and neighbouring countries to compete in the fashion industry was the topic of a second UNIDO presentation on the garment

industry made via video conference at a two-day seminar in August. Entitled “The apparel industry and economic development in the Caribbean: efficient planning and allocation of resources”, the seminar was designed to equip the fashion design sector in the region with the tools for expansion.

Artisans in Madagascar are producing a range of contemporary products designed by Giulio Vinaccia, a renowned designer who was engaged by UNIDO under a creative industry project funded by UNDP. The aim of the project is to provide an income for rural artisans, particularly women. UNIDO is teaching artisans the technical skills they need to produce new quality items. It will also set up an export consortium to provide marketing and sales services as well as a creative industry centre. In December, prototypes from Vinaccia’s Tsara collection were unveiled in the Queen’s Palace of Antananarivo before an audience of 300.

## INCLUSIVE ENTREPRENEURSHIP DEVELOPMENT

*“Entrepreneurship is an inclusive process that enables the bottom billion, women and men, in rural as well as urban areas, to climb up the wealth ladder.”*

Taizo Nishikawa, Deputy to the Director General of UNIDO

## Women in industrial development

Although this section of the *Annual Report* describes a number of projects designed specifically with women in mind, virtually all UNIDO projects, particularly



## UNIDO AND THE TOURIST INDUSTRY

Over the past few years, UNIDO has been increasingly involved in a range of activities relating to tourism as an industry: institutional support, strengthening infrastructure, building the capacities required for successful tourism and environmental management to foster eco-friendly tourism. In many of these efforts, the Organization works closely with the United Nations World Tourism Organization.

In cooperation with the Latin American Economic System, UNIDO is working on a new cluster project in the tourism sector of Barbados, Belize, Grenada, Jamaica, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago. The project aims to strengthen the capacities of public and private sector support institutions that will in turn enable micro, small and medium enterprises (MSMEs) involved in creative industries to become more competitive. UNIDO is also helping Haiti to develop the northern part of the country in order to attract more tourists to the region. A new project will bring together agro-industrial value chains and creative industries into a "craft village" and offer local communities new skills in cultural design and entrepreneurship.

A conference held in March in Skopje marked the start of a project to boost private

sector-led growth in the former Yugoslav Republic of Macedonia's tourism sector. Supported by the Government of Slovenia, the two year multi-stakeholder initiative focuses on increasing the competitiveness of MSMEs engaged in tourism by developing integrated value chains, clusters and business linkages. The project will support product upgrading and the improvement of services while fostering linkages between the wine and lake tourism clusters in the Tikves and Ohrid regions.

Tourism in Bhutan has been growing at a steady pace since the arrival of the first holiday-makers in 1974 although the Government has discouraged mass tourism that could jeopardise the country's unspoiled landscape and cultural heritage. Tourism is categorized as a cultural industry in Bhutan and reflects the policy of gross national happiness with its four pillars of sustainable development, preservation and promotion of cultural values, conservation of the natural environment and good governance. The promotion of community-based tourism and the development of traditional products and services will ensure that the benefits of tourism are shared throughout the country. An extension both of the tourist season and the area accessible to tourists would increase revenue, especially for rural communities. A three-year UNIDO

project, funded by Austria, began with the design of a national entrepreneurship strategy that was validated at a workshop in September. Capacity-building activities to ensure sustainability included the training of trainers in entrepreneurship development. An additional 100 people were trained in livelihood and vocational skills including the use of cane and bamboo, or the refurbishment of rural houses. The project is scheduled to end in mid-2015.

Under a new safe and green tourism scheme in the Lao People's Democratic Republic, UNIDO is helping to promulgate the principles of sustainable tourism. The approach follows the successful "crowns for food hygiene" strategy, introduced by UNIDO in Sri Lanka, whereby a non-profit certification body, established for the purpose, provides internationally accepted conformity assessment services and training programmes to support local economic development. The project also foresees preparation of a manual setting out environmental, occupational health and food safety requirements, as well as a sustainable tourism quality label to reward hotels and restaurants that comply with these requirements. The project is training local experts for international registration as auditors to assess conformity with the scheme's requirements.



**UNIDO HAS PROVIDED STAFF INVOLVED IN THE DESIGN OF ENERGY PROJECTS WITH A USEFUL TOOL TO ENSURE THE INTEGRATION OF GENDER ISSUES. *THE GUIDE ON GENDER MAINSTREAMING ENERGY AND CLIMATE CHANGE PROJECTS*, PUBLISHED IN DECEMBER, WILL FOSTER THE EMPOWERMENT OF WOMEN THROUGH GENDER MAINSTREAMING IN SUSTAINABLE ENERGY INITIATIVES.**

those dealing with capacity-building, are of equal benefit to men and women. Gender equality and the empowerment of women are crucial for the economic growth and sustainable industrial development that will reduce poverty and secure social integration. A rigorous gender mainstreaming policy in UNIDO prescribes a clear gender perspective in all programmes and organizational practices in order to achieve the economic empowerment of women.

UNIDO is, of course, not alone in this effort. It has joined forces with a range of partners within and outside the United Nations system to meet internationally agreed development goals related to gender equality, each partner contributing a unique set of experiences and expertise. Last year, UNIDO and the United Nations Entity for Gender Equality and the Empowerment of

Women (UN Women), supported by the international law firm Hogan Lovells, introduced the SEED Gender Equality Award. Open to women-owned enterprises in countries that are neither members of the Organisation for Economic Co-operation and Development nor of the EU, SEED identifies and supports promising start-up entrepreneurs around the globe whose approach to tackling poverty, marginalization and social exclusion runs hand in hand with their quest for a greener economy. The winners in 2014 were JITA Social Business, an innovative rural distribution network that provides jobs and income for women from low socio-economic communities across Bangladesh; Nepal's Women's Off-season Vegetable Production Group, a women-led initiative growing and marketing organic vegetables in a

climate that usually limits year-round production; and Zimbabwe's Precious Life Foundation's Outgrower Project, which teaches bio-intensive, organic agricultural techniques to vulnerable women living at its shelter who then pass on their knowledge to the community at large.

In collaboration with the United Nations Human Settlements Programme, UN Women, ILO and other agencies, UNIDO was part of a joint programme on gender equality and women's empowerment in Kenya. A component of the Delivering as One programme, the project provided vocational training in modern technology, business development and financial services for woman entrepreneurs. By strengthening relevant institutions and networks in the country, it opened up economic opportunities for woman. A strategic planning workshop on gender equality and women's empowerment, organized by the Government of Kenya and UN Women in Nairobi in August, was attended by 78 professionals from different ministries and 14 United Nations agencies.

A \$1.8 million joint project on decent employment and poverty reduction in Pakistan was led by UNIDO and implemented by the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund, UNDP and others. The project strove for gender equality at the workplace as well as recognition of the rights of home-based workers and the concomitant issues of bonded and child labour. Advocacy, capacity-building and research studies on specific issues affecting working women were also undertaken during the year. In Bangladesh, the Better Fisheries Quality project that is a component of the UNIDO's Better Work and Standards Programme,



### CLOSING THE GAP: WOMEN AND BUSINESS IN ARAB COUNTRIES

The Arab region has the world's highest gender gap in terms of political empowerment, economic participation and employment opportunities. Accounting for a mere 24 per cent of the work force, female labour is lower than in most other parts of the world with a corresponding poverty rate of around 32 per cent for women, compared to an average 19 per cent for men. In July, the Government of Italy earmarked €972,000 for a project to promote women's entrepreneurship for ISID in Algeria, Bahrain, Egypt, Jordan, Lebanon, Morocco, Qatar, State of Palestine, Tunisia and the United Arab Emirates. The project aims to stimulate women's economic inclusion and create conditions for sustainable and inclusive growth by harnessing the potential of women entrepreneurs in the region. UNIDO will offer its technical assistance to the Middle East and North Africa Businesswomen's Network, which consists of 10 national businesswomen's organizations, representing almost 2,500 members. The project will help provide better quality and demand-driven services to women entrepreneurs seeking to create or expand their businesses. It will offer support to 200 promising women-led enterprises in the region in the form of training, counselling, identifying business partnership opportunities and facilitating access to finance.



AS PART OF A PROJECT TO INVEST IN YOUTH IN AFRICA THROUGH ENTREPRENEURSHIP, TECHNICAL AND VOCATIONAL EDUCATION, UNIDO HELD A CONFERENCE ON FOSTERING ENTREPRENEURIAL YOUTH AT ITS HEADQUARTERS IN VIENNA. THE STUDENTS PICTURED HERE ARE MEMBERS OF AN ENTREPRENEURSHIP CLUB AT THEIR SCHOOL IN KIGALI.

continued to improve the situation of women working along the shrimps value chain.

An exhibition of agricultural produce in Beirut in October was the culmination of a successful project launched by UNIDO in 2011 to help Lebanon on the path to ISID by enhancing the manufacturing and marketing capacities of SMEs in the agro-industrial sector as well as women's cooperatives in different regions. During the exhibition, UNIDO introduced the next phase of the project that will support local communities in the north of the country and in the Bekaa Valley affected by the high influx of Syrian refugees (see below).

In an effort to improve the socio-economic livelihoods of underprivileged rural women in Egypt's Governorate of Minya, the project "Human security through socio-economic development

in Upper Egypt" launched the first 20 village savings and loan associations involving more than 300 beneficiaries. The scheme is based on the informal practice of rotating savings within local communities. Today, the collective savings in each group average 700 Egyptian pounds a month and feed into low-interest short-term loans that enable group members to start their own micro businesses. Profits generated from the micro businesses will in turn allow group members to cover their basic needs while instilling a sense of ownership and entrepreneurship.

### Youth employment

Young men and women account for over 40 per cent of global unemployment with the highest levels of youth unemployment





**THE ADDITION OF ENTREPRENEURSHIP TO THE SCHOOL CURRICULUM IN CABO VERDE, ANNOUNCED IN LAST YEAR'S ANNUAL REPORT, WAS LAUNCHED IN SEPTEMBER AT THE START OF THE NEW SCHOOL YEAR. SOME 2,500 STUDENTS IN SECONDARY AND TECHNICAL EDUCATION HAVE BEEN RECEIVING TWO HOURS TUITION WEEKLY UNDER A UNIDO PROJECT, SUPPORTED BY PORTUGAL.**

reported in the Arab States and Latin America and the Caribbean. It is estimated that by 2020, some 600 million jobs will need to be created for the world's youth. Given the limited capacity of the public sector to absorb the unemployed, UNIDO argues that the development of a strong private sector, in particular MSMEs, is an effective mechanism to provide sustainable employment for young people.

November saw the convening of a three-day conference in Vienna on ways to foster an entrepreneurial spirit among young men and women in developing countries. Organized by UNIDO with the support of the Government of Japan, the Conference looked at the contribution of education systems and the private sector and opened the floor for over 100 policymakers, practitioners, researchers and business representatives

from 50 countries to discuss approaches to developing skills and knowledge for an entrepreneurial society. The experiences shared and knowledge gained will help governments put in place appropriate curricula for the formation of young entrepreneurs in their respective countries.

Since 2008, UNIDO's experience in entrepreneurship development in conjunction with Hewlett Packard's Learning Initiative for Entrepreneurs (LIFE) programme has given young people in Tunisia an opportunity to acquire the skills needed to start their own businesses or find employment in existing enterprises. In line with the Government's strategy to promote private sector development through the creation of SMEs in vulnerable regions, the project aims to open sustainable employment opportunities for Tunisian

youth in Kairouan, Kasserine, el Kef and Sidi Bouzid. The project will enhance the capacity of regional and local business support institutions, training centres, universities and vocational training institutes to provide instruction in enterprise creation and development and will provide direct support to targeted enterprises in the four regions. By the time the project ends in 2015, it is expected that 800 young men and women will have been trained in enterprise creation, 1,000 aspiring entrepreneurs will have attended enterprise promotion seminars, and 8,400 aspiring and existing entrepreneurs will have been empowered with information technology tools to increase their business efficiency. Business counselling will be offered to 146 LIFE trainees following their training.

In order to enhance entrepreneurial attitudes among young men and women in Egypt, the project "Enhancing youth employability and local economic development in Upper Egypt" is planning entrepreneurship training for senior students in technical and vocational education. The training will introduce the basic concept of entrepreneurship and teach students ways to identify business opportunities.

Cabo Verde is an archipelago of small volcanic islands lying some 450 kilometres off the coast of West Africa. It has a population of around 500,000, of which more than half is under the age of 24. With few natural resources and a susceptibility to frequent drought, its economy is largely service-oriented with commerce, transport, tourism and public services accounting for about three-quarters of the gross domestic product. Although its unemployment rate is relatively stable at around 16 per cent, there are a disproportionate number of jobless youths. In response to this situation,



the Government has embarked on a reform programme to increase the competitiveness of the country, modernize the public administration and build an entrepreneurial foundation for a competitive and dynamic private sector. As part of its partnership strategy, the project involved experts from other Portuguese-speaking countries such as Angola and Brazil.

In order to curb an alarming secondary school drop-out rate, Namibia introduced a programme in 2006 to foster entrepreneurial knowledge, skills and attitudes amongst youth. After a successful first phase of the project that saw entrepreneurship included in the curricula of 624 junior secondary schools, UNIDO is planning a second phase that will introduce entrepreneurship to senior secondary schools. Armed with their new skills, school leavers will be able to create jobs for themselves and for others, thereby contributing to the development of a competitive private sector in Namibia.

A recently completed One UN Fund project in Rwanda to introduce an entrepreneurship curriculum for both junior and senior levels of secondary education has achieved impressive results. Over 1,400 teachers and school administrators received instruction in entrepreneurship and effective teaching methods, while 300 were trained specifically to teach the entrepreneurship curriculum programme. Some 535,000 students—over half of them girls—followed courses in entrepreneurship, of whom around 120,000 have already graduated and have secured jobs or are actively seeking employment.

Youth unemployment is a serious concern for Cambodia where over 70 per cent of job-seekers are under the age of 24. The rising demand for electronic products that accompanies



#### REPLACING WEAPONS WITH SKILLS: TRAINING FOR EX-COMBATANTS IN CÔTE D'IVOIRE

In many parts of the world, young people's educational aspirations have been cut short by conscription into the army or armed militia. A UNIDO project in Côte d'Ivoire is supporting the Government in its efforts to provide former combatants with the requisite professional skills that will smooth their reintegration into civil society while at the same time offering training opportunities to the young unemployed. The four-year EU-funded project launched in 2012 will support the socio-economic recovery and stability of Côte d'Ivoire by preparing target beneficiaries for income-generating activities. So far 450 young people have been trained and equipped with a tool kit. About 1,000 former combatants have embarked on training, while 1,285 young people currently in training will be certified in 2015. A

second project designed to assist the Government in its efforts to attain lasting peace, poverty eradication and sustainable social and economic development saw its successful completion during the year. The \$3.8 million project, financed by Japan, focused on the country's second largest city, Bouaké, known for its crafts and textile industries, where UNIDO helped in the rehabilitation of the city's vocational training centre. Once it had been renovated and equipped, the centre saw an enrolment of 2,546 students, including a number of ex-combatants, leading to a marked improvement in the livelihood of households in the target area. A random sample of 108 students showed that over half had found paid employment within two months of completing their training.

## MOZAMBIQUE'S WORLD HERITAGE SITE: ISLAND OF MOZAMBIQUE

The Island of Mozambique that lies off the north coast of Mozambique has a centuries-old culture that makes it an ideal destination for discriminating tourists with an interest in history and architecture as well as sandy beaches. It boasts the oldest European building in the southern hemisphere, Chapel of Nossa Senhora de Baluarte, constructed in 1522. The island was awarded world heritage status by the United Nations Educational, Scientific and Cultural Organization in 1999. Despite its fast growing tourist industry, the region offers few employment opportunities for its youth, with less than one in five in active employment. There are, however, numerous openings for new enterprises, provided the local government can deliver the appropriate administrative public services and the private sector can offer skilled management.

Under a recently completed four-year project funded by Portugal, UNIDO took a number of steps that should stimulate sustainable economic growth in the region. Firstly, it set up one-stop shops in the districts of the Island of Mozambique and Mossuril to help new businesses with information on registration and licensing and advice on taxation. Secondly, UNIDO assisted in the introduction of an entrepreneurship curriculum programme in secondary schools in combination with a technical training programme. This will give young people the means to identify business opportunities in their communities and translate them into action. They will also learn the skills to manage their finances and investments, innovate and grow by using tools to improve productivity, quality and efficiency.

the country's growing urbanization could provide a solution. Most people involved in repairing electronic equipment in Cambodia lack the requisite technical skills and perform the service with the wrong equipment leading not only to lower recovery rates but also to environmental and health risks; there is a corresponding lack of capacity for e-waste management in the country. Against this background, UNIDO, together with the Republic of Korea through the Korea International Cooperation Agency and Samsung Electronics, joined hands to put in place a programme to guarantee effective e-waste management and create employment opportunities in the electronics industry for Cambodia's youth. Launched as a pilot project in 2012, the initiative has already yielded impressive results. Of the 191 youth trained on Samsung's installation and repair services, over one third have become entrepreneurs, are employed or are serving an apprenticeship with Samsung service centres. UNIDO is currently developing a curriculum with the counterpart National Technical Training Institute that will include Samsung's state-of-the-art training modules on installation and repair services. The project should culminate in 2015 with an event showcasing project results and lessons learned.

## HUMAN SECURITY AND POST-CRISIS REHABILITATION

With a population of 6.4 million, Jordan is a relatively small middle-income country that is providing a home to more than 800,000 Syrian refugees, of whom 80 per cent live

in host communities outside refugee camps. Not surprisingly, the influx of refugees has presented Jordan with a number of social and economic challenges. With financing from the Government of Japan, UNIDO is running a \$500,000 project to help alleviate socio-economic pressures on refugee host communities in Jordan. Specifically, it will encourage social cohesion and harmony around the Za'atari Refugee Camp by improving livelihood opportunities for unskilled Jordanian women through entrepreneurship and skills training to equip them to engage in home-based productive activities. The project will also help host communities to explore possibilities for collective economic initiatives.

The situation is similar in Lebanon where the high influx of Syrian refugees has affected the country's overall economic performance and stretched the capacity of public services to cope with essential demands. At the request of the Lebanese Ministry of Industry and with financial support from Japan, UNIDO is running a project to support sustainable livelihoods in local communities affected by the crisis. Concentrating on the Bekaa Valley, the project aims to increase the manufacturing capacities of SMEs, enabling them to respond to local and external market demands while hastening economic recovery and stimulating income generation and job creation both for the local Lebanese population and Syrian refugees.

A different set of challenges awaits those refugees who are fortunate enough to return to their homeland. Successful reintegration largely depends on the ability of returnees to find employment and provide a livelihood for themselves and their families. In Liberia, UNIDO worked

with the Liberia Refugee Repatriation and Resettlement Commission to help smooth the path of young men and women returnees hoping to enter the job market. At the same time it strengthened the Commission's capacity and training facilities. More than 1,000 men and women received training in the entrepreneurship and technical skills that will enable them to manage their own income-generating activities either through employment or self-employment. Under a training of trainers programme, 50 trainers from local training centres, institutions and partners that provide training to returnees acquired the skills to offer entrepreneurial training to others. UNIDO also helped upgrade other public and private facilities, through the provision of training and equipment.

Liberian refugees in Ghana are the beneficiaries of a project funded by Japan that aimed to smooth their reintegration into Liberian society or allow them to become productive members of society in Ghana. After identifying the areas of expertise needed in Liberia and evaluating the potential of refugees at the Buduburam refugee settlement, UNIDO ran a series of courses, starting from basic skills and leading to specialized training in disciplines such as beauty care, baking, information technology, dressmaking, electrical installation and masonry. Upon completion, trainees were given start-up tool kits; 557 of them passed the national skills examination while 544 opted for a course in business skills. Those already employed in Ghana witnessed a sharp increase in their income; women trainees, in particular, saw their incomes doubled. In a survey carried out at the end of project, 97 per cent of the beneficiaries acknowledged that the training had made their lives considerably easier.



**UNIDO'S SKILLS DEVELOPMENT PROGRAMME FOR LIBERIAN REFUGEES HELPED COMBAT GENDER INEQUITY. MEN'S EARNINGS WERE INITIALLY 1.5 TIMES HIGHER THAN THOSE OF WOMEN BUT BY THE END OF THE PROJECT, WEEKLY EARNINGS BETWEEN MEN AND WOMEN WERE ALMOST EQUAL. THE PHOTO SHOWS BAKERY STUDENTS AT THE BUDUBURAM CAMP.**

South Sudan has had to face overwhelming challenges since it emerged as a sovereign State in 2011, notably armed conflict between different ethnic groups that has displaced 1.35 million people and led a further 600,000 to leave the country. Nearly 4 million people within the country are at risk of food insecurity with Jonglei State particularly affected. In May, UNIDO launched a project to provide 500 young men and women with business and technical skills in food-, dairy- and fish-processing to help reduce food shortages. So far, UNIDO has trained 120 young people in those areas as well as in hides and skins and tailoring using mobile training units in homesteads and marketplaces.

Under a second project in South Sudan, UNIDO is implementing a joint programme in collaboration

with UNDP, World Food Programme (WFP), ILO and others through the Youth Employment and Migration Thematic Window of the Millennium Development Goal Achievement Fund set up in 2007 with a generous contribution from the Government of Spain. The joint programme aims to provide new skills and livelihood opportunities to 2,500 young men and women between the ages of 15 and 30 years, in particular young returnees and demobilized soldiers.

September saw the opening of a new footwear training centre in Mashhad, the second most populous city in the Islamic Republic of Iran, which lies close to the border with Afghanistan. As part of a UNIDO sustainable livelihoods programme funded by UNHCR, the new training centre will encourage the formation of shoemaking clusters and



strengthen the competitiveness of the private sector. Mashhad, with a long tradition of hand-made women's leather shoes, is home to a large number of refugees from Afghanistan. The project aims to boost the local economy as well as easing the reintegration of refugees on their return home. In addition, the project targets marginalized members of the community including people with disabilities.

In April, UNIDO launched a project to bring stability to post-conflict southern Somalia through reconciliation and the recovery of livelihoods. The

project, funded by Japan, is targeting construction-related trades in Kismaayo and is working to establish market-driven training that will help women in traditional sectors to improve their income. The project also aims to improve infrastructure at strategic sites including Kismaayo International Airport.

In cooperation with UNDP, the United Nations Population Fund and WFP, UNIDO is engaged in a joint programme targeted at young people living in conflict areas in Guinea. With a budget of \$1.2 million,

UNIDO's involvement in the project focuses on developing SMEs that will open up much needed employment opportunities for youth in the country.

Within Europe there are a number of regions where poverty is a reality for ethnic minorities and disadvantaged groups. The Government of Hungary is currently working with UNIDO on a project to analyse social exclusion and community development challenges, particularly among the Roma population, and to create a knowledge exchange platform for addressing those problems.



# COMPETITIVE INDUSTRY

Sustainable development cannot be achieved simply by raising levels of income or improving nutrition, education and health. First and foremost, it requires higher levels of productivity and capabilities for continuous technological upgrading and innovation for competitive industry. The goal of industrialization impacts on most other goals of the post-2015 development agenda, and vice versa. For example, without clean industrial technologies and innovation, one cannot achieve sustainable production and consumption. Likewise, without a stable macroeconomic environment, industry and business cannot thrive and create the innovative technologies needed for inclusive and sustainable development. Without the products from industry, goals such as food security or universal health cannot be achieved. Similarly, without infrastructure, water or energy, industrialization is not possible. Economic growth is driven by entrepreneurship, continuous economic diversification, growing trade relations, industrial upgrading and technological innovation.



## INVESTING IN TECHNOLOGY AND BUSINESS

At the end of the year, UNIDO helped set up an investment promotion unit in Lahore, Pakistan to improve services and consultancy for Pakistan's business support sector. A project financed by the Italian Development Cooperation and implemented by UNIDO is assisting Pakistan to increase the number of its industrial projects through business-oriented cooperation with foreign partners, in particular Italy. Progress achieved during the year under review included visits to 56 companies to collect information and assess their need for technology upgrading and foreign collaboration, training of staff in counterpart institutions and reciprocal visits between Italy and Pakistan. The project identified 28 investment opportunities and helped local small and medium enterprises (SMEs) to shape investment opportunities.



### SHARING ADVANCED TECHNOLOGY

Small and medium industries play a crucial role in India's manufacturing sector by providing employment for some 40 per cent of the country's workforce. The establishment of the International Centre for Advancement of Manufacturing Technology (ICAMT) under a joint project launched in 1999 by the Government of India and UNIDO reached its end in 2014. Designed to promote manufacturing technology and innovation to enhance industrial competitiveness in India and other developing countries, UNIDO-ICAMT also provided an international forum to monitor technological trends and build awareness among industries, research communities and governments on technological advances and innovations. An independent evaluation of ICAMT published in July, confirms that "during its 10 years of existence it has proven to be a useful model

for support to small and medium enterprises (SMEs) in critical phases of their development and growth". During its final five-year phase, the project embraced three sectors: machine tools, foundry products, and plastics. With the completion of the project in May, the next step will be the merger of ICAMT with the UNIDO Centre for South-South Industrial Cooperation in 2015 that will serve to strengthen both institutions. It is envisaged that the new International Centre for Inclusive and Sustainable Industrial Development will focus on technology advancement within selected priority sectors. It will respect a need for gender balance throughout its programme components as well as gender equity. The centre will not only reach out to women entrepreneurs, but ensure that they benefit directly from its programme activities.

Preparations were under way at the end of the year for Bahrain's first investment forum for entrepreneurs, to take place in Manama in January 2015. Entitled "Entrepreneurship and Investment for Inclusive and Sustainable Industrial Development," the three-day event was scheduled to explore the main issues faced by entrepreneurs worldwide.

## Investment and Technology Promotion Offices

Since UNIDO added investment promotion services to its palette of services in 1986, its dedicated Investment and Technology Promotion Offices (ITPOs) have contributed to reducing development imbalances by brokering investment and technology agreements between developed and developing countries and countries with economies in transition.

Located in both hemispheres, the specialized network of ITPOs opens up opportunities for investors and technology suppliers to find potential partners and offers a range of services to both entrepreneurs and business institutions. During the year, the ITPO network facilitated foreign and domestic investment and technology transfer through technical advisory services, the identification of investment opportunities, the mobilization of technology and capacity-building in selected countries. By working closely with other technical services in UNIDO, ITPOs provide value added services to their clients and partners.

ITPO Bahrain was involved in organizing or co-organizing numerous events during the year including, the first Bahrain International Design Week, the tenth Bahrain International

Garden Show, a regional conference for SMEs, a health and fitness exhibition and an investment forum. The International Entrepreneurs Investment Forum 2014 in March aimed to raise the interest of young graduates and institutional stakeholders in entrepreneurship by introducing international good practices, experience and successes and facilitating business partnerships and investments for domestic enterprise creation. Particular efforts were made to target women entrepreneurs in the region.

The two ITPOs in China, in Beijing and Shanghai, organized a number of events for promoting inward and outward investment as well as technology transfer. ITPO Beijing ran seminars in different regions of China on green technology. In April, ITPO Shanghai helped organize the (Shanghai) International Technology Fair that included a "UNIDO Day" exhibition.

ITPO Italy organized seminars and workshops with a particular focus on Africa to increase business opportunities as well as to promote investment, technology transfer, agribusiness, environment and green technologies. It was actively involved in East Africa's first international packaging exhibition in Nairobi and the East African Renewable Energy Forum and Exhibition in Dar es Salaam, United Republic of Tanzania.

The activities of ITPO Tokyo focused largely on Africa and Arab States. The "Advisory Programme for Africa"—a joint initiative of ITPO Tokyo and the Ministry of Economy, Trade and Industry of Japan—continued to support institutions and business communities in Algeria, Ethiopia and Mozambique in attracting green and responsible investment and technologies from Japan. It organized a seminar on business in

East Africa during the Japan-Africa Business Forum and supported a Japan-East African Community investment seminar. UNIDO's activities, particularly its green industry approach, were showcased at a number of events such as "Smile Earth!"—the theme of this year's International Cooperation Day in Japan—as well as the Green Innovation Expo 2014. The office was also involved in an investment seminar for Turkey, held in Tokyo.

## Subcontracting and partnership exchange

UNIDO's Subcontracting and Partnership Exchange (SPX) network assists SPX centres in building supplier capacity and establishing linkages between suppliers and buyers across the globe. There are currently 30 SPX centres in Africa, Arab States, Asia and the Pacific and Europe and Central Asia. SPX centres possess a range of tools and methodologies including a management information system that hosts comprehensive databases of supplier profiles from each SPX member country. The year under review saw a number of refinements to this system.

In September, UNIDO organized a side event on investment promotion at China's Xiamen International Fair at which it launched the latest *Africa Investor Survey Report*. An Iraq-United Arab Emirates investment forum, held in Dubai in October, welcomed over 100 private sector participants interested in investing in Iraq. The UNIDO SPX network also piggybacks on other international forums to promote its activities in addition to hosting its own meetings. In November, UNIDO brought together 28 network members in Paris during the 2014 MIDEST



## RESTORING INDUSTRY IN IRAQ

Since 2007, UNIDO has been working with public institutions in Iraq to support the private sector. Enterprise development centres in the governorates of Baghdad, Basra, Erbil and Thi-Qar are designed to encourage the creation and upgrading of Iraqi enterprises, particularly SMEs. The centres, set up by UNIDO with financial support from the Italian Development Cooperation, operate on a cost-sharing basis with host institutions in order to guarantee sustainability and national ownership. During the year under review, 115 companies benefited from UNIDO investment promotion services, resulting in 25 technology partnership agreements. Investment promotion services generated an estimated €15.1 million. Training by international experts was offered to 16 staff members from centres in all four governorates in a variety of skills and a particular effort was made to sensitize staff to the need to engage women and youth in enterprise development.

**OF THE 340 ENTREPRENEURS IN IRAQ WHO UNDERWENT TRAINING, 207 GRADUATED FOLLOWING E-LEARNING COURSES DESIGNED TO DEEPEN THE CONTENT OF CLASSROOM-BASED TRAINING SESSIONS. OVER 22 PER CENT OF TRAINEES WERE WOMEN, FAR EXCEEDING THE 10 PER CENT TARGET SET AT THE START OF THE PROJECT.**

Industrial Subcontracting Exhibition, one of the world's leading industrial subcontracting fairs, where participants discussed challenges and solutions to industrial subcontracting. They highlighted the invaluable contribution of the SPX programme in helping them meet their industrial subcontracting objectives and in the process of drafting and implementing content policies at the national level.

During the year under review, UNIDO took steps to extend the SPX network to Gabon, Iran (Islamic Republic of), Kazakhstan and Uzbekistan. It ran a number of training programmes for supplier benchmarking and profiling in China, Nigeria and Pakistan. In Iraq, UNIDO set up an SPX centre in Basra and trained a team of national profilers and benchmarkers.

Eleven subcontracting agreements were signed between SPX suppliers and major buyers (see box).

## GAINING A COMPETITIVE EDGE

Modern economic development is a process of continuous industrial upgrading and structural transformation. Building on its past success, UNIDO expanded its activities in the field of competitiveness and upgrading during the year and was rewarded with a vote of confidence on the part of donors who increased their support for this area of UNIDO's work. The European Union (EU) allocated \$6 million for regional upgrading and modernization in Central

Africa while the European Investment Fund earmarked \$1.4 million for a project in Benin.

## SME clusters

Over the years, UNIDO has registered a growing interest on the part of recipient countries in the development of SME clusters that play a pivotal role in issues such as sustainability, inclusiveness, innovation, manufacturing value addition and access to global markets. Evidence shows that higher income and more jobs



## CREATIVE CLUSTERS

December saw the first regional meeting to discuss a UNIDO-implemented project, funded by the EU and Italian Development Cooperation, on cluster development in cultural and creative industries in the Southern Mediterranean. Hosted by the Union for the Mediterranean in Barcelona, Spain, participants from the public and private sector reviewed the mapping of over 140 clusters in the seven countries of the region. They also validated the selection of 12 clusters to be assisted that were chosen by their respective national steering committees after an open call

for proposals. Algeria opted for a jewellery and a brass cluster; Jordan, a garment and a ceramic cluster; Lebanon, a jewellery and a furniture cluster; Morocco, a fashion and homeware cluster; the State of Palestine, a handicrafts and a furniture cluster; and Tunisia, a kitchenware and a mosaic cluster; subsequently, Egypt selected a design and a leather cluster. The programme aims to demonstrate the impact of cultural and creative industries on inclusive growth and sustainable development and to establish business linkages between clusters and support institutions

in the Southern Mediterranean and the EU. It will also forge linkages between international buyers and local suppliers and involve national, regional and international financial institutions. New cultural and creative industry mechanisms will foster information dissemination and knowledge sharing. Workshops and regional meetings will help exchange experience and best practices. The selected clusters will receive technical and marketing assistance and will have an opportunity to participate in international fairs.





**ASPIRING WOMEN ENTREPRENEURS IN PAKISTAN WHO HAD BEEN TRAINED UNDER UNIDO'S WOMEN ENTREPRENEURSHIP DEVELOPMENT PROGRAMME IN FASHION DESIGN, HOME TEXTILES, JEWELLERY, MARBLE MOSAIC, INLAY PRODUCTS AND HANDICRAFTS WERE ABLE TO SHOWCASE THEIR ACHIEVEMENTS DURING A TWO-DAY EXHIBITION ORGANIZED BY UNIDO IN ISLAMABAD IN JUNE.**

can be created by linking local networks of producers, clusters and consortiums to industrial parks, special economic zones and supply chains through partnerships with global retailers and manufacturers.

Under a project in Myanmar, UNIDO is helping the country's micro, small and medium enterprises (MSMEs) to become more competitive by developing clusters and business linkages. Funded by Italy, the project has provided policy advice and helped review the country's legislation on SMEs. The next step is the preparation of an industrial zone law and the establishment of a lacquerware cluster in Bagan as a pilot initiative. The aim of the project is to secure the sustainability and inclusiveness of Myanmar's economic growth through private sector-led growth and better employment opportunities for local communities.

In February, 200 participants from 20 countries discussed best practices and challenges in cluster development at a conference organized by UNIDO in New Delhi in cooperation with the Competitiveness Institute, India's Foundation for MSME Clusters and the Confederation of Indian Industries. Participants agreed that while many challenges still exist, an area of prime concern continued to be sustainability. They exchanged experiences in facilitating sustainable production and promoting innovation in clusters, as well as ways of achieving market-led inclusive growth.

Value chains were one of the topics discussed at a meeting of ministers of industry and economy of Latin American and Caribbean States held in Costa Rica in April and co-organized by UNIDO

and the Community of Latin American and Caribbean States. A request was made to UNIDO for assistance in developing export clusters in countries members of the Caribbean Community and Common Market, namely Bahamas, Barbados, Jamaica, Saint Lucia, Suriname and Trinidad and Tobago.

A regional workshop on the development of handcraft SMEs in Ecuador took place in Quito in September.

## Competitive enterprises

Despite the challenging conditions prevailing in the country, UNIDO successfully completed a self-financed project in the Syrian Arab Republic designed to boost the competitiveness of the Syrian manufacturing sector as part of the I'M UP Syria programme. With a focus on textile and garment industry value chains, the project sought to increase both the volume and quality of products for local and international markets, creating higher profitability and better job opportunities. UNIDO helped the Ministry of Industry draft laws for an industrial modernization centre and an industrial upgrading fund and produced guidelines for managing national industrial upgrading programmes. Fifty-five national consultants and eight young graduates as well as staff of the Ministry of Industry benefited from training courses on industrial upgrading. Extensive training material was prepared to equip national consultants to offer future training in marketing, human resources, finance, production and environmental issues. The project also produced an IT diagnostic tool and user manual to be used for enterprise diagnosis and the preparation of upgrading plans.

Another project completed during the year aimed to improve Senegal's economic competitiveness



and strengthen its ability to set up new businesses while reducing its environmental footprint. A new business upgrading strategy elaborated by UNIDO provided the basis for the preparation of upgrading programmes in Casamance and Kédougou. UNIDO is supporting efforts by the Government to raise funds for these initiatives within the ISID Programme for Country Partnerships.

Improving the productivity and quality of SMEs is the focus of a three-year project in Cameroon that began in 2013 and aims to strengthen the competitiveness of the economy. Within Cameroon's Economy Enhancement Support Programme, a €10 million project funded by the EU, UNIDO will help upgrade 60 enterprises and strengthen structures such as the Upgrade Bureau, the Standards and Quality Agency and the SPX. During the first year, operational tools were finalized and training extended to staff of the National Upgrading Office. UNIDO is currently working on eligibility criteria, a diagnostic template and an information system. Following awareness-raising visits to different enterprises, 30 companies have confirmed their participation in the programme.

In Viet Nam, a new project financed by Switzerland's State Secretariat for Economic Affairs (SECO) and launched in September, is aiming to secure greater transparency in the registration of businesses through the expansion of the country's national business registration system. By incorporating all commercial entities within the country, the project will continue to decrease the costs and risks of market entry and speed up the time taken to register new businesses. The project includes policy advice during the revision of enterprise and investment laws as well



**THE LAUNCH OF A NEW PROJECT IN ARMENIA TO REVIVE THE COUNTRY'S TEXTILE AND CLOTHING SECTOR TOOK PLACE IN SEPTEMBER AND WAS ATTENDED BY SOME 80 REPRESENTATIVES OF THE PUBLIC AND PRIVATE SECTOR, AS WELL AS THE DONOR COMMUNITY PRESENT IN ARMENIA.**

as capacity-building in the Agency for Business Registration and 63 business registration offices. The financial sustainability of the Agency for Business Registration will be secured through revenues from fees and State budget contributions.

Fine textiles are part of Armenia's cultural heritage, with a history of textile production dating back thousands of years. Today, the country's textile and garment industry is divided into sewing, knitting and textile processing. Although it has a ready workforce, the country's SME textile sector has the potential to produce and export far more than its current output. A new project, launched in September, will help improve the competitiveness of textile SMEs through the introduction of innovative

marketing approaches and the development of export consortiums. A number of enterprises will take part in a pilot project that will strengthen their human and technical capacities in different areas such as modernization, competitiveness-building, marketing and garment design. The project aims to improve the market share of local textile and clothing industry operators in domestic markets and to take advantage of opportunities afforded by prospects of integration within the Eurasian Customs Union's trade arrangements.

The apparel industry and economic development in the Caribbean was the subject of a seminar organized by UNIDO in cooperation with the Latin American and Caribbean Economic System and the Barbados Investment and Development Corporation, held



**IN PERU THE DEVELOPMENT OF ORIGIN CONSORTIUMS UNDER A RECENTLY COMPLETED PROJECT ADDED VALUE TO TRADITIONAL PROCESSING METHODS. INVOLVING PRODUCTION SYSTEMS BASED ON LOCAL KNOWLEDGE AND SKILLS, THEY INCREASE THE INCOME OF SMALL-SCALE RURAL PRODUCERS WHILE REVITALIZING THE HISTORICAL, CULTURAL AND ECOLOGICAL LEGACY OF THE COUNTRY.**

### **BETTER WORK IN BANGLADESH**

UNIDO's Better Work and Standards Programme was launched in 2010 to advance economic growth and reduce poverty in Bangladesh. Over the past 10 years, the country has grown from being a "marginal supplier" of ready-made garments to a "preferred supplier", with exports increasing threefold from \$10 billion in 2005 to \$30 billion in 2014. The industry accounts for over 80 per cent of the country's export earnings and employs 5 million people, 70 per cent of them women. Each year, with the support of UNIDO, the industry moves a step forward. The aim of the recently completed phase of the project was to raise the overall competitiveness of the sector and

improve working conditions leading to an expansion of the sector and the creation of better employment opportunities. Specifically, UNIDO's focus was on the development of a national performance cluster, the forging of strategic alliances, a support plan for textile training and building stronger analytical and planning capabilities within relevant institutions. Significant developments during the year included the instruction of 493 trainers and advice and support from international experts to 21 companies on quality and productivity improvement. UNIDO also upgraded training facilities in selected technical training institutions.

in Bridgetown in August. The seminar looked at challenges and opportunities for improving the sustainable development of the apparel sector and the associated subsectors that could bring benefits to all stakeholders, including local communities.

A new project to boost the export competitiveness of SMEs in Kuwait will help 10 enterprises in the chemicals, rubber and plastics sector to overcome export constraints. The project will teach them the skills to implement their own enterprise export plans with a view to accessing foreign markets and will assess the feasibility of forming an export consortium. In order to guarantee the sustainability of the project, UNIDO will offer staff of the Kuwaiti Export Development Centre training that will enable them to provide better services to SMEs seeking to export their produce. Export consortiums for the Caribbean were the topic of a meeting held in Peru in May and co-organized by UNIDO. The meeting evaluated proposals for export consortiums presented by Caribbean countries and visited export consortiums in Piura, Peru. It also established a plan of action for the development of new export consortiums.

In December, UNIDO helped Morocco to pioneer a contest for origin-linked products as part of a project funded by SECO. The development of origin-linked products is one of Morocco's strategies to achieve its national green plan, which gives priority to small-scale farmers and producers. This strategy aims to improve the quality of products to meet the demands of a highly competitive market. During the contest, 139 producers submitted local products—couscous, olive and argan oils, dates, figs, cheeses and honey, among others—to a jury composed of experts,



## UNIDO AND THE PHARMACEUTICAL INDUSTRY

By helping developing countries to increase their production of high quality generic medicine, UNIDO is contributing to better standards of health and swifter economic development. This was the topic of a meeting organized in Abuja in March during a ministerial conference on ISID in Africa. Under the heading “Local manufacture of pharmaceuticals: an untapped opportunity for inclusive and sustainable industrial development in Africa” the event, which was co-hosted by the Economic Commission for Africa, the Joint United Nations Programme on HIV/AIDS, UNIDO and the Africa Union, was attended by African ministers of finance and economic planning. Pharmaceutical manufacturing plans are being implemented in several countries under a large-scale UNIDO project funded by Germany. In Ghana, a scheme to collect data on the import of medicines according to the international best practice classification system is in preparation while in Kenya the concept for a good manufacturing practices roadmap was agreed with stakeholders in December. A fact-finding mission in Myanmar helped identify interventions for 2015 that would stimulate the country’s pharmaceutical sector. Workshops in Viet Nam helped raise awareness of the potential impact of intellectual property regimes on the domestic pharmaceutical industry. An assessment was carried out in Zimbabwe on ways to revitalize the country’s pharmaceutical industry. Separately, UNIDO is implementing a project supported by Italy to build capacities for the production of an HIV vaccine in South Africa.



**THE TANZANIAN INDUSTRIAL UPGRADING AND MODERNIZATION PROJECT CONCLUDED INDUSTRIAL DIAGNOSES FOR 19 ENTERPRISES IN THE DAIRY, EDIBLE OIL AND FOOD PROCESSING SECTORS AND TRAINED 50 EXPERTS ON INDUSTRIAL UPGRADING METHODOLOGIES. DAIRY AND EDIBLE OIL ENTERPRISES RECEIVED COACHING ON THE IMPLEMENTATION OF UPGRADING PLANS DEVELOPED BY PROJECT-TRAINED NATIONAL EXPERTS.**

producers and consumers. A total of 109 products were awarded gold, silver and bronze medals and six received trophies as the best products in their respective categories.

A regional project in Latin America, funded from China’s contribution to the Latin American and Caribbean Trust Fund, aims to improve the productivity and competitiveness of the shrimp value chain in Colombia, Cuba, Dominican Republic, Ecuador, Mexico and Nicaragua through regional cooperation. It will stimulate partnerships between academia, public institutions and private industrial sectors involved in local value chains and link local businesses with national, regional and global markets. Another project financed from the Latin

American and Caribbean Trust Fund will help improve regional value chains in Brazil and Uruguay in areas such as robotics and artificial intelligence, automation and mechatronics and 3D manufacturing.

A project in the United Republic of Tanzania aims to improve the industrial performance and competitiveness of Tanzanian SMEs and smooth their gradual transformation into larger enterprises. The project adopted a networking and upgrading approach to enhance the productivity and competitiveness of eight small oil processors of the UNIDO-supported Dodoma Oil Cluster. It also supported the design and production of semi-refining equipment resulting in the production of a prototype semi-refinery.

## ECO-INDUSTRIAL PARKS

*“Industrial parks have successfully been used as a testing ground for new reforms, policies, and approaches to improve the business environment, as demonstrated in many East Asian countries.*

*When these countries had limited resources, industrial parks helped solve business infrastructure problems in particular geographical areas and were used to overcome barriers to firm entry, attract foreign direct investment, foster skilled manpower, and facilitate the growth of local SME clusters.”*

Director General of UNIDO, LI Yong

The eco-industrial park approach links factories or enterprises through material or energy flows to form industrial combinations that share resources and exchange by-products, so that the waste or by-products generated by one factory can become the raw material or energy for another. During the year under review, UNIDO carried out a global review of experiences in the development, establishment and operation of eco-industrial parks, covering 12 developing and emerging economies.

Industrial parks and economic zones play a pivotal role in promoting inclusive and sustainable development. UNIDO is currently offering policy advice and training to stakeholders in Senegal. A proposed new park in Diamniadio, just outside the capital Dakar, will create jobs for both men and women and incorporate treatment facilities for effluents and waste. The role of science, industrial and technology

parks in fostering ISID in Europe and Central Asia was the focus of a conference organized by UNIDO in Ljubljana in April in collaboration with the Government of Slovenia. Following the conference, the Government of Romania pledged to finance a Third Regional Conference on the Role of a New Generation of Industrial Parks, to be convened in Bucharest in late 2015. An expert group meeting on eco-innovation and eco-parks, organized by UNIDO and the United Nations Environment Programme (UNEP), took place in Vienna in May. Topics discussed were the role of eco-industrial parks in relation to resource-efficient and cleaner production and the role of technology in the eco-innovation process. In collaboration with the European Commission, UNIDO organized a dedicated side session during Green Week 2014, which took place in Brussels in June, on eco-industrial parks. The session brought together a panel of experts to discuss the development potential of a resource-efficient and circular approach to industrial manufacturing. It featured a variety of global case studies, management approaches and economic models that demonstrated the wide scope of opportunities available to policymakers and practitioners in the development of eco-industrial parks and the acceleration of industrial symbiosis.

A new \$53 million project in Viet Nam, financed by the Global

Environment Facility and SECO will help convert the country’s economic zones into eco-industrial parks in line with Viet Nam’s commitment to ISID. Over the course of three years, UNIDO will introduce new technologies and cleaner production methods that will encourage the correct management of chemicals in industrial areas leading to an estimated reduction in greenhouse gas emissions of 182,000 tons a year. The project will also reduce wastewater by six million cubic metres per year.

UNIDO is currently working on a proposal for regional eco-innovation industrial parks and special development zones in Argentina, Bolivia (Plurinational State of), Chile, Costa Rica, El Salvador, Guatemala, Panama, Paraguay, Peru and Venezuela (Bolivarian Republic of). This initiative will serve to strengthen national capacities and regional cooperation to improve the performance of industrial parks and special development zones, particularly in the areas of management of materials, energy and production processes.



## MAKING THE GRADE

### Skills development

Based on its proven experience and expertise in trade capacity-building, UNIDO is currently working on a comprehensive training curriculum that will help build national capacities in the area of trade and quality standards. The curriculum will provide a common approach to the training component of UNIDO's technical cooperation projects through harmonized training material. The final curriculum will comprise several modules ranging from the emergence of the multilateral trading system to cross-cutting issues such as gender mainstreaming in quality infrastructure.

A new technical cooperation project to increase Indonesia's trade capacity in selected value chains within the fisheries sector was launched in February. The four-year programme with a total budget of \$4.5 million will be funded by SECO and implemented by UNIDO. It will set up a public-private sector dialogue and help SMEs to improve product quality and compliance with the mandatory and voluntary standards required by international markets. It will also design a master's degree course focusing on productivity and innovation for the fisheries sector, establish a traceability system for fish and other maritime products in selected value chains, build certification capacities for sustainability schemes, and support Indonesian exports of fish. The project will address women as well as vulnerable and marginalized stakeholders.

A new project in Colombia, again funded by SECO, will ease the country's integration into regional and multilateral trading systems by enhancing its trade capacities and



**FIG GROWERS IN DJEBBA, TUNISIA, HAVE FORMED A COOPERATIVE THAT WILL IMPROVE THE PERFORMANCE, MARKET ACCESS AND SOCIO-ECONOMIC CONDITIONS OF THE FIG AS WELL AS THE HARISSA AND PRICKLY PEAR VALUE CHAINS. THE SECO-FUNDED PROJECT HAS ALREADY ACHIEVED A DRAMATIC IMPROVEMENT IN PRODUCTIVITY AND INCOME.**

performance. This will be achieved partly by strengthening national quality infrastructure. UNIDO will also work on a pilot support programme aiming to improve the capacity of the cosmetics sector to meet international quality and sustainability standards, with particular reference to products derived from natural ingredients. The Organization will help upgrade the technical capacity of various regulatory bodies and will strengthen national quality infrastructure along the value chain for natural ingredients used in the production of cosmetics.

UNIDO is helping Nigeria to identify gaps between the supply of, and demand for, industrial skills and recommending appropriate areas for investment, particularly in the priority subsectors of the country's newly launched National Industrial

Revolution Plan. Progress so far includes a survey to identify existing skills and skills demand. An assessment of skills development organizations and a tracer study of graduates are in preparation. Another self-financed initiative in Nigeria is helping to create the basic skills needed in the leather and leather products, garments and textiles, automotive, steel, petrochemicals and housing construction sectors. The project will set up collaboration and monitoring mechanisms and a system of industrial performance indicators that will keep policymakers and stakeholders up to date on progress achieved as implementation proceeds.

In April, UNIDO held a regional trade capacity-building training course in Warsaw, under the auspices of the UNIDO Institute for Capacity Development and funded by the



Polish Ministry of Economy. Some 30 government officials, trade and industry leaders, middle-level trade policymakers and quality management professionals from Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine attended the one-week training session that was preceded by a five-week online course. National, regional and international experts helped familiarize participants with the strategies that promote economic growth through effective policymaking as well as the strengthening of national institutions to assure their effective participation in trade.

The United States Agency for International Development is working with the Volvo group and UNIDO in a public-private partnership to operate a vocational training academy in Morocco on heavy construction equipment and commercial vehicles that will promote economic growth, youth employment and gender equality in North and West Africa. The courses will be conducted in collaboration with local authorities and each year will help train some 150 male and female students from Côte d'Ivoire, Morocco and Senegal (see Chapter 2).

## Quality assurance

UNIDO helps developing countries and countries with economies in transition to make sure that their products comply with international standards and conformity assessment requirements before they enter global markets. UNIDO's project portfolio covers standards, certification, metrology, testing and accreditation. Although in the past the focus has been on conformity assessment and inspection methodologies relating to standards promulgated by the International Organization for Standardization (ISO), the Organization is also developing a

similar approach for electro-technical and telecommunications-related activities. This will allow developing countries to verify product conformity in these areas and be competitive both domestically and internationally.

Meeting in Vienna in April, experts discussed ways to overcome the challenges associated with the effective dissemination of ISO 50001 (energy management system) with particular reference to the areas of certification and accreditation. The aim of the meeting was to agree on a consistent approach to standards and conformity assessment in energy efficiency.

UNIDO welcomes collaboration with other organizations involved in industrial standards. In addition to its longstanding cooperation with the ISO (see Chapter 2), UNIDO is also in close contact with the International Accreditation Forum and the International Laboratory Accreditation Cooperation.

In August, the EU pledged €12 million for the successor phase of the West Africa Quality Programme that will provide further support to the region in the establishment of an efficient and coordinated quality infrastructure for the 15 Member States of the Economic Community of West African States (ECOWAS) and Mauritania. Access to quality services will enable exporting companies to compete successfully on international markets while consumers will enjoy better protection. The project, under the umbrella of the private sector development programme of the European Development Fund, will harmonize national quality policies with regional policies; set up a regional standardization system and a regional accreditation system; and foster a quality culture within the private sector. A similar EU-funded project in Central Africa in support of trade and economic



Nigeria recently adopted a new national quality policy that will boost the competitiveness of the country's goods and services and help meet the targets of the EU-funded National Quality Infrastructure Project currently under implementation by UNIDO to improve trade and industrialization in Nigeria.



The success of UNIDO support for an effective standards and quality policy in Nigeria was rewarded in March with the opening of the country's National Quality Infrastructure Office, attended by the Director General as well as Federal Government officials and representatives of the European Union Delegation to Nigeria.

integration involves Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon and Sao Tome and Principe. This programme aims at strengthening regional and national quality infrastructure



institutions and organizations; fostering coordination and cooperation; training regional and national experts; and exchanging “success stories” at both regional and national levels.

A ceremony took place in November in Brazil to mark the start of a project that will assess the impact of the ISO 9001 Quality Management System Certification in Brazil. The one-year project involves direct collaboration between UNIDO and Brazil’s national accreditation body, Inmetro. It brings together key organizations involved in the development, implementation and assessment of ISO 9001, both in Brazil and internationally. UNIDO, in cooperation with ISO and the International Accreditation Forum, has carried out similar projects in a number of Asian developing countries, including China.

As part of the project “Competir com Qualidade” (Competing with Quality), UNIDO helped Mozambique to introduce its own award scheme whereby winners receive public recognition and visibility for the quality of their work and qualify to compete for the Southern African Development Community regional awards. Made possible by financial support from the EU and the Government of Austria, “Competir com Qualidade” seeks to enhance the level of development and competitiveness of private sector companies in Mozambique. The second awards ceremony took place in Maputo in August.

## Standardization and metrology

Progress continued on strengthening the Bureau of Standards and Metrology in Haiti. The project is one component of a larger EU-funded capacity-building programme to enable Haiti’s

Ministry of Trade and Industry to become a major actor in designing and implementing trade policies and strategies and a national quality policy. Ground covered during the year included the adoption by the Government of the national quality policy, the drafting of the subsequent legal framework and capacity-building at a new national standards body where the first standardization committees were set up. Quality management systems were introduced on a pilot basis in 10 enterprises and six testing laboratories. The project also raised consumer awareness in the areas of metrology, standardization, certification and quality.

Five years ago, UNIDO, in partnership with NORAD and the Intra-African Metrology System (AFRIMETS) embarked on a project to support metrology in Africa and

## ARAB QUALITY INFRASTRUCTURE

Work on the revision and implementation of a regional Arab quality infrastructure strategy was completed at the end of the year. The three-year project, funded by the Swedish International Development Cooperation Agency (Sida), focused on strengthening the role of the Arab Industrial Development and Mining Organization (AIDMO) as a regional coordination framework for accreditation. The newly-established Arab Accreditation Cooperation with 17 member countries is now fully operational and recognized internationally. During the year, the new facility conducted three peer evaluations and organized its first international conference on accreditation in the region as well as training workshops and meetings

to share best practices. Country programmes were formulated for Libya, Mauritania, Sudan and Yemen. The project also developed an innovative module on good governance and professional practices through regional guidelines and capacity-building activities. Targeted mainly to developing and least developed countries, the project is a good example of South-South cooperation and regional integration. In May, the executive heads of UNIDO and AIDMO signed a \$7 million programme entitled “Enhancement of regional trade capacities in food through a harmonized regional conformity assessment and food safety systems” that will also be funded by Sida. Discussions are under way for a follow up phase to start in 2015.



**ONE OF THE HIGHLIGHTS OF THE SECOND PHASE OF THE AFRIMETS PROJECT WAS A COURSE ON THE THEORY AND PRACTICE OF LEGAL METROLOGY IN HAMMAMET, TUNISIA, IN OCTOBER. SIXTEEN EXPERTS FROM INTERNATIONAL ORGANIZATIONS AND METROLOGY INSTITUTIONS TRAINED 85 STUDENTS FROM 37 COUNTRIES.**

### QUALITY COFFEE

With a population of just over 9 million, Burundi cannot compete with larger coffee producers and exporters in terms of quantity. Speciality coffee—coffee from beans of the best flavour that are produced in special microclimates—is, on the other hand, an area where Burundi enjoys a competitive edge. In 2012, UNIDO launched a project with funding from the Norwegian Agency for Development (NORAD) and the Enhanced Integrated Framework to introduce international quality standards and strengthen local institutions to certify local coffee producers to sell their coffee worldwide. Results halfway through implementation include the establishment of two consortiums: the Burundi Private

Coffee Consortium or BUCOCO and Coffee Producers Cooperatives, known as COCOCA. Training was given to 79 inspectors (conformity assessment), 77 technicians (testing and calibration), 13 national experts (food safety) and 110 executives of processing units (quality and food safety); 114 executives were introduced to standardization and regulation. The project enhanced Burundi's national quality system and improved the export competitiveness of targeted value chains through the development of a culture of quality and compliance with international standards. In addition to coffee, the project also targeted other products such as passion fruit and vegetables. It also familiarized 17 beekeepers with the consortium approach.

## POLICY, RESEARCH AND STATISTICS

Over the past few years, UNIDO's research activities have helped identify the patterns that countries follow as they grow richer, in terms of the structure of the economy. Solid research not only allows the Organization to establish strong partnerships within the global research community but enables it to provide valuable policy advice to Member States. The success of UNIDO's research owes much to its extensive database of industrial statistics.

### Research

UNIDO's flagship publication, the *Industrial Development Report 2013* was launched at regional events in a number of countries during the year, notably in Austria and Egypt in January, the United Kingdom in February, India, Japan, the Republic of Korea and the United States of America (at the Headquarters of the United Nations) in March, the Philippines and Viet Nam in April and China and South Africa in May. The launch targeted policymakers, development practitioners and the general public. UNIDO concurrently began work on the next issue of the *Industrial Development Report* to be published at the end of 2015. Following on from the analysis of the drivers of structural change explored in the 2013 edition, the 2015 *Report* will examine technology and innovation within the concept of ISID.

In cooperation with the Global Green Growth Institute, UNIDO launched a joint research project in 2013 to examine the relationship between green industrial investment and employment generation. This resulted in the preparation of a report *Global Green Growth: Clean Energy Industrial Investments and Expanding*

*Job Opportunities* that documents ways in which green growth investments can galvanize global employment and environmental protection, and a companion report *Global Green Growth: Clean Energy Industrial Investments and Expanding Job Opportunities—the Experiences of Brazil, Germany, Indonesia, the Republic of Korea and South Africa*, which focuses on the experiences of five countries in different regions and at different income levels. Both reports are expected to be released in the first quarter of 2015.

Based on an innovative assessment methodology developed in cooperation with the United Nations University-Maastricht Economic and Research Institute on Innovation and Technology (UNU-MERIT), UNIDO published a report in January entitled *Diffusion Strategy of Green Technology and Green Industry in Africa* that focuses on the maize and cassava industry in Kenya and Nigeria. Another green technology publication prepared during the year was the third issue in a series on the future of manufacturing entitled *Emerging Green Technologies for the Manufacturing Sector* in collaboration with the German research organization, Fraunhofer Institute. A practitioner's guide to green industrial policy is currently in preparation featuring tools and instruments that will lead government officials through the different stages of diagnosis, design, implementation and evaluation. The guide, to be published in 2015, represents a collaborative effort on the part of the United Nations Institute for Training and Research (UNITAR), UNEP, the International Labour Organization (ILO) and UNIDO, under the umbrella of the Partnership for Action on Green Economy (PAGE). Relevant background papers may form part of a publication on green industrial policies to be edited jointly by UNEP, ILO and UNIDO. As a member of

PAGE, UNIDO contributes to green economy e-learning courses run by UNITAR by moderating the forum on “Greening key economic sectors”.

UNIDO continues to analyse patterns of industrialization in an unprecedented level of detail. Drawing on its extensive database of manufacturing value added, employment and exports, UNIDO was able to identify patterns for over 150 different manufacturing sectors.

UNIDO is working with Peking University's National School of Development on an addition to the UNIDO toolkit that will help recipient countries speed up the rate of inclusive and sustainable industrial development. The framework is a new, effective way for identifying industries with growth potential so that once coordination and externality issues are resolved and new industries established, they can quickly become internationally competitive. Ethiopia and Senegal have been selected as pilot countries for the project that is a component of the Programme for Country Partnerships in these countries and co-financed by the Government of China (see Chapter 1).

At the invitation of the Initiative for Policy Dialogue, a non-profit organization based at Columbia University in the United States of America, UNIDO presented its research findings on the theoretical foundations and practical implications of its structural change and industrial diagnostic approach to a group of renowned experts in the field of industrial development as well as to graduate students at Peking University and the City University of New York.

## Policy advice

The year under review once again witnessed an increased demand for UNIDO's policy advisory services

on the part of its Member States, in particular from least developed and low-income countries. Policy advice is also a crucial element of the new Programme for Country Partnerships initiated in 2014 with the launch of pilot programmes in Ethiopia and Senegal.

Progress continued during the year on a project to promote cooperation on science, technology and innovation between the South Pacific island nations and the European Union. Under the EU-funded Europe Network for Science, Technology and Innovation, UNIDO's role has been to design innovation surveys for the countries in the region as a first step towards the identification of policy instruments—fiscal, investment, trade, training, research and development, intellectual property protection, standards and public procurement—that will enhance their industrial innovation. UNIDO's involvement in the network will serve as the foundation for the preparation of the forthcoming *Industrial Development Report 2015* (see above).

Another EU-funded initiative in which UNIDO is currently engaged aims to boost Cameroon's economy by introducing a competitiveness observatory and building the capacity of local officials to use it to monitor the country's industrial competitiveness. The observatory aims to centralize, analyse and disseminate statistical information relating to the performance of the industrial sector and structural factors of this performance. Activities along similar lines were also implemented in Colombia, financed by the UNIDO Trust Fund for Latin America and the Caribbean and in the United Republic of Tanzania, as part of the Delivering as One programme. Towards the end of the year, funding was also secured for a policy advisory project in Myanmar, where capacity-building and strategic advisory

components will be delivered in 2015.

Throughout the year, UNIDO was increasingly involved in the formulation of policies, particularly in Africa. This involvement included assistance to the Southern African Customs Union in finalizing its regional industrial policy. At the request of the East African Community, UNIDO designed a policy advisory project that will support implementation of the Community's industrialization strategy 2012-2032. A second policy advisory project, aimed at the Economic Community of Central African States, was approved by the European Community and implementation will start in 2015.

Industrial policies are notoriously hard to evaluate, not only because the objectives they strive to achieve are of a long-term nature, but also because they are rarely expressed in quantifiable terms. With extensive experience in measuring the competitive industrial performance of nations, UNIDO worked with South Africa's Department of Trade and Industry to devise an innovative methodology that can assess not only the outcomes but also the impact of one of South Africa's prime incentive schemes for the modernization of the manufacturing sector. This approach combined UNIDO's Strategic Industrial Intelligence and Governance Programme and impact assessment of specific policy instruments. A proposed expansion of the partnership to include the Treasury Department would involve an assessment of the internal coherence of the Industrial Policy Action Plan 2013-2016.

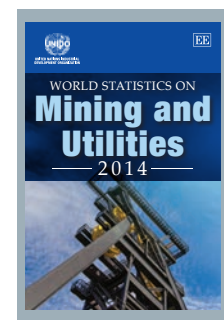
UNIDO worked with the German Development Cooperation on a toolbox for industrial diagnostics that affords developing countries access to a broad range of diagnostic tools with which to set their own strategies for poverty reduction. After validation,

the toolbox will be tested with real users in Africa and South-East Asia in early 2015. A partnership between the United Nations Conference on Trade and Development, UNIDO and the Development Centre of the Organisation for Economic Co-operation and Development (OECD) moved a step forward during the year with the institutionalization of production transformation policy reviews. The initiative will provide a guiding framework for Member States to identify options and policy responses to support structural transformation and upgrading, based on a comparative assessment of their assets, upgrading potential and priorities.

A report was published in November on trends in global manufacturing from a value chain perspective. It was the outcome of collaboration between UNIDO and the World Economic Forum's Network of Global Agenda Councils, the world's foremost interdisciplinary knowledge network dedicated to promoting innovative thinking on critical global issues, regions and industries. In addition to joint analytical work, UNIDO and the Global Agenda Council on the Future of Manufacturing, with support from the United Arab Emirates, plan to launch the first global manufacturing and industrialization summit, which will address the major economic, social, technological, environmental and policy challenges to be faced by manufacturing in the coming years.

## Industrial statistics

Within the United Nations family, UNIDO is responsible for global industrial statistics. In cooperation with OECD, it collects data that is compiled and disseminated both in print and electronically. Printed



## STATISTICS ON NATURAL RESOURCES

UNIDO's biennial publication *World Statistics on Mining and Utilities 2014* covers global statistics on mining and quarrying, electricity, gas, steam and air-conditioning as well as water supply, sewerage and waste management. The combined contribution of these sectors to the global economy was estimated at 5.6 per cent. While the gradual depletion of mineral resources has curtailed the growth potential of mineral products in many countries, mining and quarrying continues to play a dominant role in a large number of developing economies. UNIDO's experience in compiling statistics on mining and utilities led to its participation in the Ulaanbaatar Group on Statistics for Economies Based on Natural Resources that was created in 2012 by the United Nations Statistical Commission on the initiative of Australia and Mongolia. The Ulaanbaatar Group develops statistical methodologies for measuring the impact of economic activities such as mining and quarrying that are based on natural resources. In August, UNIDO hosted the Group's third meeting where experts from national statistical offices and international agencies exchanged knowledge and experience on methodology and country cases and agreed on the outline of a handbook as well as the 2015 work plan.



statistical products issued during the year included the twentieth edition of the Organization's flagship statistical publication, the *International Yearbook of Industrial Statistics 2014* (see Appendix L). To mark the occasion, UNIDO organized an international seminar in June in Vienna for representatives of national statistical offices and international agencies cooperating with UNIDO on statistics. Participants discussed new priorities and challenges, especially those relating to measuring the social inclusiveness and environmental sustainability of industrial development. The seminar was also attended by a representative of Edward Elgar Publishing, co-publisher of the *Yearbook*. The 2014 edition describes global manufacturing growth trends in different regions and draws attention to the growing technological divide between the economies of industrialized and least developed countries.

UNIDO has been a central partner in global activities related to statistics both within and outside the United Nations system. During the year, it continued efforts to introduce revision 4 of International Standards of Industrial Classification.

The 2014 update of the Competitive Industrial Performance Index included in the report *The Future of Manufacturing: Driving Capabilities, Enabling Investments* presented data for 142 countries compared to 135 in the previous edition. The Organization's

acclaimed quarterly reports on global manufacturing provide reliable information to the international business community on the current state of the global economy by manufacturing sector and region. They demonstrate that world manufacturing growth improved significantly in the first quarter of 2014, although in the middle of the year it encountered another slowdown amid economic sanctions imposed by major European economies. In the second quarter of 2014, world manufacturing growth dropped to 3.3 per cent, hampering the recovery process in Europe.

The year marked a milestone in the online dissemination of UNIDO statistical databases at its webpage <http://stat.unido.org/> that is available to registered users. This has resulted in a significant increase in the number of regular data subscribers and users and has reduced the costs associated with dissemination of data on CD-Rom while increasing revenue from electronic sales. Notwithstanding, UNIDO still offers its databases on CDs at the request of libraries or individual practitioners, especially users with an unreliable or slow Internet connection.

As in the past, UNIDO worked closely with national statistical offices as well as the statistical divisions of the ministries of industry in various countries. UNIDO accepted invitations during the year to visit national statistical offices in Angola, Argentina, Kazakhstan, Lao People's

Democratic Republic, Mongolia, Oman and the Russian Federation where it offered advice or helped formulate or monitor projects related to industrial statistics. In the course of implementation of a regional project in member countries of the Commonwealth of Independent States (CIS), UNIDO organized a seminar in May in St Petersburg, Russian Federation, on index numbers of industrial production. Another seminar took place in Vienna in November on questionnaires for industrial surveys. Funding was approved for new projects in Gabon and the Lao People's Democratic Republic and an extension was approved of a project in the United Republic of Tanzania. The preparatory assistance phase of the project on enterprise statistics in Nepal was completed as well as a report based on the recent manufacturing census. A number of regional workshops and direct contacts with national statistical offices contributed to the systematic implementation of international industrial statistical standards. An ongoing project in Oman is nearing conclusion.

In addition to the statistical products mentioned above, UNIDO's publications during the year included statistical profiles on *Growth and distribution pattern of the world manufacturing output* issued in February and *Industrial development in North African countries* issued in March.

## UNIDO INSTITUTE FOR CAPACITY DEVELOPMENT

The UNIDO Institute for Capacity Development aspires to provide the future decision makers of government, industry and academia with a well-rounded knowledge of ISID. The Institute's business model is founded on collaboration with partners to deliver activities, thereby fostering the exchange of the latest knowledge and expertise, building on existent strengths, reducing costs, increasing the number of events and contributing to the development of individual skills. Its solid portfolio of workshops and programmes encompasses executive programmes for senior government officials, professional programmes for young researchers, private sector professionals and policymakers and summer courses for PhD students and young professionals. The executive training programme on the future of manufacturing held in October was very well

received and over 80 per cent of the high-level representatives of ministries of industry and trade said they would recommend it within their respective ministries. Lectures were given by eminent policymakers, economists and experts from the Economic Commission for Latin America and the Caribbean, the Indian Planning Commission, the South Africa Department of Industry and Trade, the Korea Development Institute, the United Kingdom's University of Cambridge and the University of California, Berkeley, United States of America as well as other recognized authorities on manufacturing.

Professional programmes held during the year included a course on sustainable energy solutions that attracted over 1,600 applications. Other successful courses were entitled "Green Industry—Transforming the Industry of the Future" and

"Trade capacity-building for Caucasus and Western CIS". A summer course on green industry included a high-level, research based workshop organized with the Central European University in Budapest. The Institute also collaborated with other universities such as the UNU-MERIT and the University of Bahrain.

The UNIDO Institute has a strong commitment both to gender balance and a gender perspective in its workshops and programmes. The goal is to not only provide women from developing regions with a unique opportunity to gain knowledge in the area of green technologies and sustainable energy patterns and to encourage a stronger participation in their respective communities, but also to include the gender aspect in the debate about sustainable and inclusive patterns of development.

Participants from 25 middle-income countries attended the executive course in Hernstein Castle, Austria. The Institute's knowledge sharing activities and workshops are designed for an audience of academics, industrial development policymakers, practitioners and other stakeholders from middle-income countries.



# SUSTAINABLE INDUSTRY

The process of industrialization of the developing countries—in common with its predecessor that changed the face of the western world two centuries ago—has not come without a price. At the time, the more advanced countries had evidently spared little thought to the consequences of unbridled development. Today, developing countries and economies in transition are all too aware of the gap between global industrial production and consumption on the one hand and the renewal capacity of natural resources and the capacity of governments to manage pollution and waste, on the other.



UNIDO has long recognized the need to address environmental issues and cleaner production methodologies in a systematic manner. Advocating resource efficiency calls for a perspective and a decision-making process that considers simultaneously economic value and environmental sustainability. Improved resource efficiency also applies to energy, where it reduces greenhouse gas emissions from energy generation and use, materials extraction and processing, transportation and waste disposal. By moving economies onto a lower-carbon path, sustainable industrial energy strategies, including renewable energy and energy efficiency, play a decisive role in mitigating climate change.

## EFFICIENT AND LOW CARBON INDUSTRIES

UNIDO's activities in the field of energy and climate change are driven by concerns over energy poverty, energy security and climate change.

UNIDO seeks to address these concerns by promoting sustainable energy solutions for the development of climate resilient industries, assisting industry to switch to clean renewable energy and reduce energy consumption while simultaneously mainstreaming gender and increasing employment opportunities.

UNIDO's low carbon, low emission clean energy technology transfer programme is a partnership between the Governments of Ethiopia, India, Japan and Kenya. It offers innovative solutions for enhancing access to modern energy services and energy efficiency measures while reducing greenhouse gas emissions. It adapts the technology development cycle, innovation chain, and diffusion process of new

innovative market-ready technologies. Demonstration projects in partnership countries are showcasing the new approach using technology transferred from Japan.

## Green Industry Platform

Green industry is at the heart of ISID. The multi-stakeholder Green Industry Platform, run in cooperation with the United Nations Environment Programme (UNEP), expanded during the year to embrace over 200 members. Highlights included the launching of a "Women in Green Industry" chapter in May. The second meeting of the Platform's Technical Expert Committee was held in Vienna in June while the





Green Industry Platform Advisory Board held its second meeting in New York in September.

UNIDO ran three successful green industry training courses: a national training course in China in March for policymakers, a regional course on the topic “Transforming the industry of the future” at the University of Bahrain in Manama for countries of the Arab and North African regions in June, and a green industry summer school at the Central European University in Budapest in Hungary in July, entitled “Pathways Towards the Industry of the Future” (see Chapter 4). Publications issued included a series of reports on greening industrial value chains. The three reports address measures that can be undertaken to improve the environmental footprint of the meat processing, fruit and vegetable and soft drinks sectors.

A programme to green the economies of Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine involves collaboration with UNEP as well as the Economic Commission for Europe and the Organisation for Economic Co-operation and Development.

The inaugural conference of PAGE, held in the United Arab Emirates in March, was attended by over 450 participants from 66 countries representing government, the private sector, civil society and development agencies. One of the first activities organized by the partnership was a national implementation workshop that took place in May in Mongolia, which together with Burkina Faso, Ghana, Mauritius, Peru and Senegal comprise the 2014 PAGE pilot countries. The workshop in Ulaanbaatar brought together over 100 participants to take stock of the progress of PAGE activities in Mongolia to date and to identify future PAGE actions. Joint inception missions of PAGE partners took place in Burkina Faso and Senegal in June. They

## PARTNERSHIP FOR ACTION ON GREEN ECONOMY

The Partnership for Action on Green Economy (PAGE) is a seven-year multi-agency programme launched at the end of 2013 as a response to the outcome document of the United Nations Conference on Sustainable Development (Rio+20), entitled *The Future We Want*. The five organizations—the United Nations Development Programme, UNEP, the United Nations Institute for Training and Research, the International Labour Organization and UNIDO—joined forces to provide a palette of green economy services that will enable 30 selected countries to transform their national economic structures to meet the growing demands and challenges of the 21st century. More specifically, PAGE will build enabling

were followed by a national workshop in Mauritius in July as well as a scoping mission of PAGE partners. A similar workshop was held in Ghana in August where over 80 participants from the Government, private sector, academia and civil society discussed actions that PAGE could take to support Ghana’s transition to a green economy. UNIDO has initiated green industry assessments in all six pilot countries that will form the basis for green industrial policy and strategy development.

UNIDO is helping Barbados to advance a number of its development priorities, including a resource-efficient green economy, through ISID. The project will offer low carbon and innovative industrial solutions to the sustainable development challenges impacting Barbados and other small island developing States in the Caribbean region.

conditions in participating countries by shifting investment and policies towards the creation of a new generation of assets, such as clean technologies, resource efficient infrastructure, well-functioning ecosystems, green skilled labour and good governance. By assisting countries in the inclusive and sustainable transformation of their economies, PAGE sets the conditions for enhanced prosperity and greater equity, contributing to natural resource conservation and poverty eradication. The programme will achieve this by mobilizing social awareness and special training, fostering policy development and implementation, and promoting knowledge sharing and policy dialogues.

## CLEANER PRODUCTION

### Resource Efficient and Cleaner Production (RECP)

With the addition of Armenia, Azerbaijan, Belarus, Dominican Republic, Ecuador and Georgia this year, the Resource Efficient and Cleaner Production (RECP) programme currently involves 65 countries. The joint UNEP/UNIDO programme was launched in 2009 to improve resource efficiency and environmental performance through scaling up and mainstreaming the application of RECP methods, techniques and policies. The Global Network for Resource Efficient and Cleaner Production (RECPnet)



## Waste management

For the past three years, UNIDO has been implementing a project in Guinea to further the socio-economic inclusiveness of women and youth through waste management activities. Activities include waste collection from households in both Conakry and regional locations, the establishment of community-based waste recycling centres for plastics and organic waste and instruction in the management of solid waste. During the first phase of the project 3,200 women and youths received training in solid waste collection and recycling and UNIDO set up community-based solid waste recycling centres in Conakry, Kindia and Labé. In its second phase, the project is training a further 5,000 women and youth and enabling over 500 of them to start up economic ventures related to waste management.

Electrical and electronic waste (e-waste) is the fastest growing waste stream, driven by a growing electronics market and the rising obsolescence rate of electronic equipment. Within the next 15 years, e-waste discarded by developing countries is expected to double that generated by industrialized countries. Rising to the challenge, UNIDO and Dell International LLC joined forces to produce a model for e-waste management. Firstly, they will raise awareness of the need for sustainable e-waste management and capacity training before helping put in place the facilities required to process e-waste in developing countries in a safe and environmentally sound way while encouraging the development of local recycling infrastructure (see Chapter 2).

Under a partnership with Samsung Electronics and supported by additional funding from the Republic of Korea through the Korea International Cooperation Agency, UNIDO is

supports the application of RECP methods, techniques and policies through knowledge management, advocacy and branding. During the year under review, UNIDO organized five regional meetings of regional chapters of RECPnet for the African and Arab regions, both held in May in Namibia; for the Asia and the Pacific region in May in Thailand; for the Eastern Europe and Central Asia region in October in Slovenia; and for the Latin America and Caribbean region in October in Peru. The Government of Mauritius is funding a RECP programme that will help improve the resource productivity and environmental performance of the island nation's small and medium enterprises (SMEs) and thereby contribute to ISID. Under a trust fund agreement signed with UNIDO in October, the new project will target the food processing, textile, chemicals and light engineering sectors selected for their current and anticipated contributions

to the economy of Mauritius as well as their potential for job creation and SME development. Other factors leading to their selection include their discouraging resource and pollution footprints.

During the year, UNIDO completed national studies on gender mainstreaming in RECP activities in Sri Lanka and Ukraine; a third study is currently in preparation for Serbia in collaboration with the country's National Cleaner Production Centre (NCPC). As a result of the studies that underscored the need to address gender issues within the NCPCs, focal points for gender issues were appointed in each Centre and training given to NCPC staff. At the same time, UNIDO reviewed the RECP training material and collected data on women entrepreneurs. Following the Ukraine study, a national conference on women in industry will take place in 2015, in cooperation with the International Finance Corporation.

implementing a project to provide much-needed jobs for Cambodia's young employed in the electronics industry and the management of e-waste (see Chapter 3). This is the first opportunity for UNIDO and Samsung to collaborate on a project that will contribute significantly to ISID. Other established partners of UNIDO in the area of waste management include World Loop, with which the Organization is carrying out an e-waste project in Ethiopia, and the International Solid Waste Association, which together with UNEP and UNIDO leads the Global Partnership on Waste Management.



## Chemical leasing

The value of the chemicals industry worldwide has increased over the past 45 years from \$171 billion to over \$4 trillion. It is estimated that within the next five years, developing countries will be responsible for 31 per cent of global chemical production and 33 per cent of global consumption. Chemical leasing is a business model by which companies pay for the service that chemicals provide instead of paying the cost of the chemicals. By decoupling payment from consumption, chemical leasing encourages better management of chemicals. It shifts the focus from increasing sales to a value-added approach. By using chemical leasing or chemical management services, a company can streamline its inventory and cut down on the volume of chemicals purchased. Launched in 2004 with support from the Governments of Austria, Germany and Switzerland, UNIDO's chemical leasing programme currently involves 15 countries.

The year under review saw an expansion of the programme with the launch of a new initiative "Chemical

Leasing Goes Agro". Case studies from the agricultural sectors of Serbia (maize and wheat) and Sri Lanka (tea) received a special acknowledgement at this year's Chemical Leasing Award ceremony held in Vienna in December. Every year awards are offered in different categories to companies or individuals engaged in chemical leasing. Over 50 applications for this year's award were received from 20 countries. International experts from industry, academia and government evaluated applications. The winners were companies from Brazil (cleaning in the hospitality sector), Colombia (anti-corrosion in the automotive sector), Nicaragua (NCPC) and Serbia (NCPC), as well as researchers from the Netherlands, Serbia and the United Kingdom.

The ceremony was preceded by an international conference on sustainable chemistry and chemical leasing entitled "Paving the way for inclusive and sustainable industrial development". It represented a watershed in advancing work in the field of sustainable chemistry and chemical leasing and

reaffirmed the relevance of sustainable chemicals management in the post-2015 development agenda. UNIDO also had an opportunity to present its chemical leasing programme at the European Forum Alpbach during its session on hygiene management in the health sector by way of chemical leasing. The European Forum, based in Austria, has been in existence since 1945 and brings together over 3,000 politicians, decision makers, academics and students from some 50 countries to discuss new ideas and solutions to global problems.

UNIDO is working on pilot programmes for chemical leasing in the hotel industry, in which the service would be measured, for example, by rooms cleaned or area disinfected rather than in bottles of cleaning product or disinfectant sold. A recent study on chemical leasing in cleaning operations singles out the global industrial cleaning industry as an area where chemical leasing could be particularly beneficial. Case studies include a large hotel in Brazil that was able to prevent 10,000 kg emissions of CO<sub>2</sub> equivalent per year, decrease its



water footprint by 7,000 m<sup>3</sup> per year and reduce the eutrophication potential by 8 kg per year. The UNIDO study shows that companies that consume more than 2.6 million tons of chemicals annually could save up to 1.2 million tons of solvents and cleaning agents.

## Water management

UNIDO's expertise in water management makes it an invaluable partner in the global debate on access to safe water as enshrined in the Millennium Development Goals. During the year, it participated in major dialogues on water and water pollution, including the 41st session of the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection in September where it took part in working groups on pollution and microplastics. UNIDO also presented a paper on the disposal of mining tailings into the ocean.

In October, UNIDO was tasked with reviewing public health strategies on artisanal and small-scale gold mining at an expert group meeting organized by the World Health Organization (WHO). The following month, its commitment to the Minamata Convention on Mercury, signed in 2013 and discussed in detail in last year's *Annual Report*, received recognition with the award of a commemorative certificate acknowledging its support in the ratification process and early implementation of the Convention. The award was presented at the Sixth Session of the Intergovernmental Negotiating Committee on Mercury that took place in Bangkok.

The Organization's engagement with the Convention continued during the year under review. At subregional meetings on the Convention that took place in Asia and the Pacific and francophone Africa in February and

July respectively, UNIDO presented best practices on ways to replace mercury amalgamation in artisanal and small-scale gold mining. New projects launched during the year focused on enabling activities such as the Minamata Convention Initial Assessment and the National Action Plan, specifically for the artisanal and small-scale gold mining sector. UNIDO continues to serve as the co-lead of the artisanal and

small-scale gold mining area under the Global Mercury Partnership. It also chairs the subgroup on artisanal and small-scale gold mining within the Inter-Organization Programme for the Sound Management of Chemicals. Since millions of women the world over are engaged in, or directly affected by, artisanal gold mining, UNIDO has included a set of gender indicators and information throughout its mercury

### LATIN AMERICAN GOLD

The Puyango-Tumbes River stretches for 210 kilometres, originating in the south of Ecuador and draining into the Pacific Ocean in the north of Peru. While mining has existed in and around the river basin for centuries, the past thirty years have seen a sharp rise in artisanal and small-scale gold mining. Mercury and other chemicals employed in the process can pose a threat both to human health and the environment. In 2012, UNIDO embarked on a project funded by the Global Environment Facility to introduce

measures that would minimize environmental and health risks while at the same time increasing gold production. UNIDO is providing training on improved technologies and best practices to reduce mercury use and emissions while increasing the rate of gold recovery and, as a result, raising incomes. The project is also monitoring the river basin to assess the environmental impact. Workshops have made miners and their families aware of the risks posed by the use of mercury in mining activities.

### AFRICAN GOLD

Gold was traded from West Africa to Europe a thousand years ago and was the making and breaking of many an African empire before gold-mining in the region slowly ground to a halt. Large-scale gold mining was revived in the 1980s and at the same time small-scale artisanal gold mining began in earnest. In Mali, Africa's third largest gold producer, about a third of the gold comes from artisanal and small-scale mining while in neighbouring Burkina Faso and Senegal the sector is thriving yet remains

largely undocumented. A UNIDO project, now in its second year, is assisting the three countries to assess the scope of their respective artisanal and small-scale mining sectors, formulate a national plan of action and adopt cleaner and more efficient mining methodologies. So far, inventories and national action plans are near completion and Burkina Faso and Senegal have received delivery of equipment and technology. The project will also help local mining communities to access fair-trade gold markets.



## UNIDO'S TEST APPROACH

Polluted water cannot be used for drinking, bathing, industry or agriculture while low-quality water has a detrimental effect on both human and animal health, agricultural production and, ultimately, on rural income and food security. This represents a major challenge for governments and international organizations alike and requires concerted action on the part of all players.

The Transfer of Environmentally Sound Technologies (TEST) within an enterprise at the operational, management and strategic level has been applied successfully to 17 industrial installations along the Danube River basin. More recently, it has been introduced with equal success to other waterways. In July, UNIDO presented its TEST methodology at the XVI Consultative Committee Meeting on Large Marine Ecosystems and Coastal Partners organized by the Intergovernmental Oceanographic Commission of the United Nations Educational, Scientific and Cultural Organization (UNESCO) in Paris and provided practical examples of its application.

In common with many other middle-income countries, tourism is one of Montenegro's priorities

for economic development. Mojkovac municipality in the north of the country lies on the shores of the Tara River, upstream from the Tara River Gorge—the world's second largest canyon and a UNESCO World Heritage Site—and is one of Montenegro's poorer regions. The canyon and surrounding national parks could be a magnet for tourists provided the problem of pollution from municipal wastewater can be resolved. To address the problem of biological sludge accruing in the municipal waste water treatment plant, UNIDO proposed an environmentally sound methodology using reed bed filters to dewater and decompose the sludge, which will be introduced as a pilot project in Mojkovac together with the appropriate training. Similar aquatic plant-based systems that allow bacteria, fungi and algae to digest sewage and clean wastewater have been tried and tested in other parts of the world. Work on constructing the required wetlands will begin early in 2015. Using state-of-the-art eco-remediation technologies for waste water treatment and restoration of eco-system services, the project will contribute to environmental sustainability as

well as to sustainable socio-economic development. Another ecologically endangered area in which UNIDO is proposing to apply the TEST methodology is the Port Milena Channel, once a pristine man-made lagoon and the largest fish hatchery in the southern Adriatic, but today a drain for sewage water. UNIDO is currently developing a strategic plan for the clean-up and ecological rehabilitation of the channel.

Lake Modrac is an artificial lake in Bosnia and Herzegovina that serves as a source of drinking water for the nearby town of Tuzla. Built in 1964 primarily for industrial purposes, it is now a popular fishing and recreational area although extensive pollution has recently led to a warning for bathers. A three-year project to identify cost-efficient, long-term solutions that do not exceed the available budget was launched in 2013. UNIDO first pinpointed pollution hot spots and then suggested a range of eco-remediation measures to local authorities and other decision makers. An orphanage in Lukavac-Turija was selected as the ideal site for a pilot project to demonstrate environmentally sound technologies.



**WITH A BUDGET OF €100,000, UNIDO WILL HELP CONSTRUCT A WETLAND TO TREAT THE WASTEWATER OF THE SELO MIRA ORPHANAGE IN BOSNIA AND HERZEGOVINA, REDUCING THE ANNUAL CHEMICAL OXYGEN DEMAND LOAD REACHING LAKE MODRAC BY 5.7 TONS AND PROVIDING CLEAN DRINKING WATER FOR THE TUZLA MUNICIPALITY.**

portfolio to introduce a systematic approach to gender mainstreaming.

Cooperation with other international players included a water management survey undertaken with DNV GL Business Assurance, a leading certification body and member of the UNIDO-UNEP Green Industry Platform that will help SMEs in developing countries to measure and mitigate the water footprint of their products and services. At the same time, larger buyer companies will benefit from more inclusive and sustainable supply chains. In April, UNIDO signed a memorandum of understanding with Nomura Kohsan Co. Ltd., a private Japanese company involved in the management of mercury containing wastes (see chapter 2).

The European Union (EU)-funded SWITCH-Med programme

with its three components of policy, demonstration and networking, was designed to change the way goods and services are produced and consumed in the Southern Mediterranean region. The SWITCH-Med demonstration and networking components were launched in February by UNIDO in partnership with UNEP and its Regional Activity Centre for Sustainable Consumption and Production. At the first steering committee meeting in Brussels in June, the scope and activities of the project were discussed with major stakeholders in the nine countries involved. UNIDO has completed scoping missions in participating countries, where it identified local service providers on resource efficiency and cleaner production and gathered the information needed to define the project's terms

## ENVIRONMENTALLY-FRIENDLY TOURISM

Many countries in Africa have a well developed tourist industry while others are gradually gaining popularity as holiday destinations. While the economic and social benefits of tourism are indisputable, its environmental impact is a matter of growing concern. The Collaborative Actions for Sustainable Tourism (COAST) is a five-year project in its final year of implementation that aims to reduce the downside impact of tourism on coastal waters in Cameroon, Gambia, Ghana, Kenya, Mozambique, Nigeria, Senegal, Seychelles and the United Republic of Tanzania. Funded by GEF, UNEP is the implementing agency while UNIDO, in partnership with the United Nations World Tourism Organization, serves as executing agency. The project comprises three main thematic areas: eco-tourism practices, environmental management systems and reef and marine recreation management. It has set up demonstration sites in eight of the countries, as well as regional-level activities where all nine COAST countries were brought together in capacity-building and awareness raising events. The project has served to demonstrate that the adoption of cleaner management techniques and technologies in the African hospitality sector can help hotels gain a competitive edge while at the same time safeguarding the environment. Conservation activities to protect natural resources create jobs and income, thereby reducing poverty. Heritage, cultural and traditional practices draw tourists to coastal areas while providing niche opportunities to expand the benefits of tourism to the poor. For more information on UNIDO activities in support of the tourist industry, see Chapter 4.

of reference at the national level. Activities in each country will run for three years, beginning in 2015.

For the past year, UNIDO has been engaged in creating a network of ecological cities in South-East Asia. Funded by the Government of Japan, the Organization is working with five city governments to promote the concept and development of eco-cities in Pingtan (China), Iskandar (Malaysia), Cebu (Philippines), Map Ta Phut (Thailand) and Da Nang (Viet Nam). Under the first phase of the project, the selected cities identified priorities through a peer review that will be addressed during the next phase of the project.

## CLEAN ENERGY ACCESS

### Renewable energy

Sustainable energy, in particular renewable energy, is a prerequisite for ISID. It is obvious that without energy, industrialization cannot develop and without a renewable and reliable source of energy, it cannot be sustained.

UNIDO's renewable energy portfolio comprises 40 countries and the volume of leveraged financing stands at around \$110 million, with an additional \$510 million of leveraged co-financing.

Small island developing States (SIDS) will soon be in a position to benefit from sustainable energy market opportunities as well as from regional cooperation and South-South and North-South technology and knowledge transfer. In March, UNIDO, the Government of Austria and the Small Island Developing States Sustainable Energy Initiative signed an agreement to assist SIDS in the Caribbean, Pacific, Africa and

Indian Ocean with the establishment of regional sustainable energy centres. The comprehensive preparatory process included stakeholder consultations as well as the development of needs assessments and project documents on the technical and institutional design of the centres. The UNIDO-supported ECOWAS Centre for Renewable Energy and Energy Efficiency in Cabo Verde was nominated as a centre of excellence for African SIDS. The creation of a renewable energy and energy efficiency centre for the Pacific was endorsed by the Pacific Ministers for Energy and Transport in a regional meeting, held in April in Fiji, while the Caribbean centre was agreed by the Council of Ministers for Trade and Economic Development in its 39th meeting held in November in Guyana (see also Chapter 2).

The year under review saw the completion of a rural electrification project in Sri Lanka to demonstrate a hybrid small hydropower and biogasifier mini-grid system. The project site is located in one of the country's last remaining villages without electricity;

### ENVIRONMENTALLY-FRIENDLY OLIVE OIL

Albania is one of a handful of countries in Europe with the climatic and geographical conditions required for the cultivation of olives. It has a long history of olive tree plantations that today cover around 8 per cent of arable land. The objective of a UNIDO project launched in October is to introduce state-of-the-art biomass technologies in Albania's olive oil industry in order to reduce greenhouse gas emissions, increase energy independence and improve the competitiveness of the national economy through low-carbon

the installed small hydropower system has since been transferred to the village community to help meet local demand for electricity and members of the local community were trained in operation and maintenance. Since the main grid is expected to reach the village in the near future, the project will serve as a practical example of how two alternative systems—mini-grid and main grid—can complement each other, allowing consumers to benefit from a low carbon development pathway through the use of sustainable energy infrastructure.

Almost 60 per cent of people living in rural Bangladesh have no access to electricity. A UNIDO project completed at the end of the year introduced solar energy to small businesses, village communities and clinics in five target areas as a clean, reliable and affordable source of electricity. Revenue generated by the solar micro-utility enterprises will cover maintenance and operation of machinery with enough left over to invest in welfare activities for the community. Some 1,500 people in the five locations are beneficiaries of

industrial development. By the time it reaches completion in 2018, it is estimated that the project will result in emission reductions of 300,000-400,000 tons of CO<sub>2</sub> equivalent through demonstration activities and replication projects in 15 target enterprises. In addition to the substantial environmental benefits, the introduction of the new technology will create employment opportunities where unemployment is prevalent, especially among women. Enterprises will witness a reduction in their costs for industrial processes, heating and hot water.



**LONG HOURS OF SUNSHINE MAKE MANY DEVELOPING COUNTRIES SUITABLE CANDIDATES FOR PHOTOVOLTAIC SOLAR ENERGY SYSTEMS THAT CAN POWER LIGHTING, COMPUTERS, ENERGY-EFFICIENT REFRIGERATION AND OTHER DOMESTIC APPLIANCES. COUNTRIES IN WHICH UNIDO IS CURRENTLY ENGAGED IN SOLAR ENERGY PROJECTS INCLUDE CHAD, CÔTE D'IVOIRE, EGYPT, FIJI, PAKISTAN AND VANUATU.**

the units that were set up as part of a South-South cooperation venture under the auspices of the UNIDO Centre for South-South Industrial Cooperation in New Delhi. The project represented collaboration between UNIDO and the Energy and Resources Institute. A new project in Egypt focuses on the utilization of solar energy for process heat in industry, supporting Egyptian enterprises to improve their energy efficiency, while also developing a market environment for the diffusion and local manufacture of solar energy systems for industrial applications.

A project in the Ukraine is helping energy-intensive manufacturing companies, particularly SMEs in the agro-food sector, switch from high carbon intensity energy to low carbon renewable energy, a move that will make them more competitive and

reduce greenhouse gas emissions. Since its launch in 2011, the project has focused on strengthening the legislative and regulatory frameworks underlying energy efficiency and the use of renewable energy sources including the development of the National Renewable Energy Action Plan, formulating relevant standards and disseminating state-of-the-art technologies in the agro-food sector. So far, UNIDO has set up pilot projects in six companies, using different applications such as solar energy, high pressure waste steam and biodiesel. It has also run training programmes and organized study tours to Austria and Germany on energy efficiency and renewable energy sources. Currently a training programme for 500 technicians and business managers is about to be rolled out,

## **ENERGY FOR ALL IN THE UNITED REPUBLIC OF TANZANIA**

Mini-grids are low-voltage, stand-alone units that provide electricity to communities using a local distribution network. When used in conjunction with renewable sources of energy, they can increase access to electricity without negatively affecting the environment. They are particularly useful in countries like the United Republic of Tanzania, where only 7 per cent of the rural population has access to a power supply. Under a \$13 million GEF-funded project, UNIDO is helping the country to set up mini-grids in areas where there is no power supply or where electricity is currently provided by greenhouse gas-intensive diesel generators. This type of mini-grid project can lead to an improvement in the livelihood of rural populations and can accelerate sustainable development. In May, potential producers were sent for a three-week training course on turbine production to Bandung, Indonesia and received the necessary designs, drawings and licences to produce cross-flow turbines up to 125 kW capacity. A small hydro technical centre, established as part of the institution-building component of the project within the College of Engineering and Technology at the University of Dar es Salam was inaugurated in October. It is now fully operational and will serve as a one-stop shop for small hydropower development in the country and a centre of excellence for the East African region. The project has so far supported seven new mini-grid projects of different capacities and incorporating a range of business models at various stages of construction, installation and commissioning.



while a university course on renewable energy and energy efficiency for the agro-food sector is in preparation.

In collaboration with the Energy and Resources Institute, UNIDO ran a sustainable energy leadership programme in New Delhi in February for decision makers from Africa, Asia and the Pacific and Europe and Central Asia. The same month, doctoral students from 10 countries took part in a course on “Renewable energies for unleashing sustainable development in low and middle-income economies” at Italy’s Politecnico di Milano, one of Europe’s leading engineering universities. The course examined the various conditions necessary for the successful deployment of renewable energy and ways of more equitably distributing resources in developing regions. Participants discussed grid and off-grid access to electricity, renewable energy applications in industry, business models for distributed energy generation and policy design for sustainable energy solutions.

A hands-on training workshop organized by UNIDO in Tujereng, Gambia in July targeted women interested in working in the field of renewable energy. It provided a practical introduction to the basic concepts of electrical systems and taught participants how to design a small household facility, using the grid, alternative power or renewable energy. The second stage of the training focused on the design, installation and maintenance of renewable energy systems. In August, UNIDO co-organized a regional seminar on biogas with the International Renewable Energy Centre in Foz do Iguacu, Brazil. As part of a technology transfer project in collaboration with the Republic of Korea, a technical and financial feasibility study of a biogas facility using on-site waste at a slaughterhouse was

completed in Ghana and the selected technology and design of demonstration biogas plant approved.

UNIDO and the secretariat of the East African Community organized a workshop on sustainable energy and climate change capacity-building in September in Kampala, Uganda. It was supported by the Korea Energy Management Corporation that had signed a memorandum of understanding with UNIDO in April reflecting the two organizations’ common commitment to ISID. The Kampala workshop focused on ways to strengthen the sustainable energy capacities of the local business and industrial sectors in support of the soon to be established East African Centre for Renewable Energy and Energy Efficiency. The same month saw the launch of a new web-based knowledge portal on small hydropower that represents a joint initiative between UNIDO and the International Centre on Small Hydropower in Hangzhou, China. The two organizations are working with national institutions to collect the latest small hydropower data. Featuring best practices from different regions, the portal currently contains 20 regional overviews and 149 country-level reports.

In October, an international conference organized by UNIDO and the Government of Cuba marked the successful completion of a \$5.4 million project funded by GEF to help Cuba become less dependent on imported fossil fuel by switching to renewable energy. UNIDO took the opportunity to present its new report on *Renewable Energy for Inclusive and Sustainable Industrial Development: the Case of Biomass Gasification*. In addition to achieving a reduction of greenhouse gas emissions in Cuba’s Isla de la Juventud, the project has paved the way for the establishment of a sound renewable energy policy that can be replicated in

other islands in the Caribbean. Solar, wind and biomass gasification plants set up by UNIDO were able to demonstrate the viability of sustainable renewable energy production and a 500 kW biomass gasifier was commissioned. A new risk and replication management fund is encouraging private investment in renewable energy that will ensure the project’s sustainability. The Government has set a target to draw 24 per cent of the country’s electricity from renewable sources by 2030.

November saw the convening in Vienna of an expert group meeting to discuss the principal avenues through which standards and conformity assessment infrastructure can support a robust uptake of renewable energy technologies while building confidence in the market. The meeting focused on two key topics: upgrading renewable energy technologies with a focus on small hydropower plants and quality infrastructure. During the same month, Slovenia hosted a professional development programme on sustainable energy solutions that featured lecture-based and participatory teaching methods complemented by guided excursions to green enterprises and research centres. The programme was a joint initiative of UNIDO and the Ljubljana-based International Center for Promotion of Enterprises.

In Chile, a biogas investment promotion and market development project for agro-industries entered the implementation stage. Three solar mini-grids were completed in Chad, and feasibility studies for eight small hydropower plant sites were conducted in Zambia.

Over two-thirds of the population of Guinea-Bissau live below the poverty line and have no access to electricity. Despite a high renewable energy potential, the country is dependent on petroleum products for its entire



**IN MARCH, UNIDO HELPED ORGANIZE AN INDUSTRIAL ENERGY EFFICIENCY OPEN DAY IN MALAYSIA THAT WAS ATTENDED BY OVER 200 PARTICIPANTS. EVENTS INCLUDED AN EXHIBIT TO SHOWCASE AN ONGOING UNIDO PROJECT THAT IS PROMOTING ENERGY EFFICIENCY IN MALAYSIA'S MANUFACTURING SECTOR AND HIGHLIGHT THE SUCCESS ACHIEVED BY PARTICIPATING FACTORIES.**

energy requirements. In October, GEF approved a UNIDO project to create an enabling environment for renewable energy investments in the electricity sector of Guinea-Bissau. The project is being implemented by UNIDO in cooperation with the ECOWAS Centre for Renewable Energy and Energy Efficiency. The project is co-funded by the African Development Bank, the EU and other partners. Through a combination of technology demonstrations, policy support and capacity-building, the project addresses the country's energy challenges and sets it on a sustainable low-carbon development path. On the technology side, the project features photovoltaic mini-grid hybrid systems for rural electrification and productive uses and stand-alone photovoltaic and bioelectricity systems for the fishery and

cashew processing sectors. The project also includes the development of a medium-scale hydropower site.

## Industrial energy efficiency

Improving energy efficiency in industry is imperative for sustainable industrial development. It is one of the most cost-effective measures to help supply-constrained countries meet their increasing energy demand and sever the link between economic growth and environmental degradation. UNIDO's industrial energy efficiency programme is structured around three core thematic areas: energy efficiency policy development and standards; capacity-building and awareness-raising; and demonstration and upscaling. UNIDO

attaches particular importance to the energy efficiency requirements of SMEs in developing and emerging economies in order to improve their economic growth. A new project in Myanmar, for example, will promote a sustained reduction in greenhouse gas emissions through the improvement of policy frameworks and institutional capacity-building, as well as the implementation of energy management projects.

UNIDO's industrial energy efficiency programme currently consists of some 35 projects, with a project portfolio of \$105 million and committed co-financing from government partners, industry and financing institutions of more than \$660 million. Energy efficiency projects are in progress in Azerbaijan, Burkina Faso, Chad, China, Colombia, Ecuador, Egypt, India, Indonesia, Iran (Islamic Republic of), Malaysia, Maldives, Pakistan, Philippines, Republic of Moldova, the Russian Federation, South Africa, Thailand, the former Yugoslav Republic of Macedonia, Tunisia, Turkey, Ukraine and Viet Nam. The Organization has provided in-depth training on implementation and system optimization to more than 800 energy efficiency consultants and assisted over 300 companies in the implementation of energy management projects and state-of-the-art system optimization practices and know-how. In April, policymakers and leading energy management system and ISO 50001 professionals from across the globe attended an expert group meeting in Vienna on policy and conformity assessment frameworks for ISO 50001. Topics discussed included requirements and implementation, energy performance, certification and accreditation and supporting policies and tools.

In March, UNIDO helped organize an energy efficiency open day in Kuala Lumpur that included an exhibition and

## ENERGY EFFICIENCY IN SOUTH AFRICA

A €7.5 million project in South Africa, funded by the South African Department of Trade and Industry, Switzerland's State Secretariat for Economic Affairs and the United Kingdom's Department for International Development, is helping to improve the energy efficiency and competitiveness of the country's industries. The aim is to enhance energy security while ensuring that growth of the country's gross domestic product is not constrained by energy shortages and rising prices. Specifically, the five-year project that began in 2010 has helped the Government update its national energy efficiency strategy under broader national industrial policy frameworks. By the end of 2014, the project's three South African National Standard/ISO 50001 lead auditor training courses had resulted in the certification of 39 new lead auditors who are now available to undertake compliance certification audits with pilot and other major enterprises. Over 2,300 engineers, technicians and managers attended 150 training workshops on energy management systems and energy systems optimization, leading to the qualification of 112 national experts and the certification of 29 national course trainers to replace the international team. The courses have gained recognition by the Engineering Council of South Africa's Continuous Professional Development regime for registration with the National Qualification Framework with the development of two professional qualifications based on the project's six course topics. Support to large enterprises resulted in 62 companies reporting energy, cost and greenhouse gas savings while over 220 industrial SMEs were able to identify and implement energy saving opportunities to boost competitiveness.



**THE INSTALLATION OF ENERGY-EFFICIENT COOKING STOVES IN CHAD WILL PROVIDE WOMEN WITH THE PHYSICAL, SOCIAL AND FINANCIAL CAPITAL NECESSARY TO TAKE CONTROL OVER THEIR LIVES. WOMEN'S EMPOWERMENT IS TARGETED THROUGH TRAINING THAT WILL ENABLE THEM TO ENTER AND PARTICIPATE IN DIFFERENT STAGES OF THE SUPPLY CHAIN.**

a forum to discuss ways to encourage energy management in the Malaysian manufacturing sector. The open day followed the successful completion of a project in Malaysia to introduce energy efficiency improvements in the country's manufacturing sector through the implementation of energy management standards and system optimization.

Although Chad is relatively well endowed in terms of solar and fossil fuel energy, firewood still accounts for 94 per cent of the country's annual energy consumption, a contributory factor to the spread of desertification. Building on the success of a similar project in Burkina Faso, UNIDO recently launched a new GEF-funded project to replace traditional inefficient cooking stoves in Chad with 1,500 energy-efficient models

that consume 50 to 80 per cent less firewood. The project will support the local manufacture of the new stoves and gradually introduce them on local markets. Beneficiaries of the project are beer brewers and meat grillers—most of them women—whose health is compromised by traditional stoves. The project will give them better access to micro-financing by promoting innovative mechanisms and self help groups. The availability of a large quantity of new stoves will improve both the health and livelihoods of beneficiaries while reducing CO<sub>2</sub> emissions by 12,162 tons per year, in line with national, regional and global environmental goals. The formation of productive clusters in selected zones will guarantee collective gains, establish links with the various players



within the supply chain, enhance the business performance of supported enterprises and facilitate group access to microcredit.

A GEF-funded project in India is promoting energy efficiency and renewable energy in 12 micro, small and medium enterprise clusters in five energy-intensive subsectors. The five-year project that began in 2011 is helping the Indian Bureau of Energy Efficiency to improve the capacity of suppliers of energy-efficient and renewable energy-based products, service providers and financing institutions, to increase the demand for energy efficiency and renewable energy technologies and practices and strengthen the policy, institutional and decision-making frameworks. In Viet Nam, UNIDO is promoting energy efficiency through the adoption of systems optimization and energy management standards. Under a three-year project to be completed in 2015, UNIDO has trained 27 national experts and three factory staff on energy management system modules while 24 national experts underwent training on steam and compressed air system optimization. A further 250 energy managers and production operators from 143 enterprises as well as 29 energy consultants participated in an energy management system expert training programme. So far, 57 factories have adopted energy management plans and completed operational improvements. ISO 50001 certification has been awarded to 14 factories.

An \$8 million project in the Russian Federation is helping to reduce greenhouse gas emissions. Together with the European Bank for Reconstruction and Development, UNIDO is seeking to transform the market for industrial energy efficiency through activities that will improve industrial energy efficiency in heavy

industries, have a positive effect on rational energy use and subsequent environmental benefits, and enhance the commercial prospects of industrial borrowers. Now in its fifth year of implementation, achievements to date include training on energy management systems and energy system optimization at different levels of complexity. The aim is to upgrade the skills of national energy efficiency professionals in energy management systems and other industrial energy efficiency best-available practices. Capacity-building in energy management systems and industrial energy efficiency policies was provided for 70 government officials and 115 representatives of regional authorities in charge of energy or industry policy development or implementation in all regions of the country. Over 25,000 participants took part in a national webinar on energy management systems and ISO 50001.

Under a similar project in Ukraine, partly financed by GEF, UNIDO is helping to introduce a national standard on energy management that can be applied in all types and sizes of enterprises, irrespective of geographical, cultural and social conditions. An ongoing project in Ecuador has provided training on the basic principles of an energy management system to 48 government officials, 167 enterprise managers and 226 staff while 24 technicians have received extensive training on the implementation of standards. UNIDO trained 83 equipment vendors in the optimization of steam and motor systems; 324 enterprise staff have acquired the skills to assess energy consuming systems while 55 technicians are now qualified to conduct detailed energy assessments. Ecuador has adopted ISO 50001 as its national technical standard and several enterprises are on the way to receiving ISO 50001 certification.

## ENERGY SAVINGS IN EGYPT

There is a high potential for energy savings in Egypt where industry uses around 43 per cent of available energy and consumption is up to 50 per cent higher than the international average. Under a \$3.95 million project funded by GEF that began in 2012, UNIDO is addressing the challenge in a holistic manner. First it is seeking to change the mindset of decision makers and managers who perceive the introduction of energy efficiency measures as a high capital risk. Secondly it aims to reduce the use of energy in industrial processes. The project focuses on both the supply and demand sides of the market by helping establish market-oriented policy instruments and by stimulating the creation of a market for industrial energy efficiency products and services. This will secure the sustainability of energy efficiency improvements after completion of the project in 2016. In September, UNIDO ran an awareness raising workshop for business owners and has finalized a training curriculum for staff of the Egyptian Organization for Standardization. It has developed benchmarks for traditionally energy-intensive sectors such as cement, fertilizers and iron and steel where the introduction of energy management systems in 11 large-scale factories is expected to reduce energy consumption by 15 to 20 per cent. It delivered a training of trainers programme on energy management systems and the ISO 50001 standard, held a capacity-building programme for participants from the public, private and academic sectors and trained 16 factory managers.



## MULTILATERAL ENVIRONMENTAL AGREEMENTS

### Montreal Protocol

Once again, UNIDO was ranked as the top implementing agency of the Multilateral Fund for the Implementation of the Montreal Protocol for the year 2013. In 2014, the Executive Committee of the Multilateral Fund approved 57 projects in 20 countries, with a total value of \$28.5 million, for implementation by UNIDO. These cover new tranches of ongoing HCFC Phase-out Management Plans (HPMPs) in the air conditioning, refrigeration and foam sectors, the preparation of stage two HPMPs, the disposal of ozone-depleting substances, the phase-out of methyl-bromide in agriculture and institutional strengthening activities.

### Hydrochlorofluorocarbon (HCFC)

Under a project completed during the year, Ecuador's largest manufacturer of refrigerators and freezers, Induglob S.A., was able to convert its insulation foam production line from HCFC-141b to cyclopentane technology and increase both its production and export capacity. Cyclopentane is not an ozone-depleting substance (ODS) and has a global warming potential of less than 25. Installations included safety equipment for the storage and use of cyclopentane and three high-pressure foaming machines, together with commissioning and start-up, were installed without disrupting production. Three technicians and six operators were trained in operation and maintenance.



**THE TEST OF SUPERCRITICAL CO<sub>2</sub> TECHNOLOGY FOR POLYURETHANE SPRAY FOAM, WHICH WAS ACCOMPLISHED WITH THE INVOLVEMENT OF JAPANESE SUPPLIERS AND EXPERTS UNDER A PROJECT IN THE PHILIPPINES, REPRESENTED THE FIRST APPLICATION OF THIS TECHNOLOGY IN A DEVELOPING COUNTRY.**

A project in the Philippines allowed the country to meet the Montreal Protocol deadline for the phase-out of HCFC-141b in the foam manufacturing sector without limiting the sector's capacity to provide the services required by the market. All major segments using stationary foaming machines were converted to alternative foam blowing agents. One of the innovative aspects of this project was the strategy used to identify the optimal alternative blowing agent for the production of spray foam in a country with a hot and humid climate. Financed by the Multilateral Fund for the Implementation of the Montreal Protocol and Japan, the project resulted in the elimination of 40 tons of ozone-depleting potential as well as a reduction in climate emissions of 263,000 tons of CO<sub>2</sub> equivalent per year.

For most of the year, the temperature in the Gambia remains constantly high. In common with other tropical countries, refrigeration is a necessity to safeguard quality standards for food products. A new project aims to improve the performance of industrial refrigeration facilities by removing existing barriers to green refrigeration technologies. It includes national policy, the regulatory and legal frameworks to support increased energy efficiency and the introduction of natural refrigerants. The project will likewise address the safety of staff who work in plant rooms or handle refrigerants and will provide a financial support mechanism to allow for the introduction of innovative technologies. In the Arab countries of the Gulf region where ambient temperatures are even higher, there are



**FARMERS IN MEXICO GROWING TOMATOES, PEPPERS, CUCUMBERS, MELONS, STRAWBERRIES AND RASPBERRIES DID NOT WITNESS AN INCREASE IN PRODUCTION COSTS WHEN THEY ADOPTED ALTERNATIVES TO METHYL BROMIDE FOR SOIL FUMIGATION. THE UNIDO PROJECT INVOLVED A LARGE NUMBER OF WOMEN IN PROCESSES SUCH AS PLANT GRAFTING.**

no immediate alternatives to HCFC. Countries have an obligation under the Montreal Protocol to reach their compliance targets, but phase-out has to progress in such a way that companies do not jeopardize their production levels and market share. The 4th Symposium on Alternative Refrigerants for High-Ambient Countries, organized in Dubai in September by UNEP, UNIDO, the United Arab Emirates' Ministry of Environment and Water and others, dealt with the installation, service and risk assessment of future refrigerants.

The management and disposal of ODS is the essence of a project in Bosnia and Herzegovina, Croatia and Montenegro that involves waste processing at a facility within the European Union, since none of the three countries possesses the disposal

facilities within their respective borders. The project will set up a sustainable approach to ODS waste disposal that will align participating countries' practices with regulations applied within the EU. In addition, the project will demonstrate the cost-effectiveness and sustainability of adopting a regional approach, especially in low-volume consuming countries where the amounts of collected ODS are usually insufficient to warrant the establishment of local disposal facilities.

### **Methyl bromide**

Until its phasing out by the Montreal Protocol, methyl bromide was used by farmers throughout the world to eradicate fungus, nematodes and other microorganisms from the soil as well as a fumigant against pests. In Mexico, growers of tomatoes, strawberries and

other crops were able to replace the use of methyl bromide with alternatives such as plant grafting, vaporization, steam and integrated pest management, soil solarization and soilless substrates. Workshops in selected parts of the country introduced the different options to 400 participants and pilot demonstrations revealed how these options work under a range of climatic conditions; UNIDO also organized study tours outside the country. Under the same project, Mexico eliminated the remaining consumption of methyl bromide as a fumigant following training, workshops and practical demonstrations in the application of alternative treatments. Mexico was thus able to complete its phase-out of methyl bromide in time while its farmers saw a higher yield in produce and companies were able to lower operating costs by switching to more sustainable green methods.

Under a similar project in Morocco, training in sustainable green methods and food security has enabled farmers to offer products of a higher quality on international markets. The aim was to phase out the remaining use of methyl bromide for soil fumigation in the cultivation of green beans and cucurbits, a group of plants that includes pumpkins, melons and cucumbers. A bottom-up approach protected the interests of farmers—many of them women—and allowed them to explore alternative technologies, including methods of composting, plant grafting and other techniques. By working closely with research institutions and growers' associations, farmers could exchange knowledge on the technical and economic feasibility of different sustainable options in horticulture. The project marked the completion of Morocco's phase-out of methyl bromide in accordance with the Montreal Protocol obligations on the protection of the ozone layer.



## Stockholm Convention

For the past 20 years, UNIDO has been involved in global efforts to mitigate chemical pollution, in particular the effects of persistent organic pollutants (POPs) on human health and the environment. The Stockholm Convention, which came into force in 2004, identified 12 of the world's most pernicious chemicals based on their persistence in the environment, their bioaccumulation and the extensive harm they pose far from the source. Additional chemicals were added to the list in 2009 and 2011. Each country that is a party to the Convention was required to submit and subsequently update a national implementation plan (NIP), explaining how it intended to meet its obligations under the Stockholm Convention. Since 2001, UNIDO has been involved in helping countries submit their NIPs and implement enabling activities in order to fulfil their obligations under the Convention. UNIDO is currently involved in 54 enabling activity projects to help countries review and update their NIPs.

At a three-day global forum in Vienna in November, participants from 50 countries had an opportunity to discuss their NIPs and share experiences both with each other and the UNIDO evaluation team. They were able to learn about successful approaches to the development of NIPs from a number of presentations and look at future opportunities for cooperation and coordination, in particular through South-South arrangements.

A number of projects drew to a successful conclusion during the year. The thrust of Mongolia's NIP was the elimination of polychlorinated biphenyl (PCB), one of the original 12 substances earmarked for elimination by the Convention. The original NIP,



**A PROJECT TO ELIMINATE PCB IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA HELPED IMPROVE THE ENVIRONMENTAL BUSINESS PERFORMANCE OF THE COMPANY, RADE KONČAR, WHICH ACTIVELY PROMOTES THE EMPLOYMENT OF SKILLED WOMEN IN THE POWER SECTOR.**

endorsed in 2008, highlighted serious weaknesses in current hazardous waste management practices and the need for institutional and regulatory development, capacity-building and public awareness in the management of POPs. Under a two-year project that began in 2012, UNIDO helped Mongolia to review its NIP before its submission to the Secretariat of the Conference of Parties. UNIDO is currently discussing with the Government projects to implement the priorities established in the updated NIP.

Nepal ratified the Stockholm Convention in 2006 and the following year submitted its NIP that attached highest priority to the safe disposal of obsolete POPs pesticides and PCBs. Under a project that began in 2008, UNIDO has been helping

to create the institutional capacity in Nepal to deal with the issue in a comprehensive manner. By the end of the project, all identified sources of PCB had been dechlorinated and waste disposal completed. Over 400 people had been trained in disposal techniques and related topics. A change of government delayed the final promulgation of the regulations but the technical guidelines are in place and awaiting implementation. Projects for the elimination of PCB in Bolivia (Plurinational State of) and Guatemala are in preparation and have been approved for funding by GEF.

A project in China that was launched in 2009 has safely disposed of 5,000 tons of POPs pesticide, avoiding emissions of some 3.25 g of TEQ dioxin. Project activities included the upgrading of two cement kilns for the co-processing

of POPs pesticide and a technical investigation and assessment of new mobile POPs disposal technologies. With a budget of nearly \$10 million, the GEF-funded project is the largest of its kind. By the time the project is completed in 2016, UNIDO will have helped put in place a robust legal and regulatory framework for the environmentally sound management and disposal of POPs waste and will have improved institutional capacity at all levels of management. The project is also supporting the clean-up of POPs pesticide wastes and their transportation from targeted hot spots to new waste disposal facilities.

Six countries in Asia—Cambodia, Indonesia, Lao People's Democratic Republic, Mongolia, Philippines and Thailand—are receiving UNIDO technical assistance on best available techniques (BAT) and best environmental practices (BEP) in fossil fuel-fired utilities and industrial boilers. The \$4 million project that is co-funded by GEF and the recipient countries, includes the formulation of boiler regulations, training

programmes, implementation of BAT/BEP courses in pilot universities and a number of country-specific studies. Support for the various activities on building regulatory and analytical capacity on dioxins was provided by laboratories or environment agencies in Japan, Sweden and the United States of America. The five-year project will be completed in 2015.

Three regional NIP projects involve least developed countries in Africa within the Common Market for Eastern and Southern Africa, Economic Community of West African States and Southern African Development Community subregions. The joint UNIDO/UNEP projects will help create an enabling environment to implement NIPs through the introduction or amendment of regulations, policies and standards. They will introduce BAT/BEP to industrial processes in the textile and leather industries, promote cleaner waste management and complete the phase-out of the agricultural use of POPs pesticides through their replacement with bio-botanical pesticides. The

first phase involved a pilot project on textile dyeing and finishing in Ethiopia. Sudan will host a pilot project on leather dyeing and finishing. The United Republic of Tanzania is hosting a pilot project on contaminated sites using the UNIDO toolkit, where phytoremediation technology will be applied. A workshop to train local experts on investigation and management of contaminated sites was held in May at the pilot site.

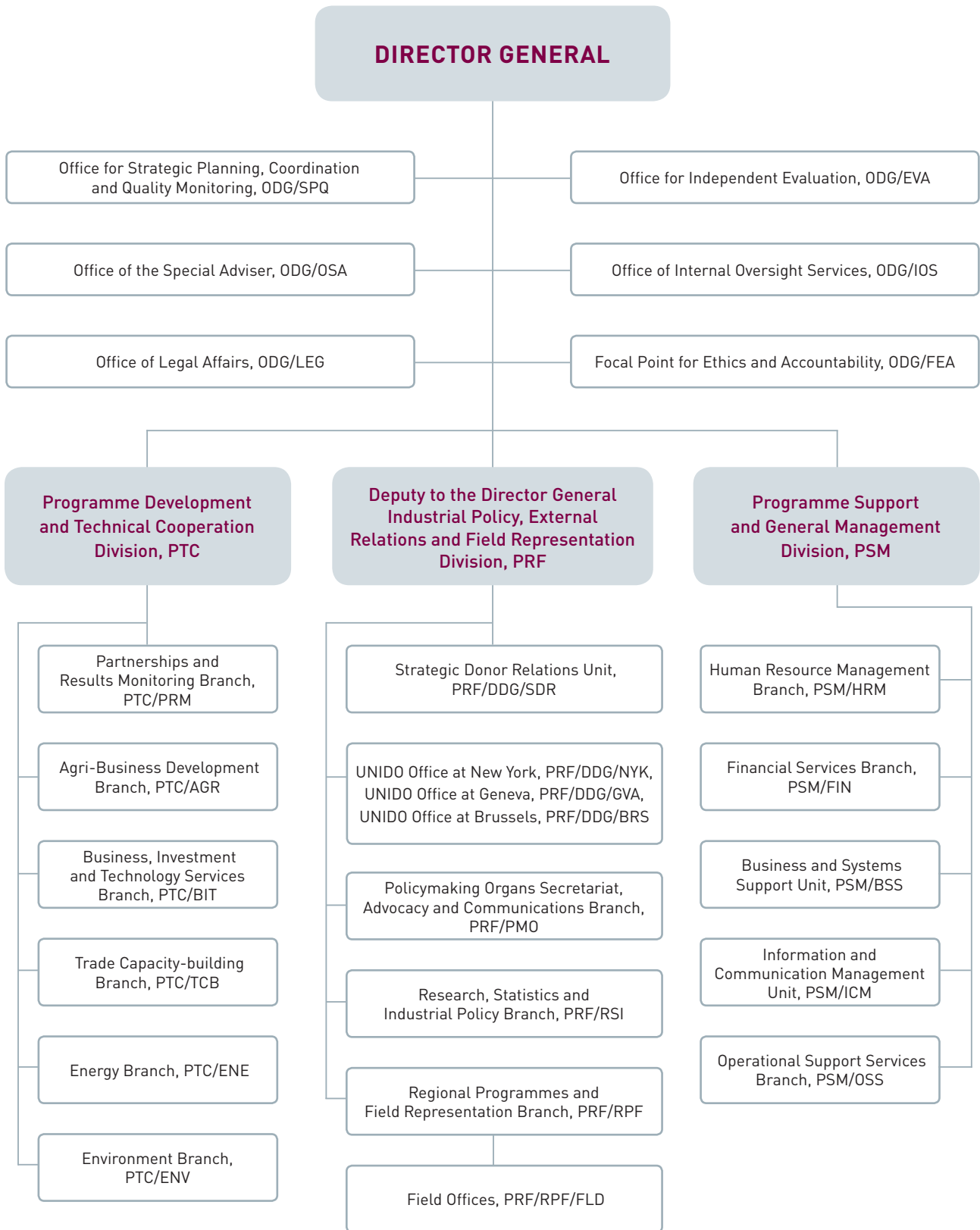
Other projects are at various stages of preparation. A newly approved \$19 million project in Senegal intends to reduce POPs releases from hazardous and municipal wastes by strengthening the capacity of private sector companies to sustain and replicate BAT/BEP. A co-funded project in China aims to halve the use of mercury in the production of vinyl chloride monomers by the year 2020. GEF has approved funding for a regional project in Latin America that will strengthen national initiatives and enhance regional cooperation for the environmentally sound management of POPs in electronic and electrical waste.



## ABBREVIATIONS

<b>3ADI</b>	Accelerated Agribusiness and Agro-industries Development Initiative	<b>HIV</b>	Human immunodeficiency virus
<b>ACP</b>	Africa, Caribbean and Pacific Group of States	<b>HPMP</b>	HCFC Phase-out Management Plan
<b>AFRIMETS</b>	Intra-African Metrology System	<b>IAF</b>	International Accreditation Forum
<b>AIDMO</b>	Arab Industrial Development and Mining Organization	<b>ICAMT</b>	International Centre for Advancement of Manufacturing Technology
<b>AIDS</b>	Acquired immune deficiency syndrome	<b>IFAD</b>	International Fund for Agricultural Development
<b>ASEAN</b>	Association of Southeast Asian Nations	<b>ILO</b>	International Labour Organization
<b>BAT</b>	Best available technique	<b>ISID</b>	Inclusive and sustainable industrial development
<b>BEP</b>	Best environmental practice	<b>ISO</b>	International Organization for Standardization
<b>CIS</b>	Commonwealth of Independent States	<b>IT</b>	Information technology
<b>CO<sub>2</sub></b>	Carbon dioxide	<b>ITPO</b>	Investment and Technology Promotion Office
<b>COAST</b>	Collaborative Actions for Sustainable Tourism	<b>LDC</b>	Least developed country
<b>DaO</b>	Delivering as One	<b>LIFE</b>	Learning Initiative for Entrepreneurs
<b>ECLAC</b>	Economic Commission for Latin America and the Caribbean	<b>MLF</b>	Multilateral Fund for the Implementation of the Montreal Protocol
<b>ECO</b>	Economic Cooperation Organization	<b>MSME</b>	Micro, small and medium enterprise
<b>ECOWAS</b>	Economic Community of West African States	<b>NCPC</b>	National Cleaner Production Centre
<b>ERP</b>	Enterprise Resource Planning	<b>NIP</b>	National implementation plan
<b>EU</b>	European Union	<b>NORAD</b>	Norwegian Agency for Development
<b>FAO</b>	Food and Agriculture Organization of the United Nations	<b>ODS</b>	Ozone-depleting substance
<b>G77</b>	Group of 77	<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>GEF</b>	Global Environment Facility	<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>GRULAC</b>	Latin America and Caribbean Group	<b>PAGE</b>	Partnership for Action on Green Economy
<b>HCFC</b>	Hydrochlorofluorocarbon	<b>PCB</b>	Polychlorinated biphenyl

<b>PCP</b>	Programme for Country Partnerships	<b>UNDAF</b>	United Nations Development Assistance Framework
<b>POP</b>	Persistent organic pollutant	<b>UNDG</b>	United Nations Development Group
<b>RECP</b>	Resource Efficient and Cleaner Production	<b>UNDP</b>	United Nations Development Programme
<b>RECPNet</b>	Global Network for Resource Efficient and Cleaner Production	<b>UN DESA</b>	United Nations Department for Economic and Social Affairs
<b>SECO</b>	State Secretariat for Economic Affairs [of Switzerland]	<b>UNEP</b>	United Nations Environment Programme
<b>Sida</b>	Swedish International Development Cooperation Agency	<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>SIDS</b>	Small Island Developing States	<b>UNHCR</b>	Office of the United Nations High Commissioner for Refugees
<b>SME</b>	Small and medium enterprise	<b>UNIDO</b>	United Nations Industrial Development Organization
<b>SPX</b>	Subcontracting and Partnership Exchange	<b>UNITAR</b>	United Nations Institute for Training and Research
<b>TEQ</b>	Toxic equivalency	<b>UNU-MERIT</b>	United Nations University–Maastricht Economic and Social Research Institute on Innovation and Technology
<b>TEST</b>	Transfer of Environmentally Sound Technologies	<b>VIC</b>	Vienna International Centre
<b>UN</b>	United Nations	<b>WFP</b>	World Food Programme
<b>UN Women</b>	United Nations Entity for Gender Equality and the Empowerment of Women	<b>WHO</b>	World Health Organization
<b>UNAIDS</b>	Joint United Nations Programme on HIV/AIDS		
<b>UNCTAD</b>	United Nations Conference on Trade and Development		



as at 1 February 2015.





“The ISID mandate is indeed very relevant for the development of the African continent, as it emphasizes industrial development in which there is shared prosperity among men and women in all countries, in which broader social and economic growth is supported within an environmentally sustainable framework.” [Hailemariam Desalegn, Prime Minister of Ethiopia, UNIDO ISID Forum, 4 November 2014](#)

“The strengthening of the international mandate of UNIDO for inclusive and sustainable industrial development will involve the participation of all and benefit all without jeopardizing the welfare of future generations. The operationalization of this new approach would ensure coordination of collective development and technical cooperation actions and stimulate the role of local, regional and international development partners.” [Mahammed Dionne, Prime Minister of Senegal, UNIDO ISID Forum, 4 November 2014](#)

“Industrial activities are often associated with pollution and difficult work conditions but I believe that we can address those issues while making industry synonymous with dynamism, jobs and sustainability. Let us advance inclusive and sustainable industrial development for its own sake and as part of our broader campaign to protect our planet and all people.” [Ban Ki-moon, Secretary-General of the United Nations, UNIDO ISID Forum, 4 November 2014](#)

“Accelerated industrial development is important to diversify economies, create inclusive employment, and sustain the progress that has been made in African countries. I am sure the combined technical expertise and resources of the World Bank Group and UNIDO will help Ethiopia and Senegal to effectively demonstrate the significant potential of African countries to industrialize. I also look forward to continued and deepened collaboration with UNIDO.” [Jim Yong Kim, President of the World Bank Group, UNIDO ISID Forum, 4 November 2014](#)



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