

*Contributions from relevant organs, funds, programmes and
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Contribution from

United Nations Industrial Development Organization (UNIDO)

*The Secretariat circulates herewith the attached
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UNIDO and Social Development

As one of the main elements of social progress industrial development provides a key contribution to poverty alleviation, employment creation and social stability. Taking into consideration the outcome of the World Summit for Social Development and results of the twenty-fourth special session of the UN General Assembly UNIDO has enhanced its efforts aimed at poverty alleviation and productive employment through capacity building. This included:

- Formulation and implementation of industrial policies, which provide an enabling framework for the private industrial sector to operate and compete through innovation and learning.
- Developing support programmes for the promotion of micro, small- and medium-sized enterprises as the main source of employment creation, innovation, entrepreneurship development and socially sustainable development.
- Upgrading national technological capabilities and skills through facilitating access to information, new knowledge and modern technology and through facilitating their efficient adoption, adaptation and utilization.
- Fostering investment and technology promotion climate, enhancement of industrial governance, legal and regulatory framework, knowledge and physical infrastructure.
- Supporting establishments of a range of business support institutions and organizations for providing collective and targeted services for SMEs and other enterprises especially in traditional sectors (viz. food, leather, wood, textiles, and agro machinery), but also in more knowledge-intensive sectors like electronics and biotechnology. These include investment promotion agencies, cleaner production centres, accreditation bodies recognized by international bodies, science parks, technology centres, development agencies and consortia, business incubators to support new start-ups, R&D centres, institutes and laboratories, technology promotion centres, training and production centres, etc.
- Systematic approach to introducing advanced quality management techniques that enhance the ability of firms in developing countries to conform to international standards and to achieve more rapid and environmentally sustainable productivity increases. This is of a particular importance for some industries like food and pharmaceuticals where low quality standards can easily translate into health hazards. Encouraging the formation of industrial clusters and networks for poverty reduction, that provides cost-effective access to highly specialized economic inputs.
- Supporting rural entrepreneurship development through designing programmes to support rural micro and small enterprises, strengthening affordable and effective business development services in rural areas, and, through stimulating micro finance.
- Emphasizing building of public-private partnerships at national, regional and local level to enable participation of concerned stakeholders in sharing information, designing strategies and formulating industrial policies and programmes.
- Expanding the food manufacturing capacity in developing countries which could make an important contribution to food security and poverty alleviation, *inter alia*, by increasing the conservation of food products, safety, storage and by-product utilization.
- Public-private sharing of responsibilities for creating productive employment opportunities in which marginalized individuals or groups acquire a stake in the industrial



production through their participation, empowerment and command over allocation of resources.

In response to Millennium Declaration the UNIDO services have been reviewed to provide better contribution to the achievement of the Millennium Development Goals. The UNIDO corporate strategy *Productivity enhancement for social advance* was developed.

In line with the corporate strategy the UNIDO technical cooperation activities based on the service modules have been readjusted to meet the evolving needs of developing countries and countries with economies in transition. In making this adjustment, particular emphasis was placed on ensuring that these modules support the achievement of the MDGs within the framework of the UNIDO mandate. In this connection, Goals 1 (Eradicate extreme poverty and hunger), 3 (Promote gender equality and empower women), 7 (ensure environmental sustainability) and 8 (develop a global partnership for development) have been seen as being especially relevant for the work of UNIDO, although the Organization's services also contribute to the achievement of the other health- and education-based goals by supporting the development of the critical industrial capacities and infrastructure required for them.

The main modalities for the delivery of UNIDO services are through integrated programmes and country service frameworks based on the service modules complemented by thematic initiatives/programmes as well as stand-alone projects. Addressing the problems of industrial development in integrated and coherent way the integrated programmes significantly enhance the impact of the UNIDO operational activities and their contribution to the MDGs. In 2003 integrated programmes and service country frameworks covered 51 countries. UNIDO's technical cooperation delivery steadily increases and reached the highest level in 2003 amounting to \$94.6 million.

Following are the UNIDO service modules directly contributing to social development:

Service module 1 assists beneficiary countries to monitor, benchmark and analyze their industrial performance and capabilities, and on that basis to formulate, implement and monitor strategies, policies and programmes to improve the contribution of industry to productivity growth and the achievement of the MDGs. Specifically, the UNIDO services under this module have technical cooperation as well as global forum and research dimensions and comprise: building capabilities in industrial statistics, preparation of national and regional strategic industrial diagnoses, capacity-building for industrial policies and strategies, statistics, industrial development indicators and scoreboard, economic research, industrial Development Reports, sectoral and policy studies.

Service module 2 is aimed at overcoming the variety of policy and market failures that constrain domestic and foreign investment activity and the ability to engage in effective technology development and management. UNIDO supports national efforts in the fields of investment and technology promotion. Recent investment promotion activities encompass three main areas: formulation and promotion of investment projects in biotechnology (Cuba), the automotive industry (Colombia), and agro-industry and pharmaceuticals (Ghana, Nigeria and United Republic of Tanzania); training of national staff and formation of local networks for enterprise and project profiling and appraisal for countries including Ecuador, Ghana,



Malawi, and Nigeria; survey of foreign investors in 10 sub-Saharan countries to assess their motivations, performance, perceptions and future plans as an input to capacity-building and strategy design for national institutions servicing foreign investors, supplemented by a competitiveness benchmarking exercise launched first for Kenya and Nigeria in the pharmaceutical and agro-processing sectors.

UNIDO's technology promotion activities concentrate on upstream intervention at government level in devising appropriate policies, strategies and operational action plans to address the technological divide. Technology foresight awareness and capacity-building activities were implemented at the regional level in Eastern Europe and in Latin America focusing on national core competencies and local sectoral benefits enabling adoption of and upgrading to new and more innovative technologies. Special attention was given to technology road-mapping addressing technology strategies in specific industrial sectors in South-East Asia.

Service module 3 is designed to take full advantage of the liberalization of international markets resulting from the process of globalization, in particular by strengthening local capacities to meet the wide variety of technical standards and conformity requirements that limit their access to international markets despite the reductions in tariffs and quotas. The UNIDO trade capacity-building initiative is based on three fundamental pillars: (a) national manufacturing capability for global market competitiveness; (b) proven ability to conform to international standards and regulations; and (c) opportunity to connect to target markets. Under this initiative, UNIDO initiated several projects. In West Africa, in cooperation with the European Union and the West African Economic and Monetary Union (UEMOA), UNIDO developed a subregional programme aimed at facilitating the access of UEMOA countries to regional and international trade. UNIDO has already established a regional system for accreditation, set up regional and local networks of specialized laboratories, harmonized procedures for testing and analysis of products; introduced quality systems in more than 16 laboratories and 50 enterprises; organized training for more than 500 engineers and auditors; and provided a complete collection of international standards. Regional programmes were also launched for Mekong countries, funded by NORAD, and for Central America, funded by UNIDO. Both are aimed at strengthening trade capacities with special focus on priority sectors. In Sri Lanka, for example, the national textile-testing laboratory, formerly a fully sponsored government institute, is now 80 per cent self-sufficient, with additional income being derived from new international apparel manufacturers that have now established themselves in Sri Lanka.

Service module 4 focuses on strengthening the private sector, which is the main driving force of industrial development in almost all countries. In particular, UNIDO services seek to promote the development of small and medium-sized enterprises (SMEs) and include information services, business partnership programme, SME cluster and networking development, rural and women's entrepreneurship development.

Building on ongoing activities, in Uganda an entrepreneurship curriculum was introduced in secondary education offering some 400,000 students annually exposure to entrepreneurial culture, attitude and practices. Project proposals to address specific needs in afflicted countries, including Afghanistan, Angola, Burundi, Guinea, Sierra Leone and Timor-Leste,



were elaborated for post-crisis assistance and submitted to donors, including the United Nations Trust Fund for Human Security funded by Japan.

A joint UNIDO/ILO global training programme on SME cluster development, drawing on the specific experience of both organizations, was designed for policy makers in developing countries to help SME clusters meet their potential in globalized economies. The second phase of the Business Partnership Programme for the Automotive Component Industry, in India, a similar programme in South Africa were launched.

Following a preparatory needs assessment in Egypt, a business model was designed jointly with national support institutions to provide sustainable business information solutions and related value-added services to SMEs. In Guatemala, a dynamic Internet portal was put into operation, linking the Government's web pages to give SMEs ready access to industrial information and enable them to advertise their products via the Internet.

This service module also covers UNIDO's activities in support of MDG 3 and MDG 8, and includes both the UNIDO women entrepreneurship development programme and the Organization's business partnership programme. The former is aimed at helping to promote gender equality through the socio-economic empowerment of women, while the latter is specifically aimed at pulling together the complementary resources of the UN, relevant research institutions and the business community for the benefit of SMEs.

Service module 5 assists to enhance the productivity of agricultural processing industries, and thereby to enable them to increase output and exports, create employment and generate increased income and value added from the agricultural sector, which typically plays a predominant role in their economies UNIDO focuses on increasing productivity, trade facilitation, employment generation, capacity-building and techno-economic assessments.

Recently a new food law was drafted and submitted to the Government of Lebanon. It creates the legal framework for regulations to ensure that a Lebanese Food Safety System is in place for food exports to meet international requirements. In Ethiopia, 82 post-harvest pilot demonstration stations were created, increasing the revenues of farmers and reducing post harvest losses by 10 per cent in the first year of operation. In Uganda, a hybrid drier for fruits and vegetables, developed in Burkina Faso, was successfully installed enabling producers to double their exports of dried organic fruits. In three regions of Burkina Faso, operational dyeing and weaving units were established, equipped with appropriate technology and modern equipment operated by trained artisans, able to produce quality products. As a direct result of the UNIDO intervention, new jobs were created and local processing of cotton was enhanced. Through training programmes, skills were upgraded at 20 agro-machinery manufacturers in Nigeria, producing cassava-processing machinery.