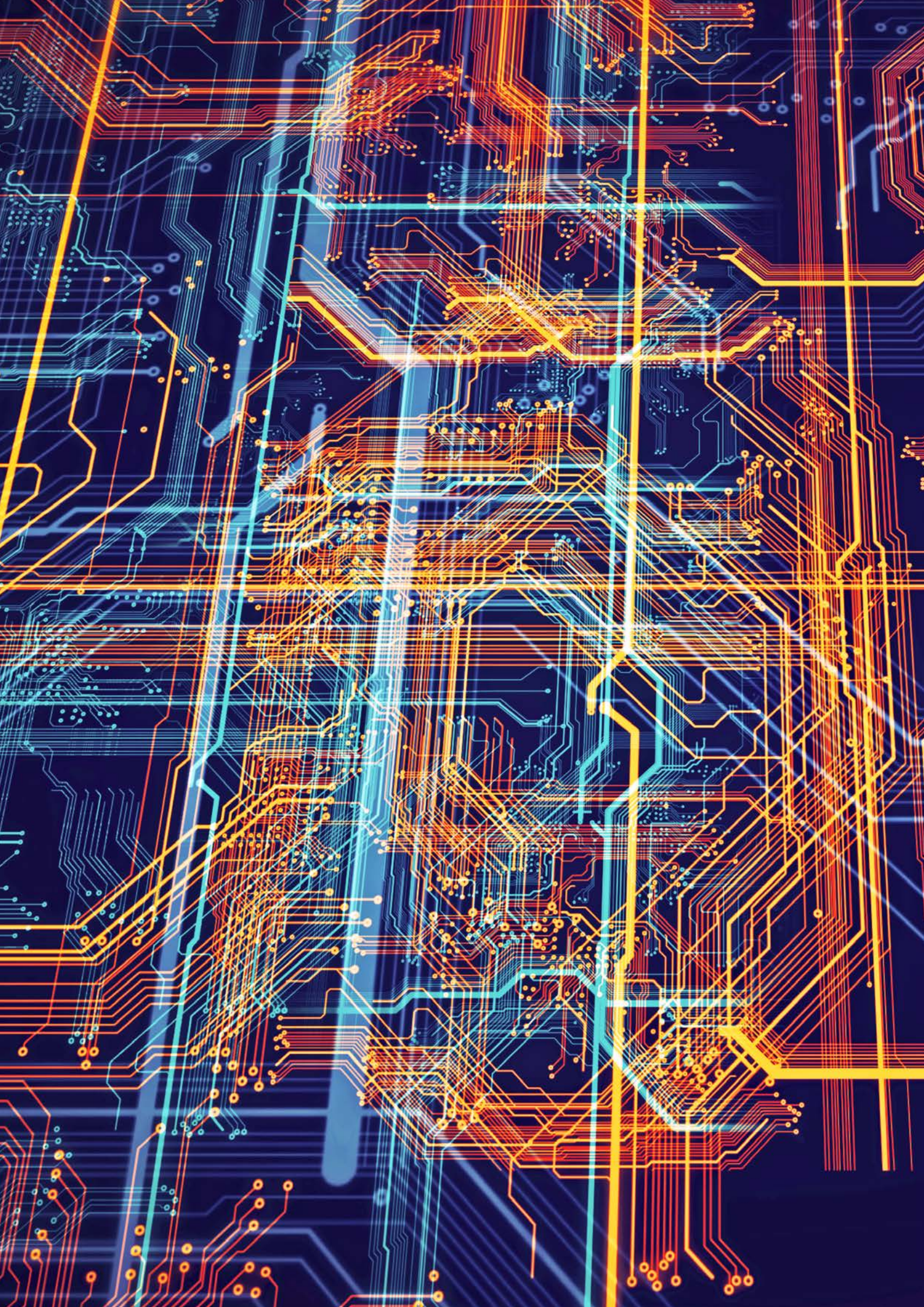




UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

# ANNUAL REPORT 2017







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## 2017



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna, 2018

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## FOREWORD BY THE DIRECTOR GENERAL

It is my great pleasure to present the Annual Report of UNIDO for 2017, yet another active year for the Organization.

At the beginning of the year, we welcomed António Guterres to the helm of the United Nations, a leader passionate about the 2030 Agenda as the key to overcoming today's global challenges and eager to transform the United Nations development system to better serve people in need. I share his vision and support his efforts to address the three dimensions of sustainable development in a balanced manner.

The first in-depth review of the implementation of the sustainable development goals (SDGs) by the high-level political forum on sustainable development (HLPF), to which the UNIDO Industrial Development Board contributed substantively, was important for UNIDO, as it included the in-depth review of SDG 9.

In the first year following the General Assembly resolution on the Third Industrial Development Decade for Africa (IDDA III), UNIDO, as the agency leading its implementation, organized well-attended high-level events in New York and Vienna. With a view to bringing political commitments to actions on the ground, a joint communiqué reaffirmed the dedication of key partners to carry out joint programmes in this regard.

The Programme for Country Partnership (PCP) continues to serve as the Organization's partnership-based, high-impact solution to make inclusive and

sustainable industrial development (ISID) a reality, in Africa and beyond.

At the end of 2017, we expanded the piloting phase of the PCP to two additional regions: Cambodia in the Asia and the Pacific region, and Kyrgyzstan in Europe and Central Asia. The last pilot PCP will be introduced in the Arab region in 2018.

To advance major initiatives such as the IDDA III and the PCPs, we will continue to build on the foundations of our established collaboration with development partners, including Member States, the donor community, major international financial institutions, United Nations sister agencies, the G20 and BRICS.

In 2017, UNIDO again used its convening power to address emerging issues. One such issue important for all of us is the impact of the new technological revolution, known as the New Industrial Revolution, on employment. In this context, we co-organized the first Global Manufacturing and Industrialization Summit in Abu Dhabi in March.

UNIDO has always considered innovation as central to improving resource-efficient production and to increasing outputs and productivity. It can reduce pollution and help mitigate climate change. In 2017, UNIDO therefore continued to promote circular economy and green industry as two concepts that make production and consumption more sustainable.

The fifth Vienna Energy Forum, attended by participants from 128 countries, emphasized the

interlinkages among the SDGs and between energy, development and climate, and produced an agreement on 10 key messages on the role of energy in implementing the SDGs and the Paris Agreement.

On the operational side, I am particularly pleased to note that UNIDO surpassed its performance of the past, as technical cooperation delivery in 2017 reached an all-time record of \$205.5 million. At the same time, voluntary contributions for programme implementation increased for the sixth consecutive year, reaching \$217.9 million. While these figures may not fully capture the contribution of UNIDO to development results and impact, growing delivery figures and voluntary contributions indeed demonstrate both the high productivity of the Organization and the trust placed in its effectiveness, by donors and beneficiaries alike.

It was also encouraging to observe the strong support by participants at the seventeenth session of the UNIDO General Conference in November, both in their proactive discussions on important resolutions concerning our work and their interest in the side events and innovative exhibitions.

Most important for the Organization was the approval of the programme and budgets for the 2018-2019 biennium as well as the medium-term programme framework (MTPF) 2018-2021, as the two principal strategic documents guiding our work in the coming years. With strong financial and political

support from Member States, we remain committed to the values of efficiency, effectiveness, results-orientation and transparency.

To respond to the trust placed in the Organization by Member States, we continue to improve our reporting on organizational performance and development results. The annex reports quantitatively on SDG indicators and indicators of the integrated results and performance framework (IRPF). This year, significant steps have also been made towards the next IRPF, reflecting the new elements of the MTPF 2018-2021 and providing an improved tool to learn about the Organization's unique contribution to ISID and the SDGs. Our next Annual Report, covering 2018, will, in its entirety, report on the newly approved MTPF 2018-2021 using the updated IRPF.

The need for brevity in this report does not allow us to do full justice to all UNIDO achievements during the year. I nevertheless hope that the examples of our work in 2017 presented here will provide vivid evidence of the contribution of UNIDO to the 2030 Agenda.

In conclusion, I would like to reiterate that the achievements briefly outlined in this report are possible only through the generous support of our partners. In gratitude for the honour and privilege of leading this remarkable Organization for a second term, I thank you and count on your continued support to UNIDO.

**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 2017, the Organization has

**168**  
Member States



[www.unido.org/member\\_states](http://www.unido.org/member_states)



**Li Yong** (China) was re-appointed for a second term as the Director General of UNIDO at the seventeenth session of the General Conference (27 November 2017)

The value of technical cooperation delivery in 2017 amounted to

**\$205.5 million**



The primary objective is the promotion of **INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT (ISID)** in developing countries and economies in transition



UNIDO fosters ISID through:

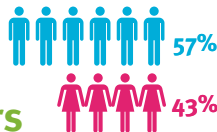
- Creating shared prosperity
- Advancing economic competitiveness
- Safeguarding the environment
- technical cooperation
- analytical and policy advisory services
- normative functions, standards and quality-related activities
- convening for knowledge transfers, partnerships and networking



UNIDO employs

**656**  
staff members

as well as 1,588 consultants on ISA contracts from 139 countries (as at 31 December 2017)



**\$217.9 million**  
net voluntary contributions in 2017 for project implementation, with a total portfolio of projects in hand of **\$495.5 million**



**€86.2 million**  
regular and operational budget of UNIDO in 2017



In addition to its Headquarters in **Vienna**, UNIDO has liaison offices in **Brussels, Geneva** and **New York**.

Its field network consists of **47** regional hubs, and regional and country offices covering **156 countries**

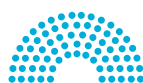


UNIDO maintains **Investment and Technology Promotion Offices** in **nine locations** (Beijing, Bonn, Lagos, Manama, Moscow, Rome, Seoul, Shanghai and Tokyo). **National Cleaner Production Centres** of the RECPnet are located in 63 countries.



**Programme for Country Partnership (PCP):**  
Cambodia, Ethiopia, Kyrgyzstan, Peru, Senegal

**General Conference**



**Industrial Development Board**



**Programme and Budget Committee**



|                      |                     |                       |                   |
|----------------------|---------------------|-----------------------|-------------------|
| WHO ATTENDS          | ALL MEMBER STATES   | 53 MEMBERS            | 27 MEMBERS        |
| WHEN IT MEETS        | EVERY 2 YEARS       | ONCE A YEAR           | ONCE A YEAR       |
| NEXT REGULAR SESSION | 2 – 6 DECEMBER 2019 | 26 – 28 NOVEMBER 2018 | 19 – 20 JUNE 2018 |



# UNIDO GENERAL CONFERENCE 17

27 NOVEMBER - 1 DECEMBER 2017, VIENNA

## PARTNERING FOR IMPACT ACHIEVING THE SDGS

The seventeenth session of the **UNIDO GENERAL CONFERENCE** brought together 700 participants, including Ms. Marie Louise Coleiro Preca, President of the Republic of Malta, Ms. Doris Leuthard, President of the Swiss Confederation and Mr. Miroslav Lajčák, President of the seventy-second session of the United Nations General Assembly. The Conference saw the reappointment of Mr. LI Yong to a second term as the Director General of the Organization.



### MAIN EVENTS

- World Women Leaders Talk
- Sixth ISID Forum “PCP Approach: Evolving partnerships for greater impact”
- Fourth Donor Meeting
- TEDx event (first ever at the Vienna International Centre, organized around the theme of “The Circular Economy”)
- Industry 4.0: The opportunities behind the challenge
- Partnering for impact: Advancing gender equality in industry to achieve the 2030 Agenda
- Launch of the Industrial Development Report 2018
- Helping Africa leapfrog its industrial development (focus on IDDA III)
- Expo consisting of five different areas:
  - › Innovation zone
  - › Knowledge hub on sustainable cities, industrial parks, biotechnology, migration, Industry 4.0, circular economy, UNIDO around the world and gender equality
  - › Networking zone
  - › Youth zone
  - › Digital media zone

>> [www.unido.org/gc17/](http://www.unido.org/gc17/)



## GLOBAL ACTIVITIES TO ADVANCE ISID

The 2030 Agenda recognizes the critical role of inclusive and sustainable industrial development (ISID) and the contribution of UNIDO to the realization of the SDGs more clearly than ever before. The outcomes of several high-level events referred to throughout this report further emphasize the importance of

UNIDO's mandate and mission. Among these was the first review of implementation of the SDGs by the high-level political forum on sustainable development (HLPF), which also included an in-depth review of SDG 9 and found manufacturing to be “a principal driver of economic development, employment and social stability”.





## REPORTING TO THE HIGH-LEVEL POLITICAL FORUM

The HLPF in 2017 was particularly important for UNIDO as it featured the first in-depth review of SDG implementation under the theme “Eradicating poverty and promoting prosperity in a changing world” and included a review of SDG 9. In April, in response to the invitation of the President of the Economic and Social Council (ECOSOC), the Industrial Development Board submitted a substantive input document on the contribution of UNIDO to the 2030 Agenda and industry-related goals and targets.

In July, at the HLPF meeting in New York, UNIDO organized an event with the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS), Austria and Zambia on “Accelerating Inclusive and Sustainable Development in Landlocked Developing Countries through Structural Transformation: Pursuing Policy at the Nexus of Infrastructure and Industrialization”.

UNIDO also facilitated preparation of a HLPF background note on SDG 9. As one of six co-leads, UNIDO prepared the submission based on consolidated inputs by 12 further United Nations sister entities.

► [https://sustainabledevelopment.un.org/content/documents/14570Industrial\\_Development\\_Board\\_of\\_UNIDO.pdf](https://sustainabledevelopment.un.org/content/documents/14570Industrial_Development_Board_of_UNIDO.pdf)

## REFORM OF THE UNITED NATIONS DEVELOPMENT SYSTEM

In his first year in office, Secretary-General António Guterres issued a system-wide strategic document providing recommendations for the reform of the United Nations development system.

As mandated in resolution A/RES/71/243, a system-wide mapping of current functions and capacities of the United Nations development system was undertaken in the first half of the year.

UNIDO provided inputs on its mandate and contributions to the SDGs. The resulting report included 38 recommendations and actions.

Based on these findings and a series of consultations with Member States and United Nations entities, including UNIDO, the Secretary-General released a second report in December that outlined “major changes required to ensure a more coherent, accountable and effective support to the 2030 Agenda”. The document charts a path for the United Nations system to work collaboratively, building on the strengths of each entity, and to accelerate its alignment with the 2030 Agenda at country, regional and global levels.



Meeting of the Chief Executives Board, April 2017

## STATISTICAL WORK ON SDG 9

Given its longstanding mandate to maintain worldwide industrial statistics and its unique role within the international statistics system, in 2016 the United Nations Statistical Commission appointed UNIDO as a custodian agency for six industry-related indicators under SDG 9.

Specific indicators include figures on manufacturing value added, manufacturing employment, small-scale industries, CO<sub>2</sub> emissions, and on medium and high-tech industry. In this role, UNIDO provides data for the global database of SDG indicators and contributed to the *Sustainable Development Goals Report 2017*, published in June.

In addition to its participation in the Inter-agency and Expert Group on SDG Indicators (IAEG-SDG), UNIDO maintains direct contact with national statistical offices and international agencies concerning the implementation of SDG indicators. To address limited data availability, UNIDO intends to support further enhanced collection, processing and dissemination of data related to small industrial enterprises in developing countries.

► <https://unstats.un.org/sdgs/indicators/database/>

## G20 AND BRICS ENGAGEMENT

Based on UNIDO engagement with the G20 in 2016, notably through the report *Industrialization in Africa and Least Developed Countries* prepared for the G20 Development Working Group, UNIDO continued to contribute to the deliberations on Africa and industrialization under the German G20 Presidency in 2017.

The strong commitment of the G20 to the 2030 Agenda and the related action plan adopted at the 2016 summit served as a basis for UNIDO and its partners, such as the Organization for Economic Cooperation and Development (OECD) and participating United Nations entities, to stress the importance of industrialization and the economic development agenda in G20 work streams. In this context, UNIDO contributed analysis on the role of Industry 4.0 to a report by the OECD for the G20 that examines the opportunities and challenges of the next production revolution.

Launched in March to foster private investment in Africa, the G20 Compact with Africa shares close linkages with UNIDO PCs in Ethiopia and Senegal. UNIDO intends to further strengthen synergies between the G20 agenda and its multilateral cooperation in consultation with the next Presidency.

## UNITED NATIONS OCEAN CONFERENCE

A highlight of 2017 was the United Nations Ocean Conference that focused on the implementation of the ocean-specific SDG 14. As a contribution to the Conference, UNIDO and its partners from small island developing States (SIDS), supported by Austria and Spain, organized a side event to review the nexus between energy, waste management and coastal, marine and fresh water protection. Another side event, co-organized with Norway and Sudan, focused on SDG 14 implementation in data-poor LDCs with low institutional capacities, building on experiences of a UNIDO project on sustainable management of marine fisheries in the Red Sea State of Sudan.



UNIDO also saw a strengthening of its cooperation with the BRICS group of five major emerging economies in 2017. In February, UNIDO was invited to join the BRICS Contact Group on Economic and Trade Issues. In August, UNIDO presented a joint report with the International Trade Centre on e-commerce development to the seventh meeting of BRICS Trade Ministers. This was preceded by the meeting of BRICS Industry Ministers that adopted an Action Plan for Deepening Industrial Cooperation among BRICS countries. It positioned UNIDO as an all-round partner and called for strengthened cooperation with the Organization in areas such as capacity-building, technical cooperation and policy consultation to promote industrial development in BRICS countries.



## UNIDO IN NEW YORK

The year under review was remarkably active for UNIDO in New York. In January, at the ECOSOC Youth Forum, UNIDO co-organized a side event on empowering social entrepreneurship, particularly youth-led enterprises, and the use of innovative technologies such as blockchain and digital currencies to achieve the 2030 Agenda.

In February, UNIDO, as a new member of the Global Migration Group, organized an event on “Responding to migration challenges from the economic aspect” with the Food and Agriculture Organization (FAO) and the Permanent Missions of Malta and Senegal. At the following meeting with the Group of Friends of ISID, the Director General emphasized that migration produces economic opportunities, as migrants are also agents for development and increase the well-being of societies.

Commemorating “Africa Industrialization Day” in New York, UNIDO, the Permanent Observer Mission of the African Union to the United Nations, and the Office of the Special Adviser on Africa held a panel discussion on African industrial development. It focused on possible opportunities from the establishment of an effective and sustainable Continental Free Trade Area (CFTA), highlighting the role industrial development could play in achieving CFTA, and long-term growth in Africa.

In September, UNIDO and its partners held a joint high-level event to discuss the implementation of IDDA III, focusing on how to enhance commitments towards the financing of IDDA III programmes, projects and interventions.

## SUPPORTING THE ECOSOC

The 2017 Special Meeting of the ECOSOC, supported by UNIDO, focused on “Innovations in Infrastructure Development and Promoting Sustainable Industrialization”. It put the spotlight on the relevance of SDG 9 and its interlinkages with other goals and targets. Stronger international partnerships and development cooperation that increase access to finance, risk mitigation measures and expertise were identified as solutions to address current challenges. The PCP model and the Accelerated Agribusiness and Agro-industries Development Initiative Plus (3ADI+) were two United Nations system-led and government-owned models that were discussed. The meeting was the culmination of several months of substantive preparations by UNIDO, including two preparatory events in Dakar (26 March) and Victoria Falls, Zimbabwe (24-26 April).

## UNIDO INVOLVEMENT IN THE TECHNOLOGY FACILITATION MECHANISM

As a founding member of the Inter-Agency Task Team on Science, Technology and Innovation (STI), UNIDO actively participated in the second annual STI Forum as moderator of the global online discussion on the role of STI for SDGs 1, 2, 3, 5, 9 and 14, and as focal point for a session on key priorities for engaging STI for SDG 9. On the margins of the forum, UNIDO co-organized a side event on the implications of technology and innovation for the future of manufacturing with the Permanent Mission of Finland in New York and the International Telecommunications Union (ITU). Ways to narrow the gap between the nations industrializing the slowest and the fastest, and the role of the United Nations in facilitating the use of new technologies and adaption to Industry 4.0, to improve conditions in least developed countries (LDCs), were discussed.

## CREATING SHARED PROSPERITY

Global poverty levels have fallen in recent decades, but gains have not been evenly spread. The majority of the world's poor continue to live in rural areas, lacking basic infrastructure and gainful employment, with women and young people often disproportionately affected. A lack of socioeconomic development also reduces resilience to external shocks and to natural crises and conflicts.

UNIDO employs its longstanding expertise in improving agricultural processes and light manufacturing to help raise both productivity and incomes, in particular through support for small and medium-sized enterprises (SMEs), and by increasing the participation of women and young people in productive activities. Through these activities, complemented by its post-crisis and human security programmes, UNIDO is fostering inclusive and sustainable growth, allowing the benefits of prosperity to be shared more equally and supporting progress towards achieving SDG 1 and related goals.



## AGRIBUSINESS AND RURAL DEVELOPMENT



For industrialization to be truly inclusive and sustainable, and for it to play a role in ending poverty in all forms, it must make opportunities accessible to all and distribute its benefits throughout society.

In developing countries and countries with economies in transition, this often means a focus on agribusiness and rural development. In broad terms, poverty levels are in decline, but moderate and extreme poverty remain serious issues. These kinds of poverty are concentrated outside cities: 75 per cent of the world's poor live in rural areas where productivity is low, local economic activity inadequately diversified, unemployment rates are high and jobs insecure.

UNIDO empowers people to raise themselves out of poverty and improve economic conditions. It does so by helping communities and economies to develop the policies and the social, educational and industrial

infrastructure needed to build resilience against domestic and global shocks, allowing them to prosper and grow.

Adding value to agriculture and other rural industries is at the heart of the work of UNIDO in agribusiness. By strengthening the link between agriculture, industry and markets, the Organization creates stronger value chains and helps build infrastructure that will sustain long-term industrial and economic growth.

### Supporting coffee industry development in Ethiopia

The coffee industry is a central pillar of the Ethiopian economy, supporting over 20 million people and representing around 25 per cent of export trade. However, industry development is hindered by quality issues, a lack of technical skills, fragmented and underdeveloped production and processing chains, and a lack of recognition of Ethiopian coffee on international markets.

To help create a strong base for development, UNIDO is implementing an Italian-funded project to provide training to farmers in best practices in coffee agronomy, social and environmental sustainability, and cooperative and financial management.

Product quality and production levels are increasing thanks to the renovation of old coffee washing



**9,500 farmers in 15 cooperatives** benefit from **15 input provision centres, 4 coffee drying centres,** and nurseries providing **33,000 seedlings** of high-yield and disease-resistant coffee varieties



**9,500**  
farmers



**15**  
cooperatives



**15**  
input provision  
centres



**4**  
coffee drying  
centres



**33,000**  
seedlings



machinery and the establishment of new coffee drying centres, as well as the creation of input provision centres to facilitate access to fairly priced equipment and nursery sites to grow high-yield and disease-resistant coffee.

The project strengthens the industry value chain by helping farmers' cooperative unions develop new business models, including business plans, and marketing and communications strategies. It provides similar technical support to the Ethiopian Coffee Roasters Association.

In addition, UNIDO is helping create the infrastructure to build a national framework to ensure the industry's continued development once the project is concluded. This support includes facilitating access to international study tours to major coffee export and import countries and the recruitment of national and international experts to develop the Ethiopian Coffee and Tea Development Marketing Authority. The Organization has also helped create a national branding and marketing strategy and to establish the Organized Coffee Forum, a platform for industry collaboration, and the Coffee Training Centre, to facilitate training and knowledge-sharing.

With the support of UNIDO, almost 9,500 farmers in 15 cooperatives in the key coffee-growing areas of Aleta Wondo and Delo Mena are benefiting from the project, and the Ethiopian coffee industry is building a strong platform for long-term, inclusive and sustainable development.

### Assisting agribusiness infrastructure development in Armenia

Agriculture is an important part of the Armenian economy, employing over a third of the working population. This makes the development of the sector crucial for income generation and poverty alleviation.

Working with the United Nations Development Programme, UNIDO set up a three-year project in 2015 to strengthen existing producer groups and establish new ones, helping farmers add value to primary production and boost incomes in rural communities.

Funded by the European Union (EU) and the Austrian Development Agency (ADA) and concluded in



First buckwheat processing factory set up in Armenia with UNIDO support

December 2017, the project provided training on harvesting, processing, marketing and sustainability; facilitated access to new equipment and technology; and improved capacity relating to the marketing of quality products.

The project helped increase the number of sustainable producer groups in agricultural production and the value-addition business from 6 to 57. The new groups worked in areas of high-value crops, cheese, dried fruit and herbs, and non-traditional vegetables. In all, over a third of the cooperatives are led by women, while young people comprise more than two-thirds of the primary production workforce.

The groups invested €868,884 in their businesses, almost matching the €900,000 invested by the project in equipment and training. As a result, the capacity and quality of the producer group's output has expanded and improved. Overall output of farmers engaged in the project increased by 1,350 per cent.

Furthermore, a higher degree of self-sufficiency among farmer groups has created jobs, raised competitiveness and brought growth to local economies. Additionally, consumers now have better access to more affordable food, and export trade is increasing.

## WOMEN AND YOUNG PEOPLE IN PRODUCTIVE ACTIVITIES



Women and young people in developing countries play a critical role in ISID but often face a series of barriers to full economic and social participation. These include inadequate policies on women and youth entrepreneurship, lack of financial and non-financial business development services, limited access to training, finance, networks and other development opportunities, as well as an often weak entrepreneurial culture.

Through a broad range of job creation and entrepreneurship initiatives, UNIDO helps give women and young people the tools to grasp economic opportunities and increase their contribution to social and economic development.

One example is the Start and Grow entrepreneurship training toolkit developed by UNIDO with the Fondazione Giacomo Brodolini, the Luiss Guido Carli University, renowned international experts and AIESEC. It helps budding entrepreneurs learn to plan and start businesses, pitch to investors and manage financial plans.

Following a pilot phase in Austria and Ethiopia, which trained over 100 stakeholders, this state-of-the-art toolkit is expected to be deployed globally.

Another partnership initiative designed to build entrepreneurs' skills is the Entrepreneurs for Social Change (E4SC) project. Developed in close collaboration with the Italian non-profit Fondazione CRT, it supports young social entrepreneurs in the Euro-Mediterranean region to help bring about social change and thereby create more resilient and sustainable communities. The project has so far provided training and mentoring to 25 carefully selected young entrepreneurs.

➤ [www.E4SC.org](http://www.E4SC.org)



Such initiatives are complemented by UNIDO engagement in global forums to strengthen opportunities for social and economic participation for young women and men, particularly through the creation of decent jobs. These include the ECOSOC Youth Forum, the Global Initiative for Decent Jobs for Youth and the Inter-Agency Network for Youth Development, and together mobilize young people on a global level to contribute actively to the achievement of the SDGs.

### Fostering entrepreneurship in Tunisia

Youth unemployment in Tunisia is high, in part due to fewer jobs in the public sector, a lack of diversity in the private sector and a mismatch of skills between graduates and private-sector employers. UNIDO addresses these issues through a five-year entrepreneurship technical assistance and workshop programme for aspiring entrepreneurs and owners of existing businesses, which is backed by USAID, Italy and the HP Foundation.

In 2016, the first year of the second phase of the Mashrou3i programme, almost 3,500 entrepreneurs and students in 14 vulnerable regions received entrepreneurship training. In addition, 145 entrepreneurs received coaching, and 11 enterprises were given business development assistance.

The project has so far created 849 jobs, with almost 200 of those at start-up businesses. Over 40 per cent of the start-ups launched are women-owned, including a dental office for prosthetic services, an Internet radio station for young people, a jewellery company, a date-processing enterprise and a call centre.

➤ <https://mashrou3i.tn>

### Establishing entrepreneurship in the national curriculum in Madagascar

Madagascar is one of the world's largest producers of vanilla. The industry has nonetheless not realized its potential and the country suffers from acute food shortages.

UNIDO is implementing a project to introduce entrepreneurship into the secondary school curriculum to help boost local industry.

This Norwegian-funded project is equipping young people with entrepreneurial skills to better prepare them for the job market. The training aims at increasing earning power and enabling young people to contribute more to their local communities.

The three-year entrepreneurship course for 16- to 18-year olds comprises 225 hours of training. It is designed to give students the skills to identify opportunities, develop ideas, mobilize and manage resources, and implement projects, while also giving them real-world experience. The course is being piloted at 10 schools and is being taught to 3,350 students, almost a third of whom are female. The first course started in November 2017.

## HUMAN SECURITY AND POST-CRISIS REHABILITATION



Whether man-made or natural, crises create large-scale displacement and migration, pose challenges for human security and adversely affect often fragile industrial infrastructure. Women are often disproportionately affected.

Rebuilding livelihoods, restoring SME productivity and creating employment are important steps in the recovery process. By helping achieve these goals, socioeconomic security can be provided and people can make a positive contribution to their families, communities and economies. In developing countries, recovery must often start with a focus on agricultural processing and other rural industries, and on the role of women and young people.

Working with partners from various sectors, UNIDO is helping improve conditions in its Member States where human security is an urgent issue.

### Providing vocational training in Iraq

The conflict in Iraq has devastated the country's economy and its industrial infrastructure. Through a Japan-backed project on stabilization, economic recovery and reconstruction support for displaced





persons in Iraq, UNIDO is helping rebuild people's livelihoods and restore SME productivity.

The Organization arranges vocational training in areas such as mechanics, information technology, forklift truck operation, smart phone repair and greenhouse farming. Through a modern learning framework, young men and women, teachers and business owners acquire skills that are immediately transferable to the job market.

Concluded in 2017, the project established an education infrastructure with the potential to deliver long-term benefits to industry and communities in Iraq. As of the end of 2017, 900 people had been trained (of which 50 per cent were women), with the curriculum accredited by the Ministry of Labour and Social Affairs, and over 50 SMEs received support, strengthening the sector as a result.

## Rebuilding and expanding livelihoods in Jordan

The large number of refugees coming into Jordan as a result of the conflict in the Syrian Arab Republic is putting pressure on local institutions, services and employment due to greater competition for income-generating opportunities.

To tackle the problem, UNIDO implemented a Japan-funded project to help create jobs and improve food security in heavily affected areas. It improved the ability of both local farmers and refugees to generate income, focusing on skills training, equipment provision, creating better value chains and enhancing links to markets.

The project has provided 490 farmers and Syrian refugees with entrepreneurship and technical skills training. The training was delivered in 11 local community-based organizations and almost a third of those who completed the course were women. Young people aged between 18 and 24 accounted for an eighth of the total.

As a result, farmers and refugees have improved their skills and are working together. They have formed 60 producer groups, which is benefiting business development and social cohesion. These advances have also led to an increase in production and more marketing opportunities, including the creation of collective branding and a regular presence at food exhibitions. In turn, this has increased the resilience of the communities hosting Syrian refugees.



**490**  
farmers and Syrian  
refugees trained



**60**  
producer  
groups formed



## AGRO-INDUSTRIAL PARKS

Since 1978, UNIDO has been providing direct assistance to many developing countries to support the establishment of industrial estates, and has published over a hundred studies, guidelines and specifications in this regard. Industrial parks are one of the most efficient and effective means to stimulate a country's innovation and economic growth, and to attract foreign direct investment. They provide an institutional framework, modern services, a physical infrastructure and a concentration of companies that foster innovation, promote resource efficiency and reduce costs. The experience of China, including through UNIDO support over the past four decades, serves as an example of how industrial parks can introduce and widen industrial development and eventually lead to a huge economic leap.

In the era of the 2030 Agenda, UNIDO is now expanding this service by supporting the establishment of agro-industrial parks as effective instruments to advance ISID and industry-related SDGs.

Agro-industrial parks offer a cost-effective way to increase access to basic infrastructure and ensure efficient, effective and sustainable production. They encourage private investment, further the consolidation of the industrial base, enhance revenue from value addition and exports, and have a significant impact on income, employment and workforce improvement in businesses beyond the premises of the parks.

UNIDO supports the development of agro-industrial parks within the framework of the PCPs in Ethiopia and Senegal, as well as in Belarus, Morocco and Nigeria.







## ADVANCING ECONOMIC COMPETITIVENESS

Unemployment, young people living from subsistence agriculture and informal economies, inequalities, urbanization and rapid technological change are among the greatest challenges facing the world today. ISID provides opportunities to meet these challenges by creating decent jobs, entrepreneurship, business investment, innovation and technological progress, and skills upgrading, raising overall productivity and well-being. Enhanced product quality and trade policies strengthen trade and integration in global value chains.

Through programmes promoting trade capacity-building, impact investment, innovation system approaches, SME development, entrepreneurship and cluster development, UNIDO assists developing countries and transition economies in creating sustainable jobs, attracting investment and adopting new technologies. UNIDO also provides policy advice to governments and institutions on setting up regulatory frameworks that nurture business and entrepreneurs, establishing the conditions necessary for ISID.

## INVESTMENT, TECHNOLOGY AND SME DEVELOPMENT



Almost a decade after the global financial crisis, countries continue to face growing levels of economic uncertainty, with rising inequality, low growth, and subdued trade and investment levels putting pressure on livelihoods. Urbanization, climate change and environmental degradation are also adding to political and social tensions, while fast-paced technological change presents both opportunities and challenges.

UNIDO deploys its expertise in areas such as technology transfer and capacity-building to help developing countries apply best technology practices, improve skills, gain better access to markets and improve linkages with regional and global value chains. It also uses its convening role to leverage multi-stakeholder partnerships, and to support the high levels of capital development needed to integrate into the new digital economy.

As important drivers of growth and job creation, especially in developing countries, the success of SMEs will be critical to how countries respond to these pressures. The ability to innovate and bring innovative solutions to market will be crucial for global competitiveness in the coming decades. UNIDO is working with key players in new technological fields to help countries understand innovative solutions and business opportunities arising from technological change, and enact appropriate policies to allow them to take advantage of these opportunities. For example, the Organization is actively developing knowledge-sharing platforms, peer-to-peer learning and multi-stakeholder discussions on how to facilitate transition and enable developing countries to leapfrog.

### Revitalizing the textile industry in Tajikistan

The textile industry, which includes carpet weaving, is an important source of revenue and employment in Tajikistan, particularly for women and young people. However, since the post-Soviet restructuring of the region both output and revenue have fallen dramatically. In an effort to reverse the decline of the carpet-weaving sector, UNIDO is implementing a project supporting a government programme designed to introduce new technologies and expand the production of handmade carpets.

The project, which is funded by China and the Russian Federation, provided training in core skills to over 500 people, including young women from lower income populations and Afghan refugees. It was also instrumental in establishing a training and service centre to support the growth of SMEs in the sector, aimed at boosting employment and earnings.

With UNIDO support, several textile companies have come together to form the LA'AL textiles brand. Due to the formation of this brand, and the collaborative power behind it, participating enterprises gained access to new markets, signing production plans with national and international retailers, supermarkets, and furniture and hotel chains. Local companies now take design, marketing and customer services more seriously. The project has so far led to the creation of almost 100 new jobs and is providing a platform for further growth in the industry.

### Developing export consortiums in Colombia

The agro-industrial and cosmetics sectors in Colombia have expanded over the years and have demonstrated sound growth. However, micro, small and medium-sized enterprises (MSMEs) in these sectors have not succeeded in exporting their goods to foreign markets due to, among other barriers, a lack of commercial know-how, their inability to meet foreign regulatory requirements and quality standards.

With UNIDO support, MSMEs in the Valle del Cauca region of Colombia formed and operate export consortiums and enhanced their product quality to comply with export requirements.

Funded by the Republic of Korea, the project provides technical assistance in the development and





Packaging of snack foods at a consortium in Colombia

implementation of joint business plans that define strategic cooperation amongst firms, in the elaboration of visual materials, in the identification of adequate export markets, in the alignment with quality standards and compliance with technical requirements, and in the development of joint export activities. In 2017, training activities reached over 860 participants. As a result, of the 42 participating companies, 22 consortium members have managed to penetrate new markets, exporting goods to seven countries, including in Europe and Asia. Moreover, consortium members jointly participated in 28 fairs, developed collective brands and product lines, and one even established a commercial representation abroad. In addition, the project transferred the methodology to local public and private institutions, including the national export promotion agency, which have initiated their own export consortium programmes under the guidance of UNIDO.

### Modernizing the automotive supply industry in Belarus

Belarus is the second-largest producer of heavy commercial vehicles in the Commonwealth of Independent States (CIS) region after the Russian Federation, and has a longstanding tradition in manufacturing parts and components for the



Inspecting improved production of automotive components

automotive industry. However, inefficient and polluting production processes mean that the sector does not meet the internationally accepted standards necessary to penetrate lucrative, neighbouring markets such as the EU.

In response, in 2015 UNIDO launched a two-year project to help automotive component producers meet the requirements of original equipment manufacturers and first-tier automotive component manufacturers, thus strengthening the development of SMEs operating in the industry.

Through the project, UNIDO trained 180 trainers in 30 companies in the principles of lean management, which is designed to streamline production processes by raising efficiency and cutting waste. It also helped improve the capacity of advisory institutions in the Belarusian automotive component industry, such as business associations, to support the transition to more environmentally friendly processes and encourage greater sectoral linkages.

UNIDO provided local industry with a platform to advance its economic competitiveness and expand market access. It is also improving the sector's focus on sustainability, increasing efficiency and productivity, and raising turnover. As of the end of 2017, the project, which was funded by the Russian Federation, had generated economic returns of over \$1.25 million.



## INDUSTRY 4.0

Industry 4.0, also referred to as the Fourth Industrial Revolution, brings connectivity, smart autonomous systems and higher levels of automation to manufacturing. Emerging technologies in this area include artificial intelligence, robotics, the Internet of Things, autonomous vehicles, 3-D printing, nanotechnology, biotechnology, materials science, energy storage and quantum computing. Technological developments in these fields could contribute to more sustainable production and consumption patterns. The consequences for employment, wealth creation and distribution, however, are not yet fully understood. One of the biggest concerns is the impact on jobs in developing countries, due to increasing automation and the displacement of workers by machines.

UNIDO, and the development community at large, is examining ways to assist developing countries and economies in transition in taking advantage of the opportunities stemming from Industry 4.0, as well as addressing the challenges. UNIDO is in a unique position to promote innovation by creating awareness of Industry 4.0 opportunities and available standards among policymakers and industry associations, such as the World Association of Industrial and Technological Research Organizations, or by providing training for innovation management professionals and coaches, and cross-industry communities of practice.



*UNIDO at Hannover Messe*

## COMPETITIVE TRADE CAPACITIES AND CORPORATE RESPONSIBILITY



Despite a better-than-expected recovery in global trade volumes in 2017 and continuing low tariffs on trade, market conditions remain tough for developing countries. Increasingly complex non-tariff barriers on quality, safety and environmental standards and rapidly developing new technologies that require new legal, infrastructure and regulatory responses continue to challenge poorer nations, in particular LDCs.

UNIDO is working with governments and the private sector to build an environment to improve competitive supply capacities by integrating global value chains and providing technical assistance to upgrade production processes. The Organization also has an established record in developing regional and national infrastructure and institutions to help developing countries meet international compliance standards, such as the setting-up of accreditation bodies, metrology institutes or laboratories.

At the same time, there is increasing pressure on business to incorporate environmental, ethical and social considerations into corporate strategies, with large companies continuing to invest heavily in corporate social responsibility (CSR) programmes. This can put greater pressure on developing country SMEs, which may experience administrative and cultural barriers that prevent them from meeting CSR requirements. UNIDO helps SMEs, which are essential to building a path out of poverty in many developing countries, to adapt to CSR demands, with programmes that address responsible supply management and raise awareness of social and environmental impacts.

### Helping raise standards in Chad's gum arabic production

Chad is the world's second-largest producer of gum arabic, or acacia gum, a natural gum harvested from various species of the acacia tree. It is Chad's third-largest industry in terms of export trade, providing income for over 500,000 people. However, the industry's potential is largely untapped and it could be contributing more to local communities and the national economy.

By raising quality standards in the sector, UNIDO is helping Chad create a more diversified economic base and unlocking the potential of a key industry whose growth can bring significant benefits to the population. A UNIDO project on building commercial capacity in the sector, funded by the Enhanced Integrated Framework, has helped businesses in the sector improve standards, increase productivity, access new markets and provide greater, more reliable employment to local communities.

During the project, which concluded in 2017, UNIDO contributed to the development of a reference document on good practices, incorporating quality standards and sustainability, for each part of the gum arabic supply chain. It also helped develop a system to track quality and food safety issues and introduce standardized product measurements, as well as provide training on those subjects and others to a working community with high rates of illiteracy.

As a result of this support, gum arabic businesses are adopting new trading practices. The greater focus on quality standards of those practices is enabling them to sell gum at a higher price and expand their trading activity. With that expansion and the improvement in confidence and skills that has come with it, workers have the prospect of earning higher incomes and enjoying better standards of living.

### Supporting business registration reform in Viet Nam

As part of its longstanding support of SME and private sector development in the country, UNIDO has been the privileged partner of the Government of Viet Nam

## ITPO GERMANY IN BONN

With the opening of an office in Bonn, Germany in May 2017, the UNIDO network of Investment and Technology Promotion Offices (ITPOs) covers nine locations, including Bahrain, China (Beijing and Shanghai), Italy, Japan, Nigeria, the Republic of Korea, and the Russian Federation. The ITPO is based at the United Nations campus in Bonn, a strategic location that operates under the theme “Shaping a sustainable future”, in line with UNIDO’s mandate of ISID. The Office will complement the efforts of the Government of Germany to promote investment and sustainable technology in developing countries and economies in transition, with a focus on SMEs.



in the field of business registration reform for many years. With funding from Switzerland, Norway and the One UN Fund, UNIDO support has addressed obstacles faced by entrepreneurs in completing start-up registration procedures.

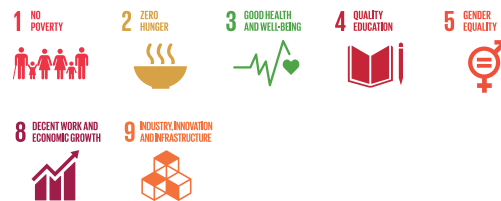
A package of measures provided by UNIDO, including policy advice, institutional reform and technical assistance, has resulted in the establishment of a national, centralized, fully computerized and business-consolidated registration system operated in 63 provinces. The positive impact is visible in the reduction of time needed for registering businesses, from over five to an average of three days. It also contributed to the registration of over 100,000 new businesses with capital of

\$35 billion within a year. The business community has welcomed the reforms, as they make business registration less cumbersome, less costly, and thus more efficient and transparent.

Under the current phase of the programme, the national business registration system is being upgraded to cover State-owned enterprises and enterprises registered through management boards of industrial zones and export-processing zones. As State-owned enterprises generate almost a third of the country’s gross domestic product (GDP), their inclusion is creating a business environment that is more supportive to industrial growth and more attractive to investors.

It is expected that at project completion, the national business registration system will be operationally and financially sustainable, and independent from further international support. The project is increasing competitiveness and transparency, helping improve the trade capacity of the business sector in Viet Nam, while providing a road map to continue and accelerate this development.

## ENTREPRENEURSHIP DEVELOPMENT



Along with innovation, entrepreneurship is a key driver of ISID. Creating a vibrant and dynamic environment in which entrepreneurs can thrive is central to wealth and job creation, and therefore vital for industrial diversification and economic growth. Policies designed to support entrepreneurship are especially important to address the social inclusion of disadvantaged groups who may not be able to enter the formal job market.

UNIDO is continuing its work with the private and public sectors to foster the conditions entrepreneurs need to succeed. This includes advising on new business models, identifying sectors with strong





Armenian producers benefiting from increased capacities market and supply their garments and footwear abroad

growth potential, and helping them meet the quality requirements that allow them to bring new goods and services to market. It is also working with governments to help promote legal and regulatory environments that encourage stability, transparency and the good educational skills needed to support entrepreneurial development.

This work is particularly significant in less developed countries where many young people lack access to modern education on business development and the use of information and communication technologies.

To address this, UNIDO is implementing projects that target curriculum development, entrepreneurship skills and education training, such as its Entrepreneurship Curriculum Programme (ECP). The programme uses a bottom-up strategy to provide young people in secondary school and vocational schools with practical entrepreneurship skills before they enter the workforce. Eleven countries are currently implementing the UNIDO ECP, with more preparing for it.

### Supporting the development of the textile and clothing industry in Armenia

UNIDO is assisting the textile and clothing industry sector in Armenia to boost competitiveness by developing a culture of entrepreneurship and helping build the infrastructure to support entrepreneurial growth.

As one of the most established industries in the country, it makes a significant contribution to export trade and is an important source of employment. However, the industry's potential is not being realized, largely as a result of limited capacity and the limited competitiveness of the SME sector.

The project, which is funded by the Russian Federation and is in its second phase, is helping support SME development and modernization so that Armenian garment and shoe and leather products can be positioned as higher-end goods and find new markets, and the industry can attract new investment. This is being achieved by upgrading technical capacity in innovative fashion design, promoting business networking and institutional partnerships between producers and designers, and supporting export promotion.

As part of its second phase, the scope of the project has been increased to incorporate 6 garment and 10 footwear manufacturers, bringing the total number of enterprises involved to 25. Plans have also been agreed to establish a Light Industry Development Cluster Centre that will help support SMEs and the growth of the industry.

As a result of the project, the Italian design institute Istituto di Moda Burgo, an international leader in fashion education, has formed a partnership with the Atex Fashion Centre in Armenia. An international diploma programme has been launched by the

Atex-Burgo Fashion School and, as of the end of 2017, 32 students had graduated from it. Many of these graduates are now employed in the Armenian textile and clothing industry.

The project also led the companies involved to create the 5900BC brand. This collective brand facilitates joint marketing and development, including participation at international fairs and business-to-business forums, and allows these enterprises to

access new markets. Between 2014 and 2016, the brand was shown at four international and three national exhibitions. This exposure will continue under the second phase of the project. With UNIDO support, the project has the potential to create over 800 new jobs and increase the turnover of the enterprises involved by almost two-thirds, including a 110 per cent rise in export trade.

## UNIDO IN GENEVA

The Geneva Office promotes cooperation with Member States represented in Geneva, Switzerland and international organizations in the areas of trade, investment and technology, and takes an active part in major debates in these thematic fields.

The biennial Global Review of Aid for Trade is the foremost gathering of the trade and development community. The 2017 review was dedicated to “Promoting trade, inclusiveness and connectivity for sustainable development”. UNIDO organized a high-level event on the role of digital connectivity for Africa’s industrial transformation, and contributed to several thematic and regional sessions on the role of industry for trade and women’s empowerment. As most of the current debate focuses on trade facilitation, trade in services, digital connectivity and e-commerce, a reminder of the undeniable interlinkages between industry and trade is essential.

At the largest annual outreach event of the World Trade Organization (WTO), UNIDO, FAO and the African, Caribbean and Pacific Group of States (ACP), organized a panel discussion on agricultural trade. UNIDO also participated in several WTO trade policy reviews and provided regular updates to relevant WTO committees and to the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD).

UNIDO also participated in several investment policy reviews at UNCTAD, as well as in the high-level event on “Productive Capacity-building in Least Developed Countries”. In the field of technology, the Geneva Office played a key role in strengthening the partnership with ITU and actively participated in the World Summit on the Information Society and other ITU-hosted events.



## SAFEGUARDING THE ENVIRONMENT

The need to decouple economic growth from environmental degradation is unquestionable as the effects of accelerating climate change and resource depletion continue to alter habitats, threatening livelihoods and ecological sustainability. UNIDO is at the forefront of efforts to build a sustainable system that allows growth while protecting the environment. It assists governments, institutions and industry to best adapt their production methods, move towards cleaner production systems and develop sustainable, efficient energy solutions. With expertise built up over decades, the Organization also plays a pivotal role in helping governments meet the requirements of international agreements to phase out ozone-depleting chemicals and other toxic pollutants.



## RESOURCE-EFFICIENT AND LOW-CARBON INDUSTRIAL PRODUCTION



Industrialization is vital for economic development and has helped bring millions out of poverty in recent decades. But as more countries industrialize, growing consumption, rapid urbanization and unsustainable use of natural resources is exacerbating climate change and polluting the ecosystems on which we depend.

UNIDO has long promoted sustainable industrialization as the best response to these challenges, effectively decoupling natural resource use and its environmental impacts from economic growth. The Organization enables countries to reduce their consumption of natural resources and cut emissions and waste from industrial processes by helping create green industries, establishing road maps to green the production chain and running clean technology programmes. It also encourages circular economy solutions that promote recycling, resource recovery and the sustainable use of natural resources, such as water and energy.

UNIDO pursues these goals through projects and activities that increase the capacity of industry, governments, environmental service providers and other entities to use more resource-efficient and low-carbon production. Examples include training and

knowledge-sharing on resource recovery, setting and implementing environmental standards, and running programmes on the safe disposal of waste and hazardous chemicals.

### Supporting the development of resource-efficient and cleaner production

The Resource Efficient and Cleaner Production (RECP) programme has long been a central element in the work of UNIDO on the environment. This flagship initiative, run jointly with the United Nations Environment Programme (UNEP) and funded principally by Switzerland, delivers services to improve resource productivity and environmental performance in 63 developing countries and economies in transition, targeting governments, civil society and businesses, with a particular focus on SMEs.

The programme applies preventive environmental strategies to processes, products and services to increase efficiency and reduce risks to communities and the environment.

In conjunction with the programme, the Global Network for RECP (RECPnet) acts as a platform to spread and scale up RECP policies and practices by bringing together leading RECP service providers on a global level and offering specialized advice to industries, capitalizing on synergies between its members. RECPnet is facilitating North-South, South-South and South-North-South collaboration, including the transfer of RECP-relevant knowledge, experiences and technologies.

► <http://www.recpnet.org>



**155,000+**  
tons of CO<sub>2</sub>  
emissions avoided  
in 2017



**1,750+**  
practioners trained  
in RECP methods and  
tools (2012-2017)



**527** + **15**  
enterprises industrial parks assisted  
with incorporating RECP  
into business practices  
(2012-2017)



Swiss funding of  
**\$16.5 million**  
leveraged  
**\$580.8 million**  
for projects and programmes  
based on the original RECP  
concept (2012-2017)

## Fostering sustainable development through eco-industrial parks

Under the auspices of the RECP Programme, one of the key UNIDO contributions to the 2030 Agenda is the establishment of eco-industrial parks (EIPs) in emerging and developing countries. The parks help foster ISID by promoting resource conservation, recycling and the sound management of waste, as well as the use of industrial synergies at a time when the expansion of the industrial sector in developing countries is increasing resource consumption and waste generation.

UNIDO, the World Bank Group and the German Agency for International Cooperation (GIZ) developed the “International Framework for Eco-Industrial Parks”, which acts as a guide to policymakers and practitioners on the critical elements that will help governments and the private sector establish economically, socially and environmentally sustainable EIPs. The framework defines the key elements of EIPs, establishing a common understanding of how to promote economic growth while protecting the environment, workers and the public.

As part of a major two-year project that concluded in 2017, strategies for the transformation of industrial parks towards EIPs have been established in China, Colombia, India, Morocco, Peru and South Africa. The parks are raising resource efficiency through reduced use of raw materials, water and energy, lower

production costs, improved competitiveness and profitability, and better access to new technologies and financial support mechanisms.

## Climate-sensitive business development in Africa

Africa is the smallest contributor to global greenhouse gas emissions, yet it is among the regions hardest hit by the effects of climate change. Industry and agriculture need to adapt to build better resilience to combat the growing threat from water scarcity and extreme weather patterns. UNIDO creates climate-resilient industry in the region through projects that address the whole value chain.

The Organization’s low-carbon and climate-resilient industrial development programme helps businesses in Egypt, Kenya, Senegal and South Africa to assess vulnerable areas of their production chains, shift to low-emission technologies and produce higher value products. As part of the five-year project funded by Japan, 11 businesses have been chosen to demonstrate the benefits of adopting climate-adaptation measures to improve manufacturing processes.

The candidate companies visited Japan for a series of meetings with potential suppliers and took part in the International Food Machinery and Technology Exhibition to find possible opportunities for business partnerships with the almost 800 technology companies represented there. Numerous specific



collaboration opportunities were identified, such as the provision of efficient air blowers for the tea processing sector in Kenya; photovoltaic panels for fruit processing in Egypt; dryers for crop processing in Senegal; and chillers with heat recovery functions for fruit and vegetable processing in Egypt and South Africa.

### *Improving sustainability in the Kenyan tea industry*

Tea is one of Kenya's most important industries, supporting a significant proportion of the population. Tea growing is traditionally weather-sensitive, with unpredictable rainfalls and fluctuating temperatures affecting harvests. Cold weather, hail and frost are particularly damaging. As cold-weather conditions are forecast to become more common, tea factories are expecting to increase their use of air-blowers in withering stations. At the Kimamokama tea factory, the existing, inefficient air blowers already account for 60 per cent of its electricity consumption. Any further upturn in use would increase the factory's expenditure on electricity and affect cash flow.



In the context of a Japan-funded project, UNIDO advised on the replacement of the existing blowers with newer, more efficient air-blowing technology that will improve its long-term sustainability. The new air blowers include air-volume control functionality, which allows the factory to more efficiently manage its

expenditure on electricity and operate in a more climate-sensitive manner.

The Kimamokama tea factory is a farmers' association subsidized by the Kenya Tea Development Agency. With 67 similar tea factories subsidized by the Agency, the success of the project has the potential to influence positive change throughout the sector.

## ACCESS TO CLEAN ENERGY FOR PRODUCTIVE USE



The combined pressures of industrial development, urbanization and population growth are increasing demand for energy, making improved access to clean energy and greater energy efficiency critical to the sustainable future envisaged in the 2030 Agenda and the Paris Agreement on climate change. However, access to clean energy in itself will not be enough. To ensure long-term sustainability, it is also crucial for clean energy to be directed into productive uses that help create jobs and boost income generation.

With its expertise in technology transfer, policy, standards and training, UNIDO is supporting a broad range of countries in order to improve how they use energy for productive means. Its projects help to boost the competitiveness of SMEs in both grid and non-grid areas, and to extend the deployment of mini-grids on viable and proven technology, such as small hydropower, biomass, solar and wind. UNIDO also encourages the development of renewable energy as a business sector, supporting entrepreneurs and small and medium-sized independent producers.

At the same time, UNIDO is working to enhance the long-term viability of renewables and other sustainable energy sources by improving the efficient use of energy in industry, which ultimately helps cut costs, create employment opportunities and mitigate the effects of climate change.



### Small hydropower for sustainable industrial development

Small hydropower is an environmentally friendly and proven energy source. This easily replicable technology has the potential to provide cost-effective electricity in developing countries, where it could play an important role in sustainable industrial development. However, this potential is as yet largely untapped.

To address this situation, UNIDO has produced the *World Small Hydropower Development Report*. Through this guide, funded by the Government of China, UNIDO helps promote access to clean energy. It helps inform policy on energy planning and guide investors entering renewable energy markets.

The overriding aim of the report is to mobilize the fast-track development of small hydropower, especially in countries where capacity for investment in clean energy generation is limited. By enabling countries to expand their activity in this area, small hydropower can help boost the productivity of local economies and reduce poverty.

The report is the result of collaboration between UNIDO, the International Center on Small Hydro Power and professionals from around the world. More than 230 experts and scholars in the field of small hydropower from government institutions, research institutes and universities, as well as hydropower companies, contributed to it.



### SUPPORTING CHANGE THROUGH THE VIENNA ENERGY FORUM



The Vienna Energy Forum is one of the largest and the most significant sustainable energy events in the world. Co-organized with the Government of Austria, the ADA, the International Institute for Applied Systems Analysis (IIASA) and the Sustainable Energy for All (SEforAll) initiative, it has contributed to the formulation of the SDG 7 targets and practical solutions for a sustainable energy future. It is a platform for decision makers, representatives of the private sector and civil society, and policymakers to discuss critical sustainable energy issues and share knowledge.

The 2017 forum produced an agreement on 10 messages that highlight the catalytic role of energy in successfully implementing the SDGs and the Paris Agreement. The messages focus on the role of affordable and clean energy in mitigating and adapting to climate change, and the need for wide-ranging innovation and commitment from the public and private sectors.

Exceptionally, the biennial forum will hold a special session in May 2018 focusing on key issues and opportunities surrounding sustainable energy for development. This session will contribute to the forthcoming review of SDG 7 by the HLPF 2018.

### Global Cleantech Innovation Programme

The Global Cleantech Innovation Programme (GCIP) promotes clean energy and environment technology solutions and seeks to support the creation and strengthening of a cleantech SME sector in partner countries.

It aims to identify and support technologies with catalytic potential for energy and environment as profitable business models. The annual competition conducted at the national level in GCIP partner countries identifies the most promising innovators and entrepreneurs, who are then invited to the annual Global Forum in California, United States, where they gain exposure to the dynamic venture culture of Silicon Valley and connect with cleantech communities from all over the world. GCIP also seeks to develop an enabling environment for cleantech innovation and entrepreneurship, and supports Member States in strengthening national institutional capacities for the development of SMEs, clean technology and innovation.

GCIP has received overwhelmingly positive responses and was featured as a best practice model for fostering cleantech at the last Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC).



### UNIDO ENERGY MANAGEMENT PROGRAMME

Much of the discussion on energy efficiency tends to focus on the development of new technology, or on upgrading old technology. Yet one of the most effective ways of creating more efficient energy systems is to ensure the management of energy use through a dedicated, structured framework that improves performance and maximizes energy savings over time. If implemented correctly, such systems can deliver major cost savings, increase productivity and competitiveness, and also reduce the environmental effects of industrial growth.

Even so, many governments and companies in developing and emerging economies are behind on both the development and implementation of successful energy management structures. They lack the proper training and tools to establish management systems, sometimes misunderstanding or misusing available data.

Over the past decade, UNIDO has been working to fill the gap through its Energy Management Systems (EnMS) programme, helping governments and enterprises to gain the necessary skills and knowledge to implement the most sustainable, cost-effective systems that are adapted to the needs of their particular industries and economies.

The number of EnMS projects has risen to 18, and they are widely considered the best way to ensure sustainable energy efficiency and to continually improve performance in industry. UNIDO provides expertise and guides to companies, governments and associations involved in energy provision on best practices, and has trained enterprise staff, policymakers and consultants. It has set up pilot schemes and helped scale them up, ensuring that the appropriate measures are developed to assess, monitor and report on particular energy efficiency practices, with the aim of transforming national markets.

To date, UNIDO has trained over 1,500 energy efficiency experts on how to bring their energy systems into line with ISO 50001 standards and has helped more than 350 companies (across nine countries) to implement energy management projects,

encouraging state-of-the-art practices that make their energy systems more competitive.

Companies taking part in the programme were able to achieve energy savings of 5 to 15 per cent in the first one to two years of implementation, with little or no capital investment. Furthermore, their energy savings were two to three times higher than companies not participating. Across seven countries where data are available, over the course of the programme, annual energy savings amount to \$77.8 million. Benefits go beyond energy saving. Those taking part in the programme experienced increased productivity and competitiveness, saw their exposure to volatile energy prices cut and experienced more reliable operations overall.

In Colombia, for example, a certification scheme is being adopted for EnMS practitioners. Proper accreditation of personnel is important because it helps create a more reliable and credible market for energy efficiency services. It also allows policymakers to provide better incentives. The national standards body set out requirements to measure the competence of practitioners expected to be approved in 2018. UNIDO is providing technical assistance to the National Accreditation Body, which is responsible for the accreditation of certification bodies.

### Industrial energy efficiency in Egypt

Egypt has one of the most energy-intensive economies in the world, with consumption per unit of output in some industrial sectors of as much as 50 per cent above the international average. As a result, there is substantial scope for energy-efficiency policies to improve performance and sustainability.

UNIDO launched a five-year project in 2012 to help build a market for industrial energy efficiency. A key element of this project was training on EnMS and systems optimization for professionals, institutions and government agencies. Over the course of the project, UNIDO trained 55 experts, 30 government representatives and 150 industry professionals on energy management. Fifty-one energy-intensive companies are now operating energy management systems. This has led to annual energy savings of \$35 million at local prices with 1,094 GWh of energy saved.



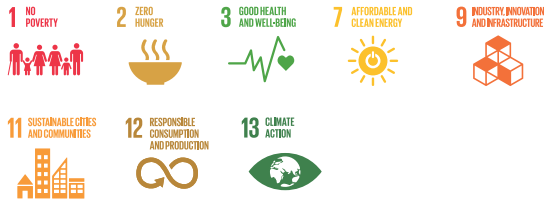
The measures employed, such as a campaign to recognize the efforts of companies implementing energy efficiency, have helped to widen knowledge of EnMS and to encourage more enterprises to develop energy management policies.

One example of this is the Sidpec Petrochemicals company, which achieved ISO 50001 certification. The company's management was highly committed to improving performance to reduce energy costs, which was reflected in strong motivation from staff. UNIDO gave technical support throughout the entire process. Thanks to training in implementing EnMS and in auditing the system, Sidpec succeeded in achieving ISO 50001 certification. Thanks to the subsequent implementation of an international standard level, EnMS has delivered savings of up to 10 per cent of energy consumed with no other cost measures. It has also embedded energy-efficiency concepts into the culture of the company.

Following on from this success, UNIDO and the Egyptian Petrochemicals Holding Co. agreed to set up the first peer-to-peer petrochemicals network in the country by supporting experts trained at Sidpec to share their knowledge and expertise with the staff of companies across the sector. Training programmes were set up in nine companies, all of which are operating energy management systems, demonstrating the power of peer groups and networks to spread knowledge.



## IMPLEMENTATION OF MULTILATERAL ENVIRONMENTAL AGREEMENTS



As part of its work to safeguard the environment, UNIDO supports countries in meeting their obligations under multilateral environmental agreements, including the Montreal Protocol, the Stockholm Convention and the Minamata Convention on Mercury.

### Montreal Protocol on Substances that Deplete the Ozone Layer

The Montreal Protocol is an international treaty designed to protect the ozone layer, which came into force in 1989. As a major implementing agency of the Multilateral Fund for the implementation of the Montreal Protocol (MLF), set up to help countries meet their Protocol targets, UNIDO has helped eradicate over a third of these dangerous chemicals from the developing world since 1992. Using 1990 as a baseline, this has avoided the use and potential emission of over 340 million tons of CO<sub>2</sub>-equivalent per year.

UNIDO has completed over 1,450 Montreal Protocol projects through the MLF, the Global Environment Facility (GEF) and bilateral contributions. With chlorofluorocarbons (CFCs) successfully addressed under the Protocol, the current major challenge is the phase-out of hydrochlorofluorocarbons (HCFCs), which are predominantly used in the foam, refrigeration and air conditioning sectors. The most common alternatives to HCFCs are hydrofluorocarbons (HFCs). However, although HFCs are non-ozone-depleting substances, they are highly potent greenhouse gases, with a high global warming potential.

In October 2016 in Kigali, the global community took a major step towards dealing with HFCs. Following seven years of negotiations, the Parties to the Montreal Protocol reached an agreement to phase down the production and consumption of HFCs. The landmark accord, known as the Kigali Amendment,

could prevent up to 0.5 degrees Celsius of global warming by the end of the century, contributing significantly to efforts to tackle climate change. It will enter into force on 1 January 2019.

UNIDO is currently implementing HCFC phase-out management plans in 74 countries, including stage II plans. In June 2017, UNIDO hosted an expert group meeting with representatives from 55 countries, to discuss the ratification of the Kigali Amendment. During 2017, UNIDO started enabling activities for HFC phase-down in 18 countries and developed several project proposals in the refrigeration manufacturing sector by offering HFC-free, long-term sustainable solutions with no negative impact on the climate.

### OZONE AWARD 2017

UNIDO won the Ozone Award 2017 for its extraordinary work on implementing projects to phase out methyl bromide, a highly toxic gas once used extensively in agro-industry to control a wide variety of pests.

“UNIDO quickly and prominently positioned itself as a proactive agency in the methyl bromide phase-out, providing tailor-made solutions for each country and sector seeking to replace methyl bromide. [...] UNIDO acted as an implementing agency in 55 of 77 Article 5 Parties between 1996 and 2015. [...] All countries achieved phase-out by the deadline, with many doing so early.”



### Stockholm Convention on Persistent Organic Pollutants

UNIDO is also an important implementing agency of the Stockholm Convention on Persistent Organic Pollutants (POPs), which came into force in 2004 and has been ratified by over 150 countries.

The Organization helps signatories to the Convention create national implementation plans to comply with treaty obligations to limit or eliminate POPs, which are highly toxic to humans and wildlife, and remain in the environment for long periods. Specifically, UNIDO works to optimize production processes, establish new facilities, and to set up recycling and waste management programmes.

#### Managing e-waste in Latin America

Consumption of electronic equipment is growing rapidly, leading to an equally fast rise in levels of electronic waste, or e-waste, which often contain POPs. The issue has become particularly prominent in Latin America, not only as a public health concern, but as an opportunity to create new green enterprises and employment.

In July, UNIDO launched a five-year project to strengthen national initiatives in over a dozen countries in Latin America and bolster regional cooperation on environmentally sound treatment of POPs in e-waste. The GEF-backed project aims to support economic and social growth within an environmentally sustainable framework, raise awareness and build capacity to support e-waste recycling industries, enable the development of a collection network to process e-waste, and to stimulate the development of a national recycling infrastructure. It thus contributes to ISID through the creation of jobs and sustainable economies.

#### Minamata Convention on Mercury

UNIDO plays an active role in assisting countries in the implementation of the Minamata Convention on Mercury, a new multilateral environmental agreement that came into force in August 2017. The Convention takes a life-cycle approach to protecting human health and the environment from the adverse effects of mercury.

### SOME RESULTS OF THE UNIDO POPS PROGRAMME



**3,416**

Companies adopting best POPs practices



**98**

Environmental policies, laws and regulations approved



**87,439**

People trained



**+153% increase**

Women trained 2015-2016

Quantity eliminated/  
discontinued

Quantity  
safeguarded

PCB, pesticides,  
DDT in tons

**5,887.5**



**16,418.4**

Unintentional  
POPs in mg

**98,270**



**118,645.5**

The UNIDO mercury programme has traditionally focused on artisanal and small-scale gold mining (ASGM). However, over the past five years, UNIDO has showcased its comparative advantage outside of the ASGM sector by working in other areas, such as the management of mercury in waste, and in reducing mercury emissions in the cement sector and other industries.

As a continuation of UNIDO efforts in the ASGM sector, a five-year project will be launched in the first half of 2018, to assist artisanal miners and mining communities in Burkina Faso, Mongolia and the Philippines in increasing their access to finance and their capacity to use low- and non-mercury technologies and techniques, and to promote the development of sustainable value chains in the gold sector.

## CIRCULAR ECONOMY

By and large, today's manufacturing takes raw materials and turns them into new products that are disposed of after use. It is a linear process with a beginning and an end, and a system in which limited raw materials eventually run out. Circular economy creates economic, environmental and social benefits, as products are designed for durability, reuse and recyclability, and materials for new products come from old products. It is a process of systemic innovation that creates jobs and deploys new business models. It also favours the use of renewable energy sources.

UNIDO has been helping Member States advance the building blocks of circular economy for several decades. Some UNIDO activities support cleaner manufacturing in the

processing of meat, fish, wood, cotton, or metals and minerals, or the development of resource-efficiency strategies. Others help develop safe, easy-to-recycle products with longer lifetimes. Further activities deal with the recovery or safe disposal of resources at the end of a product's life. In this process, knowledge and capacities for creating and using quality standards and infrastructure, and access to renewable energy and clean technologies are critical. Cluster development and EIPs extend the circular economy beyond individual companies, helping raise the overall performance of national economies. UNIDO chemical leasing is an example of a pioneer business model for paying for performance instead of a product.

**REDUCE  
ENVIRONMENTAL  
FOOTPRINT**

**Design green products**  
non-toxic, long-life,  
recyclable

**Resource-efficient  
cleaner production**  
use fewer resources

**GENERATE  
INCREASED  
INCOME**

**MINIMIZE  
WASTE**

**Regain materials and  
energy at end of life,**  
dispose of waste safely

**Extended lifetime  
through better service,  
and Product-as-Service**

**REDUCE  
RESOURCE  
DEPENDENCY**

**Remanufacture,  
refurbish, reuse**

**Circular  
economy**





## REGIONAL PERSPECTIVES

UNIDO pursues its mission globally, by providing its full range of services according to the differentiated needs of its Member States. Given the scale of challenges facing the poorest countries and the high potential for structural transformation to meet their needs, UNIDO pays special attention to LDCs. Another important focus is on strengthening industrial competitiveness and trade, private-sector development, and tackling environmental and other issues that particularly affect middle-income countries and economies in transition. Together with its technical cooperation and capacity-building activities, UNIDO offers advice and analysis in close cooperation with governments, development partners, the private sector and other institutions. In 2017, UNIDO implemented projects in 143 countries, in addition to regional and global projects.





UNIDO Member States **45**

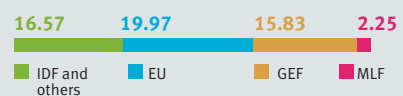
**29** LDCs **6** SIDS **19** MICs

UNIDO local presence in **20** countries  
incl. regional hubs and regional offices in  
**Ethiopia, Nigeria** and **South Africa**

**18** Country programmes (2017)

PCP in **Ethiopia** and **Senegal**

Technical cooperation (2017) **\$54.6million**



UNDAFs signed (2017): **Côte d'Ivoire** (2017-2020),  
**Gambia** (2017-2021), **Mozambique** (2017-2020)

## AFRICA

GDP growth in the region was estimated to be above 3 per cent in 2017 and to continue to rise steadily in 2018 after a difficult year in 2016. The upturn is partly due to a recovery in commodity prices, higher domestic demand and increased levels of private-sector investment. The region benefits from a vast array of resources and a dynamic entrepreneurial sector.

Yet a wide range of structural problems continues to hold back progress towards sustained and inclusive growth. Lack of investment in human capital, continued vulnerability to external shocks, such as volatile oil prices, rising public debt, poor infrastructure and slow policy responses in some countries are among the factors hindering development. A further barrier to sustainable and inclusive growth is a large informal sector, where over 70 per cent of workers are in vulnerable employment.

### UNIDO at work in Africa

In close cooperation with a range of partners, including particularly the African Union (AU) and Regional Economic Communities, and in line with the 2030 Agenda and the AU Agenda 2063, UNIDO

priorities in the region to support ISID include regional economic integration, intra-Africa trade, increased foreign direct investment, official development assistance, and South-South and triangular cooperation. The Organization is pursuing a wide range of projects, programmes and cross-agency initiatives throughout the region to promote ISID as the best way to address many of the challenges facing the continent, including through PCPs in Ethiopia and Senegal, as well as 18 ongoing country programmes in the region.

A project funded by the EU in Kenya targets agricultural products, such as horticulture and tea, which make up 40 per cent of total exports. By raising awareness of international standards and the market access-related benefits of compliance, UNIDO helped to increase small farm income levels, strengthen the local SME sector, reduce rural-urban migration and expand export trade. By its completion in 2017, the project had helped raise the income of small farms by over a third and led to an improvement in trade with the EU, a leading export destination.

In the United Republic of Tanzania, which as an LDC faces considerable structural barriers to development,



## UNIDO LEADING THE WAY ON INDUSTRIAL DEVELOPMENT IN AFRICA

Recognizing ISID, job creation and economic diversification as key to achieving the inclusive growth necessary to tackle poverty in the region, the General Assembly proclaimed 2016-2025 as the Third Industrial Development Decade for Africa (IDDA III). UNIDO is the lead agency for IDDA III, working in close cooperation with other United Nations organizations.

In September, UNIDO organized a high-level event during the General Assembly in New York, designed to advance the initiative. In a joint communiqué signed after the well-attended event, UNIDO, the African Union Commission, the African Development Bank, the United Nations Economic Commission for Africa and the Office of the Special Adviser on Africa, committed to carry out joint programmes and develop partnerships to ensure the successful implementation of the initiative. This includes supporting the scale-up of UNIDO PCPs, which create a multi-stakeholder

framework to provide technical assistance, policy advice and investments. It also acknowledged that a vast amount of resources would be required to meet the goals of IDDA III, and called on financial institutions to ensure their full support.

In November, to operationalize IDDA III, UNIDO organized a high-level event in Vienna to identify best practices and strategies to enhance Africa's industrialization. A programme framework was developed, outlining the objectives and pillars of IDDA III implementation.

UNIDO also concluded its seventh session of the LDC Ministerial Conference in Vienna. LDC ministers adopted the Vienna Ministerial Declaration, reiterating the focus on ISID and reaffirming their commitment to continue strengthening public-private, multi-stakeholder partnerships, as well as investment in climate policies in their countries.

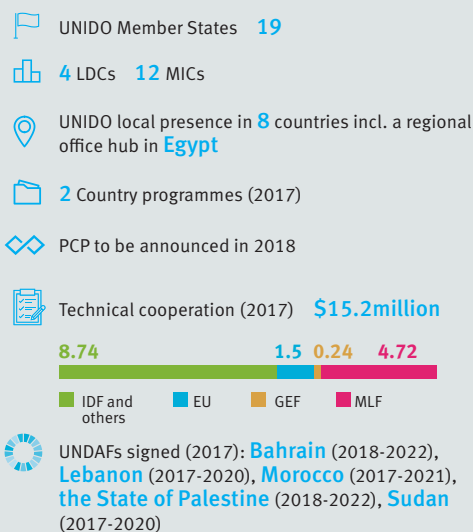
UNIDO is supporting the development of agro-products with improved quality and strengthening linkages between producers and partners supplying the tourism industry.

Under the project, 120 SME managers and staff were trained on food safety, social and environmental standards, and marketing and access-to-market strategies. As a result, 41 hotels and 35 supermarkets

are now supplied by local SMEs, and producer income from the tourist sector has increased.

The Swiss-backed project has helped to strengthen the local SME sector, increase incomes and tackle poverty, and has been a catalyst for the implementation of the ISO 22000 food safety management system and improved food-testing in laboratories.





## ARAB REGION

There is an array of economic and social factors affecting development across Arab countries but a number of problems are felt throughout the region and continue to halt progress on sustainable development. Since the financial crisis of 2008/09 and the Arab Spring of 2011, inequality has increased. Armed conflict is also on the rise, along with growing migration and unemployment. The region continues to face high population growth, environmental pressures, such as the recent drought in Morocco, a growing energy gap, and unprecedented levels of joblessness among the young, who account for around 70 per cent of the unemployed.

### UNIDO at work in the Arab region

In response to these considerable challenges, UNIDO has been increasing resources to assist the 19 Member States of the region in efforts to diversify their economies, tackle climate change, create jobs, mitigate the effects of migration and reduce poverty.

Cross-cutting issues in the work of UNIDO in the region are, for example, its particular focus on women and young people. A number of the Organization's

projects foster youth employability and entrepreneurship, in response to the high rate of youth unemployment.

A UNIDO regional programme promotes women's empowerment through entrepreneurship in Egypt, Jordan, Lebanon, Morocco, the State of Palestine and Tunisia. The project reflects the importance of entrepreneurship in creating jobs and boosting sustainable and inclusive growth. It targets young people and women not only as a way of improving women's lives but also as a driver of equality between men and women across the region.

Projects in Upper Egypt harness the productive potential of young people by promoting social entrepreneurship and youth employability via training and job matching.

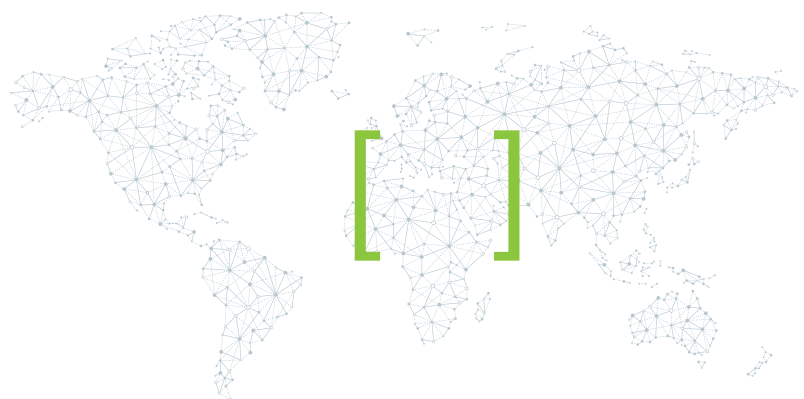
During the Beirut Design Week in May, UNIDO showcased two projects targeting young people and women in the creative sector in Lebanon, funded by the EU and Italy, including a project on furniture design that supported the opening of a new vocational training centre on carpentry in the north of the country.

These kinds of projects contribute to creating sustainable livelihoods for young people and women, and are therefore essential for inclusive industrialization. The value of the Lebanese carpentry project, funded by Japan, was also highlighted at the General Conference by beneficiaries from rural areas in Lebanon who explained that their lives had changed thanks to the technical training they received.

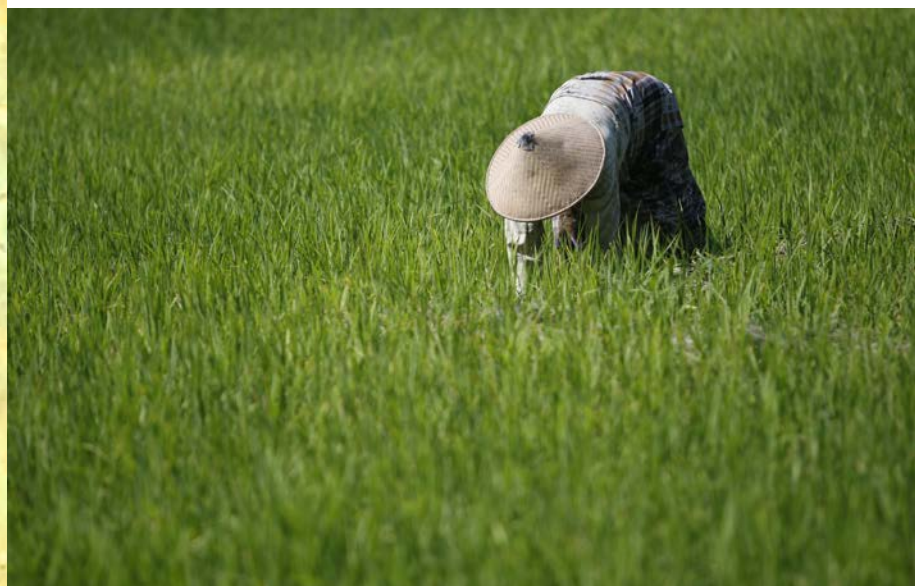
Another success in Lebanon this year was the role of UNIDO in bringing back support for industrialization at a policy level as a way to create jobs and economic

opportunities. Crucial to this was the UNIDO strategic intervention in support of industrial parks, creating a platform for ISID partnerships. As a result, in 2017 the Government secured financing for industrial park infrastructure of \$60 million.

In Sudan, the Entrepreneurship Development and Investment Promotion Programme trained around 100 people on various aspects of business, plus staff from banks and microfinance institutions in Khartoum who are now able to reach a wider range of clients and provide them with business advice and mentoring.







UNIDO Member States **31**

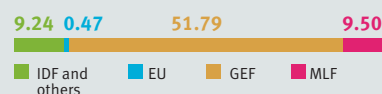
**11** LDCs **10** SIDS **26** MICs

UNIDO local presence in **16** countries  
incl. a regional hub and regional offices in  
**China, India** and **Thailand**

**8** Country programmes (2017)

PCP in **Cambodia**

Technical cooperation (2017) **\$71.0 million**



UNDAFs signed (2017): **Bangladesh** (2017-2020),  
**Iran (Islamic Republic of)** (2017-2021),  
**Mongolia** (2017-2021), **Viet Nam** (2017-2021)

## ASIA AND THE PACIFIC

Asia and the Pacific was the world fastest growing region in 2017, with India and China leading the way. The Chinese economy grew faster than expected at 7 per cent, while growth in the manufacturing value-added output of emerging industrialized economies in the region, excluding China, accelerated to 3 per cent.

However, headline figures mask vast disparities across a region that ranges from LDCs and SIDS to middle-income and high-income economies. Income inequality is a growing problem across and between countries, with 700 million people still living in poverty. At the same time, rapid urbanization and fast rising population growth are adding pressure on the environment and resources, in particular due to soaring demand for energy.

### UNIDO at work in Asia and the Pacific

Against this backdrop, in 2017, UNIDO continued to work successfully to promote and accelerate ISID through further South-South cooperation and support for multi-stakeholder partnerships, including financial institutions such as the New Development Bank.

UNIDO country programmes were the focus of much of this work. The year saw the agreement on Cambodia becoming the first PCP country in the region, and the development of new country programmes in Bangladesh, India and Pakistan.

UNIDO has also deepened its relationships with regional entities, such as the Association of Southeast Asian Nations on global value chains, the Economic Cooperation Organization on renewable energy, the South Asian Association for Regional Cooperation on agro-industry, the Pacific Islands Forum on fisheries, the United Nations Economic and Social Commission for Asia and the Pacific on industrial policy, and BRICS on e-commerce and the new industrial revolution.

### Clean industry in Viet Nam

One ongoing project that reflects the importance of energy and environment for development in the region, is the GEF and Swiss-backed programme to promote EIPs in Viet Nam.

Viet Nam has over 300 industrial parks, which promote socioeconomic development and so contribute to reducing poverty. However, poor

management of waste from the parks, which account for close to 40 per cent of GDP, has resulted in high levels of water and soil pollution, endangering both the environment and human health.

UNIDO is helping to tackle this problem by supporting the introduction and implementation of EIP management systems. Launched in 2014, the five-year project provides information on best environmental practices for government and businesses, facilitates access to cost-effective financing and disseminates knowledge on technology and skills through training for companies, investors and governmental departments.

This project is transforming industrial zones into sustainable resource-efficient EIPs. Along with environmental benefits such as reduced greenhouse gas emissions, more efficient use of resources and a reduction in waste, the process is helping businesses improve their competitiveness, while creating a safer and healthier working environment. The project has also had a broader influence on overall government policy, resulting in new policies and regulations that facilitate the creation of EIPs.

By the end of 2017, over 1,200 participants had received training on EIPs. To date, 63 companies in three pilot industrial zones have been chosen to participate in the Resource Efficient and Cleaner Production (RECP) assessment programme, saving 7,699 tons of CO<sub>2</sub>.

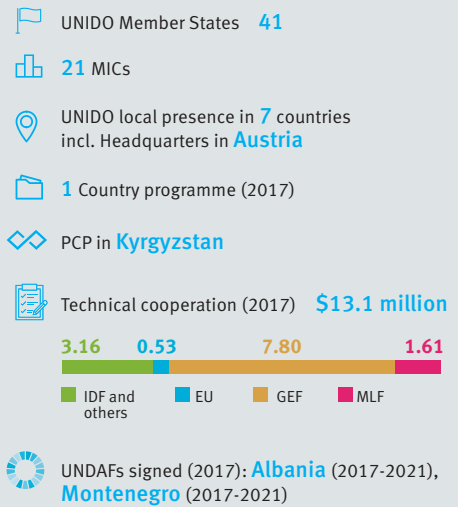
### Industrial energy efficiency in the Islamic Republic of Iran

Clean energy and energy efficiency is also the focus of a UNIDO project in the Islamic Republic of Iran, which is making a contribution to the Government's long-term energy-efficiency strategy. Launched in 2012 with co-funding from the GEF and the Government, the six-year project is targeting the country's petrochemicals, cement, oil, and iron and steel sectors, which together account for over 70 per cent of energy consumption.

By providing training, facilitating access to finance, sharing energy-efficiency good practices, and supporting policy development, the project is positively influencing ISID in line with the Government's goal of reducing consumption across all industrial sectors by 20 per cent by 2025, against the baseline of 2008.

By the end of 2017, the project had trained 14 qualified national experts in energy management systems and helped seven businesses implement energy management systems, with four businesses implementing the ISO 50001 standard framework. Overall, it led to a reduction of 74,000 tons of CO<sub>2</sub> and generated energy savings equivalent to almost 1.3 million gigajoules.





## EUROPE AND CENTRAL ASIA

The level of industrial development in Europe and Central Asia varies significantly but a number of challenges and opportunities are common to all countries across the region.

Despite comparatively high development and technological advance, many countries are struggling to diversify their economies, improve competitiveness and productivity, create sustainable jobs and respond to environmental challenges. There are growing inequalities too, such as high levels of youth unemployment, social exclusion and a lack of access to finance, which often disproportionately affect women. The region is also battling to reduce its large ecological footprint and cut greenhouse gas emissions, despite some progress in this area in recent years.

In an effort to overcome the regional challenges, UNIDO interventions in the region strongly focus on the promotion of innovative, inclusive and sustainable business models and employment opportunities, as well as the circular economy, resource-efficient and cleaner production, sustainable energy solutions and green technologies.

### UNIDO at work in Europe and Central Asia

As part of its work, UNIDO performs needs assessments that look at specific country development priorities to identify possible areas for intervention. These assessments also feed into country programming frameworks (CPFs), which are one of the principal means UNIDO employs to influence policy. During 2017, CPFs were in operation in Albania, Georgia and the Republic of Moldova. At the end of the year, a fourth was launched in Montenegro.

As Montenegro strives towards EU membership, the 2017-2021 CPF is designed to support the achievement of industry growth targets through the provision of technical assistance on industrial competitiveness, rural development, job creation, environmental management and sustainable energy.

In addition, UNIDO worked with the Government of Kyrgyzstan in 2017 to help build a new industrial strategy for the country by bringing together key national and international stakeholders and preparing a study on the industrial sector. It is envisaged that this preparatory work will lead to the launch of a PCP in Kyrgyzstan in 2018, as announced at the General Conference in 2017.



### Promoting knowledge sharing and networks

Another area where UNIDO makes an impact is by sharing knowledge and building networks. One successful example of this in 2017 was the first regional conference on sustainable industrial development, “Promoting sustainable energy solutions and clean technologies in CIS countries”. UNIDO shared best practices on developing green industries, resource-efficient and cleaner production, energy efficiency, and the management and financing of clean technologies. The conference also showcased advanced technologies in sustainable energy solutions, providing an important forum for key decision makers and influential figures from governments and industries from nine countries to share ideas and experiences. The event, which received universally positive feedback from participants, is expected to be the catalyst for regional and country-level action and improved energy and industrialization strategies, as well as increased cooperation with UNIDO.

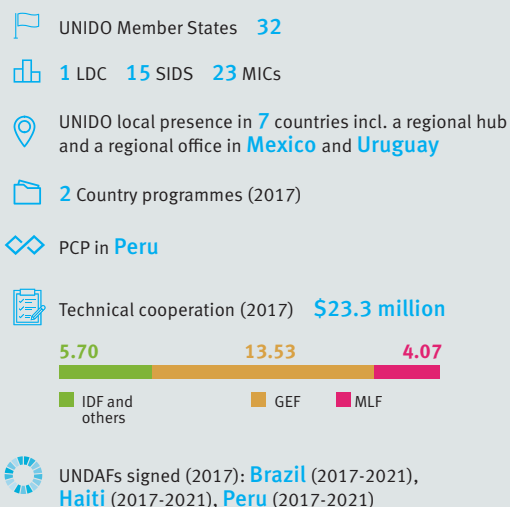
The role of UNIDO in sharing knowledge and supporting partnerships was also reflected in a number of other conferences throughout the year. In May, the Organization held an interregional forum on “Women’s Entrepreneurship: Challenges and Solutions in Europe and the Arab region” on the

sidelines of the St. Petersburg International Economic Forum, convening key stakeholders to discuss best practices in support of women’s empowerment.

Later, towards the end of the year UNIDO organized an event in Slovakia, supported by the Netherlands and Norway, on the Slovak automotive industry. It was the first event of its kind to discuss the benefits of the circular economy and innovation for the Slovak automotive industry, which is one of the largest industry hubs in Europe, responsible for creating 200,000 jobs. The conference provided a platform for the sharing of ideas, best practices and potential new business partnerships.

In its work over the decades to promote sustainable industry, UNIDO has long been a champion of the ideas of recycling, regeneration, innovation and sustainability, integral to the circular economy. By keeping products in use as long as possible, it foresees a transformation from consuming to safeguarding the finite resources of the planet, as we continue to create jobs and income through inclusive and sustainable industrialization. UNIDO activities in the region are set to remain centred around the circular economy, which offers unique possibilities for the members of the region.





## LATIN AMERICA AND THE CARIBBEAN

Following a two-year contraction, Latin America and the Caribbean saw a return to modest growth in 2017, as external demand picked up, commodity prices recovered and the region's largest economies, Argentina and Brazil, pulled themselves out of recession.

Overall, foreign direct investment levels are down but remain strong in the manufacturing and services sector. Renewable energy attracted the highest levels of investment for the second year in a row at 18 per cent of the total, with Brazil, Chile and Mexico among the top markets for such investments. There is also growing potential in the development of hydroelectric power, which could help combat climate change, while improvements in agriculture have reduced its impact on the environment, especially in relation to meat production.

Nonetheless, many challenges remain in this highly diverse region, from tackling the devastating effects of recent natural disasters exacerbated by climate change, to dealing with high levels of youth unemployment and a large informal economy. The informal sector is significantly bigger in the poorest

countries, such as Guatemala and Honduras, where poverty rates remain as high as 50 per cent. Across the region, 4 out of 10 households are still considered economically vulnerable.

### UNIDO at work in Latin America and the Caribbean

To help the region advance ISID, weak regional integration schemes need to be reinvigorated, becoming engines for industrial diversification. At the national level, policies should focus on social inclusion, skills building, innovation and environmental protection to help move countries onto a sound footing in the new technology revolution.

UNIDO is working to assist countries across the region to address these issues by identifying opportunities and developing policies that boost their economies, thereby helping them achieve the SDGs.

One example is the establishment of sustainable industrial parks in Argentina, Bolivia (the Plurinational State of), Chile, Costa Rica, El Salvador, Guatemala, Panama and Paraguay, which strengthen regional ties, support the environment, promote value chain

opportunities, build better knowledge-sharing among national and regional stakeholders, and encourage South-South cooperation.

UNIDO is also improving coordination and integration within the region through its national committees, set up in each country taking part in UNIDO regional projects, with steering committees operating in countries participating in country programmes. These are important forums where all stakeholders can share ideas and exchange information, with particular country experiences providing valuable lessons and examples to others seeking to replicate policies.

The Organization's close relationship with the Group of Latin America and Caribbean Countries is another way in which UNIDO coordinates policy with its regional Member States. Discussions during 2017 emphasized the role of UNIDO in leveraging funding for projects and focused on developing new approaches in the agro-industry, biopharmaceuticals, mechatronics and automation, and renewable energy sectors.

In the course of the year, UNIDO helped organize the first circular economy forum in Latin America and a workshop on advanced Russian technologies in Latin America and the Caribbean.

### Programmes for sustainable industrial development in Cuba, El Salvador and Peru

UNIDO continues to support the region through a range of programmes and projects, with a growing focus on PCPs and country programmes.

The PCP in Peru is focused on projects that contribute to the development of modern, competitive and inclusive industries, with the Organization helping to develop a national industry policy that will integrate green industry themes, including a national strategy for sustainable industrial parks, and a focus on gender equality and women's empowerment.

The country programme in Cuba aims to improve the business environment, boost industrial competitiveness and encourage foreign investment by helping the country to develop its industrial strategy and policy in various sectors, including upgrading in the agro-chemical and agricultural machinery production sector.

In El Salvador, the country programme is designed to improve performance in selected priority sectors, including textiles and apparel, pharmaceuticals and natural cosmetics, and plastics. Initial actions have facilitated the sharing of international experiences on cluster and policy innovation systems, and sectoral technologies from Austria, India and the Russian Federation.





## UNIDO IN BRUSSELS

Cooperation with EU institutions in Brussels has contributed through the years to the development of a large ongoing UNIDO project portfolio and significant support to ISID and the role of UNIDO in the 2030 Agenda.

At the fourth EU-UNIDO high-level review meeting in April, 12 action areas in agribusiness, trade, energy and environment were identified for cooperation to support productive investments and job creation. UNIDO also organized high-level panel discussions at the European Development Days and a side event on “Industrialization and investments in Africa” at the ACP-EU Joint Parliamentary Assembly held in Malta in June.

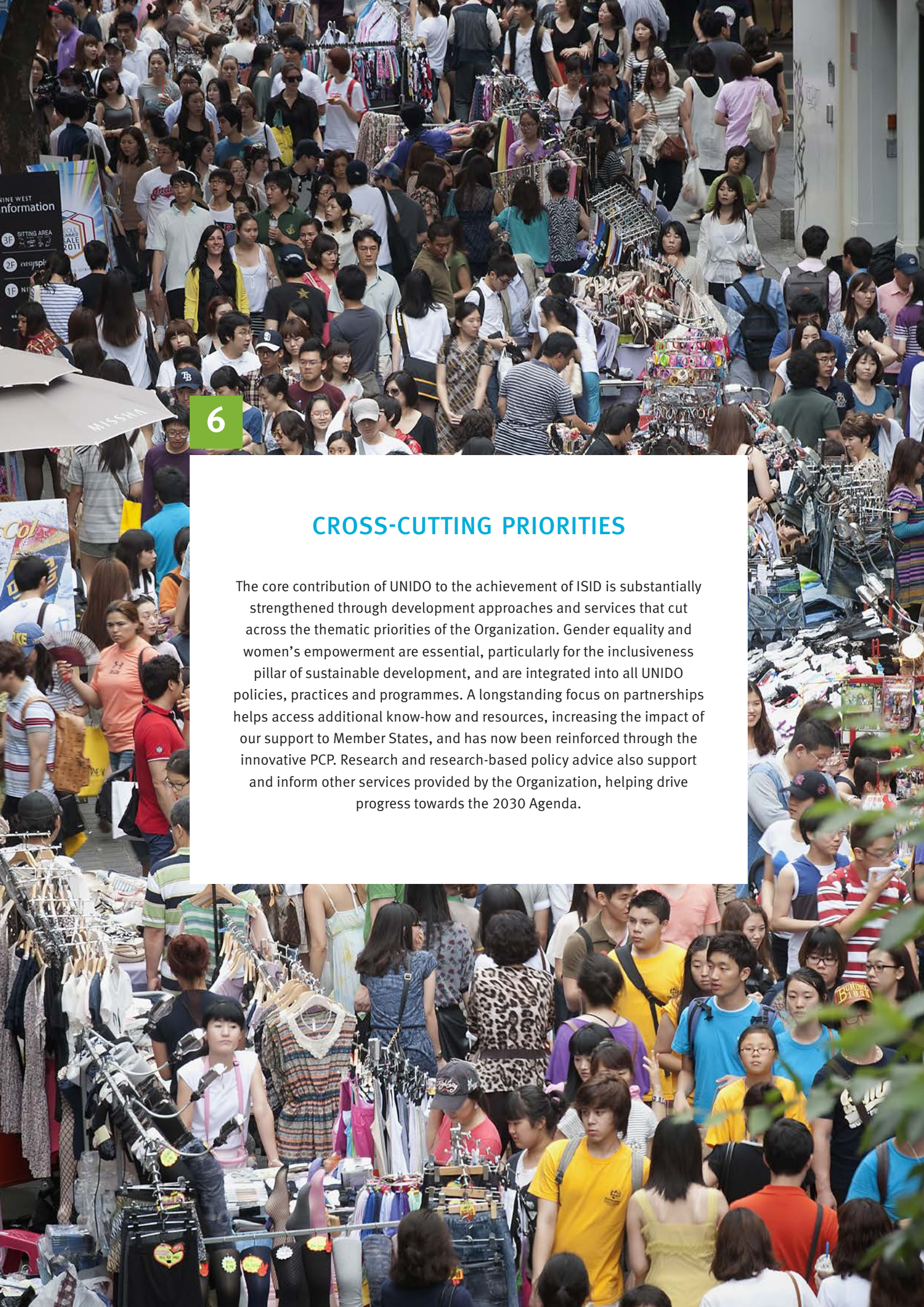
The EU and its 28 Member States committed to promoting economic transformation, including sustainable industrialization, in their new “European Consensus on Development” in June. In July, the AU-EU Agriculture Ministers

Conference in Rome highlighted the potential of agro-industrial parks to create jobs for young people and women in Africa, in line with the aims of IDDA III. The AU-EU Summit in Abidjan in November recognized the Strategy for the Accelerated Industrial Development of Africa as a priority for implementation.

The UNIDO-ACP cooperation report was launched at the inaugural ACP-UNIDO Day and features UNIDO projects in ACP countries. Under the theme of “Boosting ACP inclusive and sustainable industrialization through job creation, value chains and productive investments”, the group of 79 developing countries decided to include industrialization as one of their main priorities.

Africa Industrialization Day was celebrated in Brussels with the participation of the President of Malta, African Embassies and the EU.





6

## CROSS-CUTTING PRIORITIES

The core contribution of UNIDO to the achievement of ISID is substantially strengthened through development approaches and services that cut across the thematic priorities of the Organization. Gender equality and women's empowerment are essential, particularly for the inclusiveness pillar of sustainable development, and are integrated into all UNIDO policies, practices and programmes. A longstanding focus on partnerships helps access additional know-how and resources, increasing the impact of our support to Member States, and has now been reinforced through the innovative PCP. Research and research-based policy advice also support and inform other services provided by the Organization, helping drive progress towards the 2030 Agenda.



## GENDER EQUALITY AND WOMEN'S EMPOWERMENT

The role of UNIDO in promoting gender equality and women's empowerment is critical to strengthening the gender dimension of ISID and contributing to the inclusiveness pillar of the 2030 Agenda. The Gender Equality and Empowerment of Women Strategy 2016-2019 provides a road map for mainstreaming gender considerations throughout all UNIDO programmes, policies and organizational practices. A systematic screening and review system ensures that gender perspectives are integrated into the initial stages of technical cooperation project development, and the UNIDO gender marker tracks financial resource allocation to projects with gender-related activities.

Gender considerations are integrated into all country programmes and PCPs to ensure that women actively contribute to and benefit from ISID. The programming tools contain a provision to ensure proper linkages and alignment with United Nations strategic frameworks and encourage active participation in relevant pillars including those pertaining to women's empowerment. Engaging in joint activities and implementing joint programmes with UN Women and other United Nations entities



have strengthened women's entrepreneurship skills, cleantech innovation and women's leadership in green industry, among others.

Examples of notable activities include a project in the Middle East and North Africa region, which has increased women's economic inclusion in seven countries by providing technical assistance to and through women's national business associations and facilitating access to finance. A project in Gambia that promotes renewable energy-based mini-grids for productive uses in rural areas capitalized on women's natural resource management expertise by training women to design, install and maintain photo-voltaic systems, leading to the installation of 8.3 kW of renewable energy while breaking local stereotypes and generating income. Other projects and programmes foster gender-responsive energy policies and promote equal opportunities for women and men to engage in competitive agriculture-based value chain development.

With the support of the ITPO Bahrain, a training programme was developed to build the capacity of policymakers for formulating gender-responsive industrial development policies, drawing 28 participants from 24 African and Arab countries.





## THE PROGRAMME FOR COUNTRY PARTNERSHIP

The implementation of the PCP continued to progress in Ethiopia, Senegal and Peru, the first three pilot countries (see appendix E). In 2017, UNIDO expanded the PCP model to additional geographical regions to complete the piloting phase. New countries were announced on the occasion of the seventeenth General Conference in November: Cambodia for the Asia and the Pacific region and Kyrgyzstan for Europe and Central Asia. The last pilot will be introduced in the Arab region in 2018.

Building on lessons learned and the recommendations of an independent mid-term evaluation conducted in 2017, UNIDO will gradually roll out the PCP to more countries. The evaluation confirmed that, through the PCP, UNIDO can play a more prominent role in supporting industrial development in PCP countries compared to previous approaches. The evaluation further emphasized the strong commitment and ownership

of PCP national governments and highlighted the positive feedback from development partners.

The Sixth ISID Forum, entitled “Evolving partnerships through the PCP”, discussed the key features of the model, the progress achieved in the first pilot countries and the gradual roll-out of new PCPs. Held on the sidelines of the General Conference, it was attended by over 450 participants, including government representatives of existing and new PCP countries, as well as partners from financial institutions and the business sector.

UNIDO has worked on developing comprehensive operational guidelines to support the roll-out of the PCPs. The guidelines will be released in 2018 and will govern institutional responsibilities and procedures along the entire PCP cycle—initiation, programming, implementation and completion—as well as the prioritization and selection process for new PCPs.



A workshop was conducted to raise awareness of harmful unconscious bias and methods of altering implicit thought processes. A panel discussion on International Women's Day helped increase knowledge of inclusive gender practices in the workplace. The 2017 Vienna Energy Forum featured two panel discussions on gender and the global energy transition. The Organization's support for entrepreneurial women in Europe and Arab countries was also highlighted at an event co-organized with the civil society organization OPORA, during the twenty-first St. Petersburg International Economic Forum.

To enhance the capacity of staff to examine how women and men are affected differently by industrial development, an online training module on "Gender, Inclusive and Sustainable Industrial Development" was launched in collaboration with UN Women.

UNIDO also helped launch the Vienna Chapter of the International Gender Champions, where the Director General made three pledges to advance gender equality and women's empowerment as a Gender Champion.

With gender a major focus of the seventeenth session of the General Conference, UNIDO Member States adopted a new resolution on Gender Equality and the Empowerment of Women, and the Director General underscored the importance of advancing gender equality and women's empowerment for achieving ISID and the 2030 Agenda.

## PARTNERSHIPS AND SOUTH-SOUTH COOPERATION

UNIDO continued to expand its partnership portfolio during 2017, including with financial institutions, the business sector and the GEF, among other industrial development partners. Cooperation between UNIDO and financial institutions, including the World Bank, the African Development Bank and the European Investment Bank, remained high on the agenda. Country-level discussions were initiated on project-specific arrangements with governments and respective financial institutions, including within the PCPs. UNIDO also signed a new partnership agreement

## WORLD GLOBAL MANUFACTURING AND INDUSTRIALIZATION SUMMIT 2017

Under the patronage of His Highness the Crown Prince of Abu Dhabi, UNIDO and the United Arab Emirates organized the "Global Manufacturing and Industrialization Summit" (GMIS) in March 2017. The aim of the world's first cross-industry forum was to promote a road map for future industrial development, particularly focusing on the immense potential of the Fourth Industrial Revolution. The meeting in Abu Dhabi attracted more than 3,000 delegates from over 40 countries, whose input led to identifying advanced technologies and manufacturing processes with the ability to promote and accelerate ISID. The next summit is planned for 2019.



with the Eurasian Development Bank and formalized its engagement with the South-South Cooperation Assistance Fund.

In 2017, UNIDO developed a new Policy on Business Sector Partnerships. As of December, UNIDO is working with 49 business sector partners through technical projects, the PCPs, as well as multi-stakeholder platforms such as the SEforAll Industrial Energy Efficiency Accelerator. New partners include Fondazione CRT, Filmar S.p.A, HP Foundation and HP Inc., SAP SE and the World Packaging Organization, among others.

The ability of UNIDO to mobilize resources from the business sector is increasingly recognized by the GEF

## INDUSTRIAL DEVELOPMENT REPORT

UNIDO launched the 2018 edition of its flagship *Industrial Development Report* in November, entitled “Demand for Manufacturing: Driving Inclusive and Sustainable Industrial Development”. It analyses the effects of demand on industrial production, departing from the dominant production-based accounts of industrial development. It also addresses a much-overlooked factor in the scholarly analysis of industrial development outcomes, namely demand-side variables and associated policy tools, leading to “virtuous circles” of economic development. It finds that the consumption of new products can set in motion a positive loop of industrial development, demand diversification and income creation.



as a key contribution to their private sector strategy. With 51 GEF-6 projects funded and under implementation in 2017, the UNIDO portfolio continues to grow and achieve widespread impact in terms of safeguarding the environment through sustainable industrialization.

The second annual “BRIDGE for Cities” event took place in September 2017 and brought together over 650 participants from 136 cities across 67 countries. This annual event contributes to the implementation of the 2030 Agenda by establishing a platform for stakeholders along the Silk Road to share successes, challenges and innovative solutions in urban-industrial development and, ultimately, forge partnerships.

## INDUSTRIAL POLICY ADVICE, RESEARCH AND STATISTICS

UNIDO provides analytical and policy advisory services to support Member States with tools to shape appropriate industrial strategies and policies. It conducts applied research and evidence-based analysis of economic growth and industrial structural change, disseminating its findings within the

Organization as a basis for advisory services, and sharing them with the wider development practitioner community. Activities in this area include the regular compilation of statistics specific to industrial development, the publication of major knowledge products and the provision of applied training (see also page 2 and appendix L).

### Statistics Programme

UNIDO statistical activities in 2017 comprised regular data production, SDG monitoring and the implementation of projects. In accordance with its global mandate of industrial statistics, UNIDO collected, compiled and disseminated statistical data products including the *International Yearbook of Industrial Statistics 2017*. Online databases covering mining, manufacturing and utilities were updated. UNIDO also released its annual report on the Competitive Industrial Performance (CIP) Index.

➤ <http://stat.unido.org>

As custodian agency of six SDG 9 indicators, UNIDO contributed to the work of the IAEG-SDG as described on page 2.

UNIDO conducted an international workshop on industrial statistics in China and contributed to a



regional workshop in Panama. A regional project on capacity-building was implemented in Eastern Europe and Central Asia, while other projects covered Lao People's Democratic Republic, Nigeria, Oman and the United Republic of Tanzania.

### UNIDO helping develop sustainable industrial policy

Extra-budgetary projects were successfully implemented in Cameroon, Colombia, Cuba, Mongolia, Myanmar, Oman, Rwanda, the United Republic of Tanzania and Viet Nam, and as part of a regional programme, both for the East African Community and the Economic Community of Central African States. Examples of the results achieved in 2017 include the first regional East African Industrial Competitiveness Report, issued by the Secretariat of the East African Community as an outcome of UNIDO capacity-building, and the Industrial Development Strategy 2017 produced for Myanmar.

### UNIDO Institute for Capacity Development

The UNIDO Institute brings together some of the best thought leaders from around the world to provide

knowledge and training for policymakers and experts on emerging global issues. Its training portfolio fosters collaboration between professionals, academics and young leaders worldwide.

The Global Manufacturing and Industrialization Summit, a highlight of the Institute in 2017, is described in detail above.

The UNIDO Institute and the Energy Academy Europe launched its second joint training programme on sustainable energy solutions in 2017. Held in Groningen, the Netherlands, the event helped to give policymakers and the staff of ministries a better understanding of innovative energy solutions.

In December, the UNIDO Institute organized a course for policymakers titled "Green Industrial Development: Pathways towards a Circular Economy" in Bahrain. It attracted 15 policymakers from African and Arab countries and focused on improving skills and effectiveness in designing and implementing sustainable industrial development policies and projects.

## MIDDLE-INCOME COUNTRIES

Middle-income countries (MICs) face a variety of challenges in achieving the SDGs, given the diversity of countries that form this group. Transfers of technology, knowledge and finance can help address the lack of competitiveness and innovation, environmental concerns and institutional weaknesses. In 2017, UNIDO assisted MICs with advisory services promoting inclusive

and sustainable industrial policies with a special focus on industrial upgrading, knowledge- and experience-sharing platforms on clean technologies and green industry, and technical cooperation activities. The commitment of UNIDO to MICs is reflected in the announcement in November to expand the PCP to two countries of this group, Cambodia and Kyrgyzstan.

## MANAGING UNIDO SERVICES

The work of UNIDO is mainly focused on delivering technical cooperation services and policy advice to its Member States, in addition to its normative role and convening function. However, without the strong support provided by a variety of managerial and administrative services, from legal and financial to monitoring and evaluation, the Organization would not be so effective. The continuing healthy demand for UNIDO technical services, with technical cooperation delivery at an all-time high, is a testament to the quality, efficiency and effectiveness of the broad range of managerial services that underpin its operations.



## FUNDING FOR TECHNICAL COOPERATION ACTIVITIES

Concurrent with the greater recognition of UNIDO's mandate and the relevance of its development impact on the ground, voluntary contributions for UNIDO services increased for the sixth consecutive year, reaching \$217.9 million (figures are without support costs unless stated otherwise).

The continued strong support of its Member States and partners enabled UNIDO in turn to raise its technical cooperation delivery to a record amount of \$205.5 million.

The level of future payments under signed funding agreements, with the addition of the programmable donor funds, reached \$197.4 million in 2017, while the overall portfolio of projects and programmes for future implementation remains at a similar level to previous years at \$495.5 million.

The geographical focus of donors generally followed past patterns with voluntary contributions allocated for Asia and the Pacific amounting to \$71 million and \$54.6 million for Africa. \$40.7 million were allocated for global and interregional initiatives; \$23.3 million for Latin America and the Caribbean, which represents a noticeable increase of 55 per cent compared to 2016; \$15.2 million for Arab States; and \$13.1 million for Europe and Central Asia.

In thematic terms, voluntary contributions earmarked by donors for projects contributing to safeguarding the environment amounted to \$129.4 million; \$33.8 million were earmarked for activities in the field of creating shared prosperity; \$33.7 million for projects in the area of advancing economic competitiveness; and \$21.1 million for cross-cutting areas.

Funding from governments and institutions increased to a total \$98.9 million, of which \$24.3 million were contributed by the EU. Additional main contributors with net approvals exceeding \$1 million were Japan with \$17.6 million, Switzerland with \$7.1 million, Italy with \$5.4 million, the Russian Federation with \$4.1 million, the Republic of Korea with \$4.1 million, the United States of America

with \$3.7 million, Canada with \$2.5 million, Germany with \$2.2 million, Sweden with \$2.2 million, Norway with \$2 million, Australia with \$1.8 million, China with \$1.8 million, Austria with \$1.7 million, India and Bahrain with \$1.1 million each, and Spain with \$1 million.

Not included in the above are the programmable contributions received from China, India, Malta, Peru, the Russian Federation and Spain to UNIDO-managed trust funds as detailed below.

For a thematic and geographic distribution of approvals from governments and the EU, please refer to appendix B of this report.

### Global Environment Facility

Demand for UNIDO services in the fields of climate change mitigation and adaptation, chemicals and waste, international waters and land degradation increased again in 2017, reaching a record level for the second consecutive year. Funding from the GEF reached \$91.2 million in 2017, reflecting the growing role of UNIDO within the GEF partnership and the recognition of its ability to enhance the GEF portfolio by engaging industries and creating synergies between safeguarding the environment and sustainable industrial development. Under the sixth GEF replenishment cycle (2014-2018), UNIDO manages the largest project portfolio in terms of funding under the chemical and waste focal area, and the third largest under the climate change mitigation focal area.

### Montreal Protocol

Funding from the MLF in 2017, as the last year of the three-year replenishment cycle, reached \$22.4 million. The resulting approvals of \$92.7 million in the 2015-2017 replenishment are in line with the long-term average. Following the request of the MLF Executive Committee, and in agreement with the countries concerned, UNIDO continued developing project proposals emphasizing the introduction of new technologies that are both ozone- and climate-friendly as well as more energy-efficient (see also page 28).





### Funding from United Nations and multi-partner trust funds

Funding from United Nations entities and multi-partner trust funds increased slightly to \$4.4 million in 2017. The main contributions originated from UNEP with \$2.8 million. Contributions from Delivering as One programmes and multi-partner trust funds remained minor.

### UNIDO managed trust funds

Fully programmable and soft-earmarked contributions, notably the thematic trust funds managed by UNIDO, remain of great importance for the Organization to respond swiftly, flexibly, effectively and efficiently to requests by its Member States.

The Partnership Trust Fund received contributions (including programme support costs) from China of \$2.5 million and \$250,000 from the Russian Federation. Spain, Malta and Peru contributed \$110,000 each, while India gave \$100,000 to the general-purpose segment of the Industrial Development Fund.

UNIDO continues to encourage its Member States and partners to consider allocating programmable resources.

## STAFFING

During the year, UNIDO Human Resources Management services focused on talent outreach and recruitment, talent management, including staff development, and policy and advisory services to respond in a more strategic manner to the needs of the Organization. Despite the limited resources available, UNIDO was able to introduce measures to strengthen its human capital capacity. Notable was the concerted implementation of field restructuring, resulting in the staffing of all five regional hubs, all four regional offices and 35 out of 38 country offices. Two orientation seminars were organized for field staff to come to headquarters to discuss their roles, the new strategy for the field and their strategic priorities. UNIDO introduced a new Partners Expert Programme

to enable sponsoring organizations to second their personnel to the Organization. UNIDO also updated its Rules and Regulations to implement General Assembly resolution A/RES/70/244 on the new compensation package for professionals. To further improve communication between staff and management, informal talks with the Director General were organized.

### Quality monitoring and evaluation

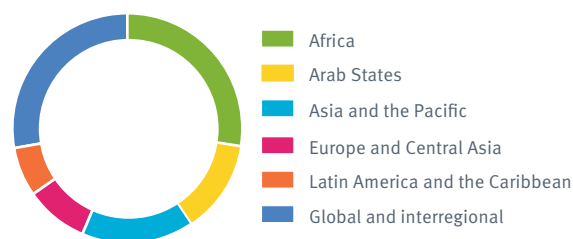
The distinct functions of quality monitoring and evaluation share the common purpose of supporting the achievement of high-quality results, learning and continuous improvement, and of strengthening UNIDO accountability to partners and stakeholders.

Quality monitoring ensures that the quality of programmes and projects is strategically aligned with the achievement of development results, including SDGs. It contributes to IRPF reporting and informs strategic decision-making. It is a continuous function that is evidence-based, objective and impartial, and that uses systematic collection and analysis of data on the quality of the Organization's initiatives (before entry into portfolio and during implementation) to assure adherence to specified quality criteria, such as relevance, efficiency, effectiveness, impact and sustainability.

Eight mid-term reviews were conducted in 2017. These serve as a monitoring tool to identify good practices, challenges, risks and corrective actions.

In 2017, a total of 178 submissions were processed for internal review and approval. The Executive Board reviewed and approved 120 new programmes and projects. The final approval rate of the Board increased to 100 per cent from 75 per cent in 2010. Sixty-nine per cent of projects were subject to further improvement, such as adherence to RBM principles, UNIDO formal quality assurance requirements, enterprise resource planning compliance and gender mainstreaming.

Disaggregated by thematic areas, activities mainly concerned with creating shared prosperity accounted for 43 per cent of projects submitted, activities to safeguard the environment accounted for 33 per cent, advancing economic competitiveness accounted for 9 per cent, and cross-cutting issues for 15 per cent.



Regional distribution of newly approved programmes and projects

High demand for evaluation services continued in 2017. UNIDO commissioned over 30 independent project evaluations, including around 20 terminal evaluations of GEF-funded projects.

Partnerships with donors and UNIDO staff competency development were reviewed in thematic evaluations. The independent mid-term evaluation of the PCP examined the first two years of the PCP pilot phase in Ethiopia, Peru and Senegal to assess the relevance and effectiveness of the concept in supporting government efforts towards achieving the industry-related goals of the 2030 Agenda.

For the first time, a country-level evaluation in Nigeria was led by an independent team of national evaluation experts under the guidance of the UNIDO Independent Evaluation Division. UNIDO will continue fostering the development of national evaluation capacities in counterpart ministries.

UNIDO actively participates in the evaluation-related activities of the United Nations Evaluation Group (UNEG) and contributed to the success of the 2017 UNEG Evaluation Week in Vienna, co-hosted with three other Vienna-based UNEG members. The event was dedicated to the critical role of evaluation in eradicating poverty and promoting prosperity in a changing world.

### LEGAL SERVICES

The Office of Legal Affairs supports all major programmes and activities, defends UNIDO interests in litigation matters and plays a key function in the protection of the status, privileges and immunities of the Organization, its representatives, officials and other personnel. Demand for UNIDO's legal services

increased over the course of the year. The Office received more than 950 requests for legal assistance and advice, and reviewed 196 drafts of international legal instruments. The Office continued its support of the Organization's technical cooperation services, including the PCP, and assisted in the conclusion of several strategic cooperation instruments, such as the Memorandum on Strategic Partnership with the Government of the Russian Federation, the Strategic Cooperation Framework (2018-2021) with the Government of Thailand, and the Memorandum of Understanding for the Establishment of a Regional Office for the Promotion of South-South and Triangular Cooperation with the Government of Uruguay.

## TECHNOLOGY AND INFORMATION SERVICES

To increase operational efficiency and effectiveness, UNIDO introduced several changes in its information technology (IT) systems, including the enterprise resource planning (ERP) system, to improve user experience, security, reliability and integrity, and to support new or improved business processes.

In 2017, over 150 functional improvements were implemented in the ERP system. Functionality for the operationalization of the New Business Model was added, inter alia, to enable the recruitment of partner-experts. Changes were put in place to accommodate the revised compensation package for staff pursuant to resolution A/RES/70/244.

The Knowledge Management and Collaboration System, based on OpenText, was upgraded to provide a simpler interface, improve system accessibility and include new features. This upgrade is the prerequisite for the future implementation of the new contract and invoice management system.

In the second year after having joined the International Aid Transparency Initiative, UNIDO continued efforts to increase transparency on technical cooperation data via the Open Data Platform. Various data fields were created and populated for this purpose, and some early tests were run using a newly developed publishing interface.

An updated Information and Communications Technology Policy was promulgated to address changes in the IT and business environment of UNIDO. The policy provides users with a document that explains their rights, responsibilities, limitations and expected conduct pertaining to IT resources. To raise IT security awareness, UNIDO hosted an interactive briefing that was later reinforced by online training sensitizing all UNIDO staff on how to react appropriately to online and email fraud attempts. UNIDO also introduced improvements in field office network facilities, as well as wireless local area network facilities at Headquarters.

To enable a more multimedia-focused presentation of content, which also seamlessly integrates with social media, a new website was launched in November. It emphasizes human stories and the impact of UNIDO interventions. The new UNIDO website adheres to international best practices in web design that promote intuitive navigation and user-friendly visualization.

## PROCUREMENT

The overall procurement volume over the year reached a record level of \$182 million, with more than 18,000 purchase orders. Two MLF-funded projects pave the way for the issuance of the two largest UNIDO contracts ever, \$111.7 million and \$88.3 million respectively.

The New Business Model, deployed in 2017, allows the direct initiation of project-related transactions by project-executing entities in the ERP system, leading to accelerated implementation while allowing UNIDO to monitor the activities of external partners. The model will strengthen local institutions, networks and partnerships through knowledge transfer and capacity-building.

As an early adopter among international organizations of the transparency initiative, UNIDO is becoming even more transparent by publishing procurement data online.

➤ <https://open.unido.org/procurement>



## BUILDINGS MANAGEMENT

The UNIDO-run Buildings Management Services (BMS) ensure the safe and reliable operation, maintenance and repair of offices, conference rooms and common services at the Vienna International Centre (VIC), including equipment and installations. After having become the first climate-neutral United Nations headquarters in 2015, BMS received the UNFCCC certification of climate neutrality again for 2016. Continued efforts by BMS, such as the installation of energy-efficient machinery, reduced use of fuel and refrigerants, and reduced mobile combustion, further reduced greenhouse gas emissions. In addition, as part of the “Greening the blue” initiative at the VIC and to promote sustainable mobility, charging stations for electric vehicles powered entirely by renewable energy were installed at the VIC in December.

BMS implemented major refurbishments in the VIC Commissary. After almost 40 years of service, the old escalators to access the parking decks were replaced by new and more energy-efficient models. A major restructuring of VIC occupants in building E required large-scale office space modifications. A new pilot



elevator cabin was installed in building G to align VIC elevators to new standards for people with disabilities and improve technical and safety measures. Improvements in conference room infrastructure include new stage lighting, the renewal of the conference information system, and the installation of new projectors and digital recording systems. Further major works included the replacement of high-voltage distribution systems and water pumps, and the repair of a water treatment osmosis plant.

## INTEGRATING THE UNIDO STRATEGIC PLAN AND RESULTS FRAMEWORK

Over the past two years, UNIDO has brought its strategic framework, programmes and activities in line with the 2030 Agenda. The MTPF 2016-2019 already provided a suitable framework for UNIDO alignment with, and contribution to, the SDGs. The related IRPF outlines the projected achievements of UNIDO based on a set of indicators to support the monitoring and reporting of results. In 2017, the MTPF was revised to further consolidate the close and formal links between UNIDO results and the SDGs, covering the period 2018 to 2021. At the same time, the IRPF has been fine-tuned and adapted to the MTPF 2018-2021. The data and results presented in the annex to this Annual Report refer to the review of 2017, still based on the MTPF 2016-2019.



## MEDIUM-TERM PROGRAMME FRAMEWORK

With the support and leadership of its Member States, the Organization set out in 2017 to further accelerate the strategic repositioning process initiated in Lima in 2013. By updating the MTPF 2016-2019 and developing a new strategic plan for the period 2018-2021, UNIDO aimed at maximizing its contribution to the implementation of ISID and the SDGs at the country level.

In line with its constitutional mandate, the resulting MTPF 2018-2021 shows a clear drive towards a more programmatic and country-based approach. This shift allows UNIDO to focus on further increasing the impact (rather than the volume) of its services, and hence its contribution to high-level results. Matching the needs of Member States in their efforts to achieve the SDGs, UNIDO activities have been reprioritized to allow the Organization to provide an integrated package of services across its core functions: technical cooperation, policy advice, norms and standards, and convening and partnerships. The objective of the new strategic framework is to scale up the results of UNIDO technical cooperation implementation, and to fully equip the Organization to be a results-oriented, high-impact and fully accountable development agency supporting Member States towards their ISID goals.

The MTPF 2018-2021 builds on existing strategies, on guidance provided by Member States, as well as on lessons learned from, inter alia, thematic evaluations and best practices in RBM in the United Nations system. The new MTPF makes considerable progress in embedding the corporate results framework into the strategic plan at each level of the IRPF. The resulting MTPF is a simplified theory of change of the contribution of UNIDO to ISID and the SDGs, in which each level of work is reflected in its performance story, linking inputs and resources to activities and outputs, to outcomes and impact.

The MTPF 2018-2021 introduces a new strategic priority in addition to the three thematic priorities of

the previous framework. In addition to “Advancing economic competitiveness”, “Creating shared prosperity” and “Safeguarding the environment”, the new strategic priority “Strengthening knowledge and institutions” elevates a critical outcome, which is considered an enabler to the higher-level results that represent the contribution of ISID to the 2030 Agenda.

Annex II graphically depicts the chain of inputs, activities, outcomes and impacts underlying the MTPF 2018-2021, its strategic priorities and contribution to the implementation of the 2030 Agenda. This framework will be the basis for the work of UNIDO from 2018 onwards and will therefore be reported as of the 2018 Annual Report. The present document summarizes the achievements made on implementing the MTPF 2016-2019. Consequently, the results and scorecard contained in annex I will not reflect the novelties of the new strategic plan. The purpose of this section is therefore to show the progress made in 2017. The development and approval of the MTPF 2018-2021 during the year under review reflects the efforts of UNIDO management and staff to continuously improve the services provided to Member States and the global community, and is therefore an achievement in itself.

## INTEGRATED RESULTS AND PERFORMANCE FRAMEWORK

With the adoption of the MTPF 2018-2021, 2017 saw the further strengthening of UNIDO results orientation. The new MTPF takes important steps towards greater integration of the programmatic, management and results frameworks of the Organization. It does so by establishing a direct correspondence at each of the four levels between the IRPF and the MTPF. The IRPF can therefore be read as the results-side of the strategic plan of the Organization.

Consequently, significant work was dedicated in 2017 to updating and fine-tuning the existing IRPF in light of the new MTPF. This work will continue in 2018 to allow the mainstreaming, training, baseline assessment and ultimately the full uptake of the new framework by staff throughout the Organization. On the one hand, the ongoing work aims to reflect the



new elements of the MTPF 2018-2021, including the fourth strategic priority. On the other hand, it offers an opportunity to improve the existing framework and results and performance indicators by embedding experiences with the corporate results reporting initiated in 2016.

In line with this approach, 2017 saw the active involvement of all parts of the Organization in the work of the internal task force in charge of fine-tuning and updating the IRPF. The aim was to define a tool able to articulate, comprehensively and credibly, UNIDO's performance and contribution story. The final product will provide narratives and metrics around representative cases that contribute to the improved capturing of the real value proposition of UNIDO, and complements these with a concise scorecard based on related SMART<sup>1</sup> indicators.

Given the diverse nature of its corporate functions and services, the scope of its mandate and its limited size in terms of staff and budget, the Organization's contribution to ISID and the SDGs is only partially captured by a scorecard approach. Aggregated figures around high-level indicators provide important information to stakeholders and to the Organization itself. However, the impact of the work of UNIDO is also demonstrated by the quantitative and qualitative description of the integrated support UNIDO provides to the complex system of actors involved in ISID. The contribution of UNIDO to long-term, sustainable results is largely explained by the Organization's modus operandi, which integrates convening, technical assistance, policy and normative services in a unique and comprehensive package for its Member States, while also assisting them in every aspect of the process.

The internal process towards the new IRPF has been designed as a participatory, generative approach. Results chains and indicators are generated and will continue to be tested and adjusted by real UNIDO applications over time. This methodology has been supported by a structured approach to RBM, which is not limited to the definition of SMART indicators but

also takes into account the full spectrum and sequence of the five RBM principles, as captured in a recent report by the Joint Inspection Unit titled "Results-Based Management in the United Nations development system: Analysis of progress and policy effectiveness" (JIU/REP/2017/6).<sup>2</sup>

In full alignment with this report and best practices in the United Nations system, the work of UNIDO on the new IRPF starts by more clearly setting the vision of UNIDO work, establishing results chain logic to connect what UNIDO does to ISID objectives and SDGs, and recognizing system components before establishing SMART key performance indicators and integrating monitoring and evaluation to promote both single and double-loop learning.

UNIDO has benefited from the introduction and publication of the IRPF data, and now expects an even stronger push towards results monitoring and reporting both from the top-down and the bottom-up. There is a greater understanding of possible areas of improvement, as well as of issues concerning data availability and quality. Indeed, measures of technical cooperation volume remain key indicators to reflect the excellent performance of the Organization. The contribution of UNIDO to the actual achievement of high-level outcomes and impact falls outside of the Organization's sphere of control but within the sphere of its direct or indirect influence. However, it can be explained by a sequence of results indicators that capture the variety of actors reached and the behavioural changes triggered by UNIDO. These measures are partially covered in the present IRPF, and will be strengthened in the upcoming frameworks.

The resulting framework will be reported on in the next Annual Report, which will refer to the implementation of the MTPF 2018-2021. Reporting on 2017, the data and results presented in the Annual Report 2017 reflect the IRPF structure introduced in the 2016 document. The present year already offers the opportunity to appreciate the evolution of some key performance indicators against the baseline and the data of 2016.

<sup>1</sup>SMART: specific, measurable, achievable, relevant, time-bound.

<sup>2</sup><https://www.unjiu.org/content/results-based-management-united-nations-development-system-analysis-progress-and-policy>

As in the previous edition, Level 1 of the IRPF will reflect the context of the global progress towards ISID-related targets of the SDGs. Here, the contribution of UNIDO can be read in terms of global agenda setting, policy influence and convening power. This level captures areas well outside the Organization's sphere of control or direct influence. However, they are important measures of the relevance of UNIDO for global SDG discussion and implementation. Level 2 shows the results in supported countries, the coverage of UNIDO operations and the areas of specialization in each geographical region. Levels 3 and 4 refer to UNIDO's sphere of control, its direct input and allocated

resources. They reflect the efficiency of the Organization and its performance against the available funding and resources. A traffic light system helps the reader identify the areas of progress in line with targets set. An analysis follows each of the corresponding tables, summarizes the main trends, suggests explanations for the results displayed, and complements the data shown in the tables with a description. The scorecard and results in the IRPF will continue to be reviewed and updated quarterly on the Open Data Platform (ODP) and yearly in the Annual Report.

➤ <https://open.unido.org/scorecard>





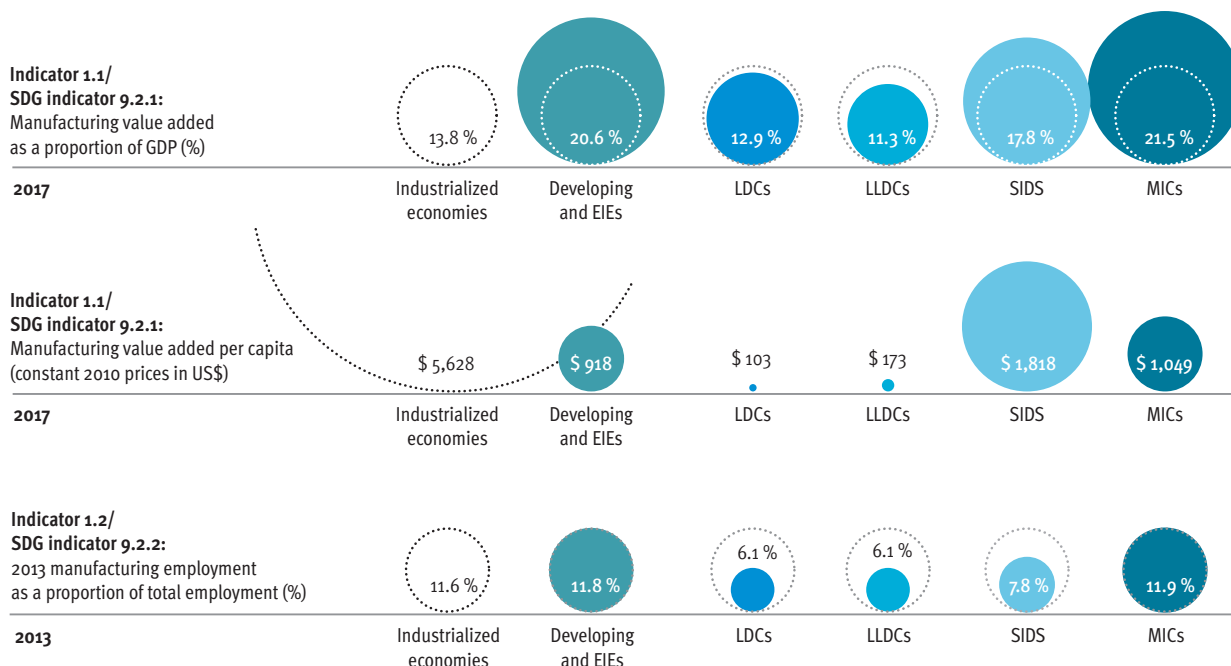
# I. INTEGRATED RESULTS AND PERFORMANCE FRAMEWORK

## TIER I. DEVELOPMENT RESULTS

### Level 1. Global development results

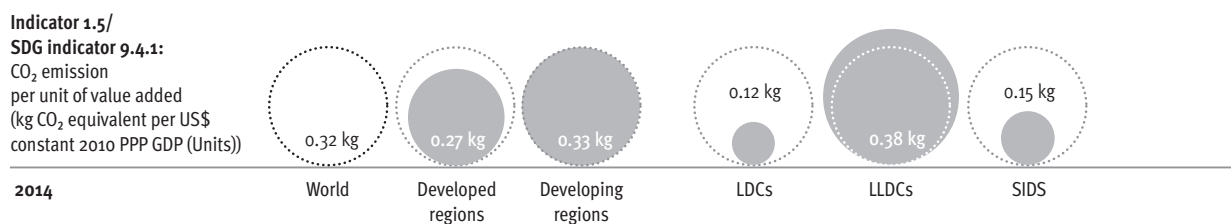
#### > INDICATORS 1.1 AND 1.2/SDG 9.2

SDG Target: Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.



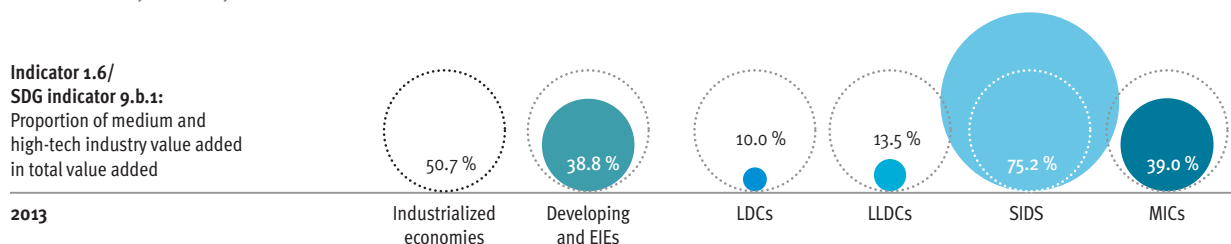
#### > INDICATOR 1.5/SDG 9.4.1

SDG Target: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



#### > INDICATOR 1.6/SDG 9.b.1

SDG Target: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.



### > INDICATOR 1.7/SDG 1.1.1

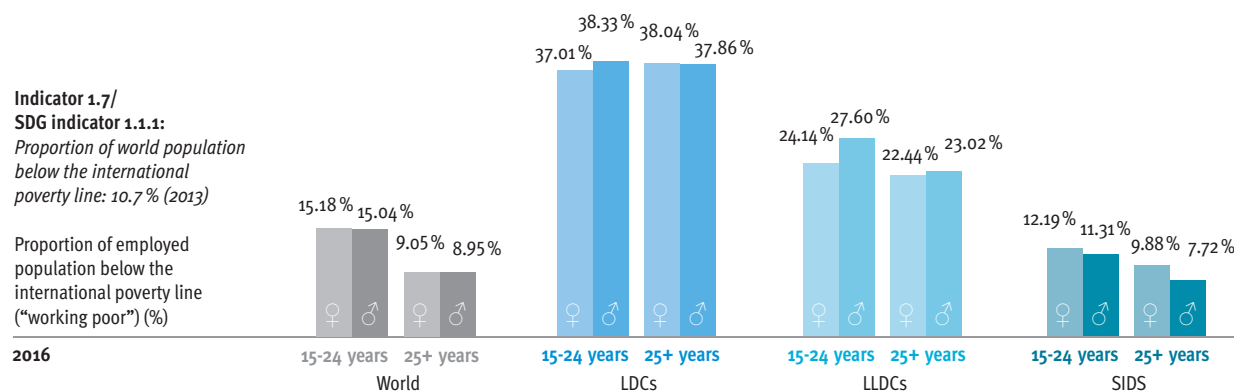
SDG Target: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.

#### Indicator 1.7/

#### SDG indicator 1.1.1:

Proportion of world population below the international poverty line: 10.7 % (2013)

Proportion of employed population below the international poverty line ("working poor") (%)



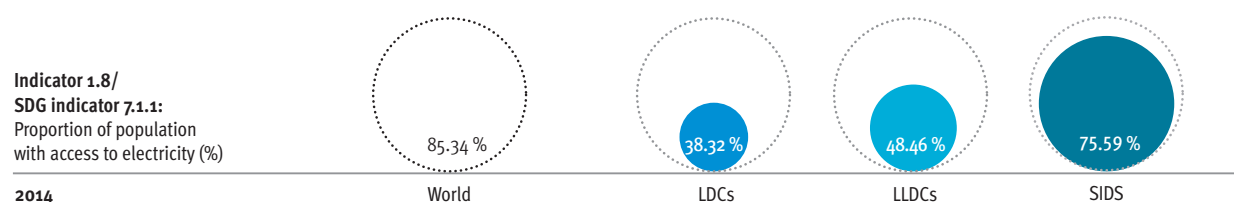
### > INDICATOR 1.8/SDG 7.1.1

SDG Target: By 2030, ensure universal access to affordable, reliable and modern energy services

#### Indicator 1.8/

#### SDG indicator 7.1.1:

Proportion of population with access to electricity (%)



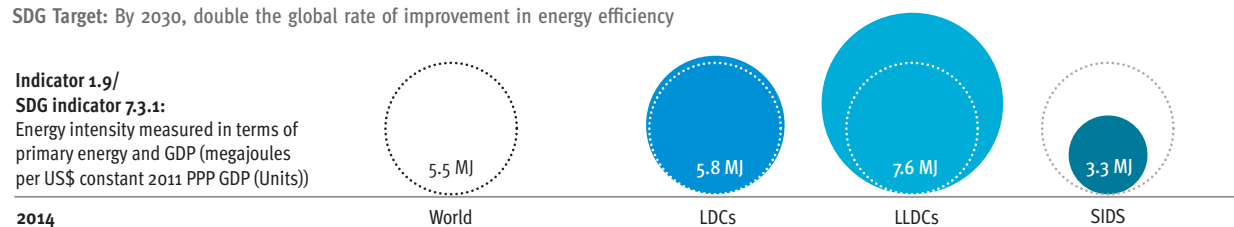
### > INDICATOR 1.9/SDG 7.3.1

SDG Target: By 2030, double the global rate of improvement in energy efficiency

#### Indicator 1.9/

#### SDG indicator 7.3.1:

Energy intensity measured in terms of primary energy and GDP (megajoules per US\$ constant 2011 PPP GDP (Units))



### > INDICATOR 1.10/SDG 8.1.1

SDG Target: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries

#### Indicator 1.10/

#### SDG indicator 8.1.1:

Annual growth rate of real GDP per capita (%)



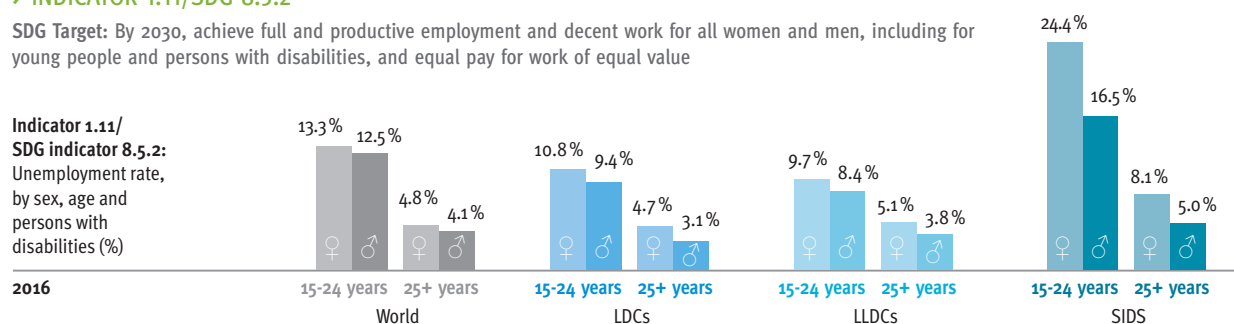
### > INDICATOR 1.11/SDG 8.5.2

SDG Target: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

#### Indicator 1.11/

#### SDG indicator 8.5.2:

Unemployment rate, by sex, age and persons with disabilities (%)



## TIER I. DEVELOPMENT RESULTS

### Level 1. Global development results (continued)

#### › INDICATOR 1.12/SDG 11.6.2

**SDG Target:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

**Indicator 1.12/**

**SDG indicator 11.6.2:**

Annual mean levels of fine particulate matter (e.g. PM<sub>2.5</sub> and PM<sub>10</sub>) in cities (population weighted) (%)



2012

World

#### › INDICATOR 1.13/SDG 17.2.1

**SDG Target:** Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of gross national income for official development assistance (ODA/GNI) to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries; ODA providers are encouraged to consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries

**Indicator 1.13/**

**SDG indicator 17.2.1:**

Net official development assistance, total and to least developed countries, as a proportion of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee donors' gross national income (GNI) (billions of constant USD)



2016

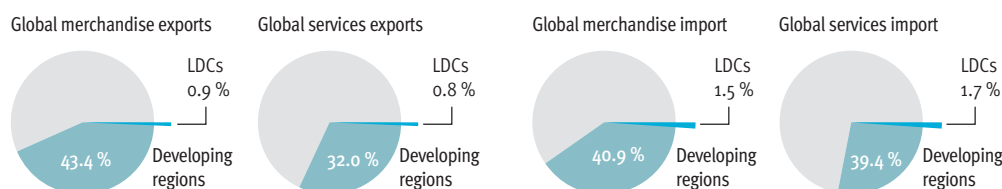
World

#### › INDICATOR 1.15/SDG 17.11.1

**SDG Target:** Significantly increase exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020

**Indicator 1.15/**

**SDG indicator 17.11.1:** Developing countries' and least developed countries' percentage share of global exports (%)



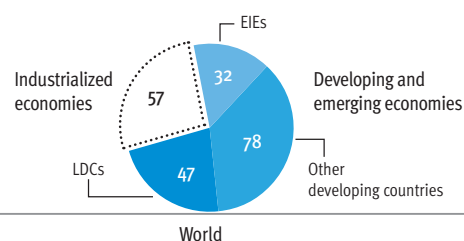
2015

## Industrial competitiveness and innovation capacities:

#### › INDICATOR 1.16

**Indicator 1.16:**

Stage of industrialization (# of countries)



2016

World



Level 1 shows the broader industrial development context in which UNIDO operates. It allows an assessment of progress towards ISID and the relevance of UNIDO's interventions. It also illustrates the role of UNIDO in achieving SDG 9 and other industry-related goals, and the state of ISID globally.

In general terms, even though more needs to be done to reach the goals and targets of the 2030 Agenda, the majority of indicators show improved results over previous measurements. It is worthwhile to note that the indicator IRPF 1.11/SDG 8.5.2, showing the rate at which female employment among all categories grew between 2015 and 2016, was either greater than or equivalent to that of male employment. On a less positive note and contrary to the expected target of 7 per cent annual growth for LDCs, the “annual growth rate of real GDP per capita” (IRPF 1.10/SDG 8.1.1) in LDCs, landlocked developing countries (LLDCs) and SIDS was negative.

The SDG indicators, for which UNIDO is the custodian agency, partly rely on their own data set and partly on data provided by international organizations responsible for other industry-related indicators under the umbrella of the United Nations Statistical Commission (UNSC). Level 1 reflects the evolution of SDG indicators as developed by the IAEG-SDG, in which UNIDO works with UNSC, national statistical offices and partner entities.

Additional indicators that are strongly interlinked with ISID will be taken up as soon as new robust data become available. Through its collaboration with UNSC and other partners, UNIDO has supported national statistical offices in the implementation of SDG indicators within their statistical programmes, leading to enhanced cooperation with national and international stakeholders of SDG 9.

› **IRPF INDICATOR 1.1/SDG INDICATOR 9.2.1:**  
Manufacturing value added (MVA) as a proportion of GDP and per capita (constant 2010 prices, for selected groups of countries)

**Target:** To promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of GDP, in line with national circumstances, and double its share in LDCs.

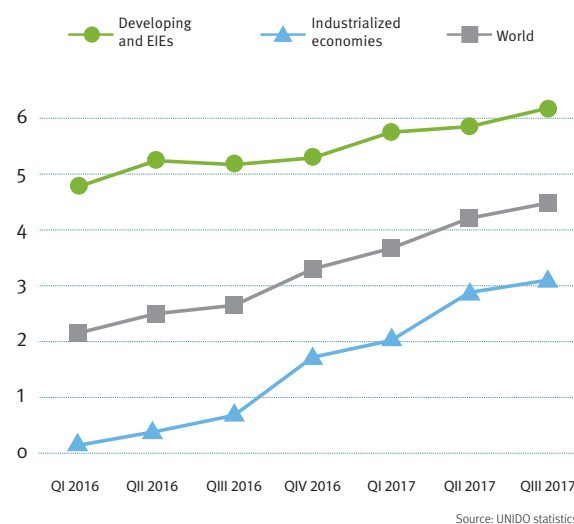
Manufacturing is a major driver of economic growth and the creation of new and better goods. In 2017,

global manufacturing witnessed a recovery from the recession of recent years with much higher growth rates in industrialized as well as in developing economies.

The global share of MVA in GDP increased from 15.2 per cent in 2005 to 16.3 per cent in 2017 driven by rapid manufacturing growth in Asia, largely thanks to the relocation of manufacturing production from industrialized economies to the developing world.

The share of manufacturing in GDP of LDCs continued to grow, reaching 12.9 per cent in 2017. However, with MVA per capita amounting to \$103 they still significantly lag behind industrialized economies at \$5,628.<sup>1</sup>

#### PERCENTAGE GROWTH OF WORLD MANUFACTURING OUTPUT COMPARED TO THE SAME QUARTER OF THE PREVIOUS YEAR



<sup>1</sup> Industrial Development Report 2018 ([https://www.unido.org/sites/default/files/files/2017-11/IDR2018\\_FULL%20REPORT.pdf](https://www.unido.org/sites/default/files/files/2017-11/IDR2018_FULL%20REPORT.pdf)); International Yearbook of Industrial Statistics 2018

### › IRPF INDICATOR 1.2/SDG INDICATOR 9.2.2:

Manufacturing employment as a proportion of total employment (world and selected groups of countries)

**Target:** To promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and GDP, in line with national circumstances, and double its share in LDCs

Manufacturing has played a crucial role in job creation, by absorbing surplus labour from agriculture and other traditional sectors, and directing labour into higher paying activities. Global manufacturing employment increased at an average annual rate of 0.4 per cent between 1991 and 2016, reaching an estimated 361 million people in 2016. The contribution of manufacturing to total employment decreased, however, from 14.4 per cent in 1991 to 11.1 per cent in 2016. In 2013, country aggregates were compiled based on projections from the International Labour Organization. However, these data are no longer available and UNIDO can only rely on official data provided by statistical offices. These data contain several missing values. For this reason, country groups have not been reported since then.

### › IRPF INDICATOR 1.5/SDG INDICATOR 9.4.1:

CO<sub>2</sub> emission per unit of value added (kg CO<sub>2</sub> equivalent per \$1 constant 2010 purchasing power parity (PPP) GDP)

**Target:** By 2030, to upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

In 2015, global carbon dioxide emissions from manufacturing industries in absolute terms decreased despite growth in the global economy. Global emissions from carbon dioxide per unit of MVA declined by 2.4 per cent of average annual growth rate between 2010 and 2015, supported by an overall decrease in all regions. As a result of shifting to less energy-intensive industries, cleaner fuels and technologies, developed countries showed lower levels of emissions per unit of MVA: 0.2 kg/\$ in 2015, compared to 0.8 kg/\$ in developing regions.<sup>2</sup>

<sup>2</sup> OECD/IEA CO<sub>2</sub> Emissions from Fuel Combustion 2017

### › IRPF INDICATOR 1.6/SDG INDICATOR 9.B.1:

Proportion of medium- and high-tech industry value added in total value added (for selected groups of countries)

**Target:** Support the development of domestic technology, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities

The clearest evidence of the change in the structure of manufacturing is the shift of industries from resource-based and low-tech activities to medium-high and high-tech activities. An increase in the share of medium-high and high-tech industries in total MVA indicates a country's technological intensity in manufacturing and its capacity to introduce new technology in other sectors. In 2015, medium-high and high-tech sectors accounted for 44.7 per cent of MVA.

Medium-high and high-tech products continue to dominate manufacturing production in industrialized economies, although their share of global MVA from these products fell from 78.5 per cent in 2005 to 65.4 per cent in 2015. In developing economies, MVA in these subsectors more than doubled between 2005 and 2015, and their share of global MVA from these subsectors rose from 21.5 per cent to 34.6 per cent.<sup>3</sup>

### › IRPF INDICATOR 1.7/SDG INDICATOR 1.1.1:

Proportion of population below the international poverty line, by gender, age, employment status and geographical location

**Target:** By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day

In 2013, 10.7 per cent of the world population was recorded as living below the international poverty line, down from 28.0 per cent in 1999. Note that while the official SDG target refers to \$1.25 per day, the most recent data (2013) for SDG indicator 1.1.1 refer to the World Bank threshold of \$1.90 per day. This prevents direct comparisons with previously reported data. When the employed population is analysed, the proportion of working poor is highest in LDCs, with over 37 per cent of the employed population in all age- and sex categories living below the poverty line.

<sup>3</sup> Industrial Development Report 2018 ([https://www.unido.org/sites/default/files/files/2017-11/IDR2018\\_FULL%20REPORT.pdf](https://www.unido.org/sites/default/files/files/2017-11/IDR2018_FULL%20REPORT.pdf))

On the other hand, SIDS show the best results with percentages ranging from 7.72 per cent for adult males to 12.19 per cent for young female workers.

#### › IRPF INDICATOR 1.8/SDG INDICATOR 7.1.1:

Proportion of population with access to electricity

**Target:** By 2030, ensure universal access to affordable, reliable and modern energy services

Access to affordable, reliable and modern energy services plays a critical role in the economic development of developing countries and countries with economies in transition. Energy for productive uses helps create jobs and greater income-generating opportunities for local communities. The proportion of the global population with access to electricity increased steadily, from 79 per cent in 2000 to 85 per cent in 2012, although in LDCs 65 per cent of the population had no access. Based on 2014 data and comparing it with those of 2012, a consistent increase in population with access to electricity can be observed in all measured categories: worldwide, there was an increase of 0.6 per cent to 85.5 per cent; LDCs rose by 4 per cent to 38.3 per cent; LLDCs by 4.2 per cent to 48.4 per cent and SIDS increased by 1.3 per cent to 45.6 per cent.

#### › IRPF INDICATORS 1.9/SDG INDICATOR 7.3.1:

Energy intensity measured in terms of primary energy and GDP (megajoules/\$ constant 2011 PPP GDP)

**Target:** Double the global rate of improvement in energy efficiency by 2030

Global energy intensity fell from 6.7 megajoules per unit of GDP (2011/\$/PPP) in 2000 to 5.5 in 2014. Nevertheless, progress is being made at only two-thirds of the pace required to reach the target. By comparing 2012 with 2014 data, a marginal positive reduction in the amount of energy used to produce one unit of economic output in all measured categories was recorded. In particular, the category “World” measured a reduction of 0.2 to reach 5.5 megajoules/\$; LDCs decreased by 0.6 to 5.8 megajoules/\$, LLDCs reached 7.6 megajoules/\$ with a decrease of 1.2 and SIDS showed a decrease of 0.9, measuring 3.3 megajoules/\$.

#### › IRPF INDICATOR 1.10/SDG INDICATOR 8.1.1:

Annual growth rate of real GDP per capita (%)

**Target:** Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent growth in GDP per annum for LDCs

In 2015, the average annual growth of real GDP per capita was 1.3 per cent in LDCs and 1.4 per cent for the whole world, far off the target of at least 7 per cent growth in GDP per annum for LDCs. From 2014 to 2015, there was a marginal increase of 0.1 per cent at the world level, while for LDCs, LLDCs and SIDS the reduction in GDP per capita was 1.8 per cent, 2 per cent and 0.1 per cent, respectively. This indicates that the marginal increase for the world category can not be attributed to any improvement in GDP per capita in LDCs, LLDCs or SIDS.

#### › IRPF INDICATOR 1.11/SDG INDICATOR 8.5.2:

Unemployment rate, by gender, age and persons with disabilities

**Target:** To achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Promoting employment for all is a key aspect of ISID as it ensures the economic participation of workers and entrepreneurs at all skill levels, thus contributing to “leaving no one behind”. By comparing data for each of the categories between 2015 and 2016, a decrease in unemployment levels in all regions was registered. It is worth highlighting that in each of the categories (world, LDCs, LLDCs, SIDS and among the different age groups), the decrease in female unemployment has been equivalent to, or outpaced, that of male unemployment rates.

#### › IRPF INDICATOR 1.12/SDG INDICATOR 11.6.2:

Annual mean levels of fine particulate matter (e.g. PM<sub>2.5</sub> and PM<sub>10</sub>) in cities (population weighted) (%)

**Target:** By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Cities are central to ISID. More than half the world’s population lives in cities. While cities can be drivers of sustainable development, they can also pose challenges with regard to air pollution. Fine particulate matter, such as PM<sub>2.5</sub> and PM<sub>10</sub>, which to a large extent stems from



industrial processes, is a particularly problematic pollutant, as it is able to penetrate the respiratory tract. World Health Organization data for 2014 in comparison with SDG 2012 data show an improvement, with a reduction of a 0.6 per cent of fine particulate matter in cities at world level.

› **IRPF INDICATOR 1.13/SDG INDICATOR 17.2.1:**  
Net official development assistance, total and to LDCs, as a proportion of OECD Development Assistance Committee donors' gross national income (GNI)

**Target:** Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of ODA/GNI to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries; ODA providers are encouraged to consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries

ODA remains an important external resource for sustainable development and a crucial means of mobilizing public and private finance for ISID interventions. ODA totalled \$143.3 billion in 2016, a 9-per cent increase on 2015 ODA spending. This confirms a steady increase in ODA worldwide, with three consecutive record-high years since 2014.

› **IRPF INDICATOR 1.15/SDG INDICATOR 17.11.1:**  
Developing countries and LDCs' share of global exports  
**Target:** Significantly increase the exports of developing countries, in particular with a view to doubling the LDC share of global exports by 2020

While the share of LDC merchandise exports nearly doubled from 2000 to 2014, it still represents a small fraction of global exports. The share of global merchandise exports in developing regions was 43.4 per cent for 2015 while LDCs measured 0.9 per cent. The share of global service exports for the developing regions was 32 per cent and for LDCs 0.8 per cent. By comparing 2014 with 2015 data, the export of global merchandise both in developing countries and LDCs dropped, by 1.2 per cent and 0.2 per cent respectively, while global service exports in developing regions between 2014 and 2015 grew by 2.1 per cent, in LDCs they remained invariant. The share

of global merchandise imports in LDCs totalled 1.5 per cent and services accounted for 1.7 per cent, relatively lower than those of developing regions, which registered a share of global merchandise import of 40.9 per cent and of services of 39.4 per cent in 2015.

## Industrial competitiveness and innovation capacities

› **IRPF INDICATOR 1.16: Stage of industrialization**

The designation of economies as “industrialized” or “developing and emerging industrial” is based on adjusted MVA per capita. An economy is considered “industrialized” if its adjusted MVA per capita is higher than \$2,500 or its GDP per capita is above \$20,000 by PPP. An “emerging industrial economy” corresponds to an economy with an adjusted MVA per capita ranging between \$1,000 and \$2,500 or an economy whose share of world MVA is higher than 0.5 per cent. All remaining economies fall in the category of “other developing economies.” According to 2016 data, 57 countries were considered industrialized, 32 emerging industrial economies and 78 countries were designated as developing economies, and 47 as LDCs. Compared to the 2015 data, one additional country was considered industrialized, another as an emerging industrial economy and the number of countries designated as developing economies remained invariant. Data for LDCs in 2015 were not available.

› **IRPF INDICATOR 1.17:**  
CIP index for bottom 40 countries in CIP ranking scale: 0-1

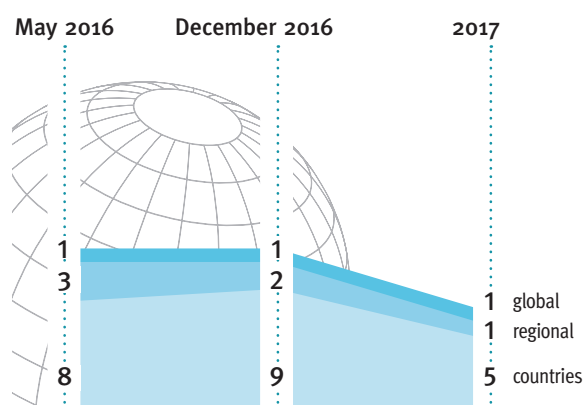
The Competitive Industrial Performance (CIP index) is produced yearly by UNIDO and is composed of eight indicators assessing industrial performance based on an economy's ability to competitively produce and export manufactured goods. Each indicator is weighted on a scale of 0 to 1. It is an objective index of the current competitiveness and manufacturing potential of 142 countries around the world. The CIP index for the bottom 40 countries in the CIP ranking scale 0-1 is available on the Open Data Platform (ODP), accessible at [open.unido.org](http://open.unido.org). No data for 2017 for this indicator were available at the time of production of this report.

## TIER I. DEVELOPMENT RESULTS

### Level 2. Country results with UNIDO ISID support

#### Industrial statistical capacities:

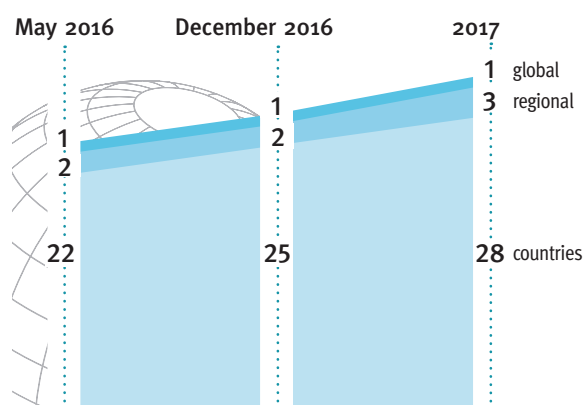
##### › INDICATOR 2.1



Strengthened industrial statistics systems and related institutional capacities of countries (# of countries)

#### Countries with UNIDO programmes that create shared prosperity:

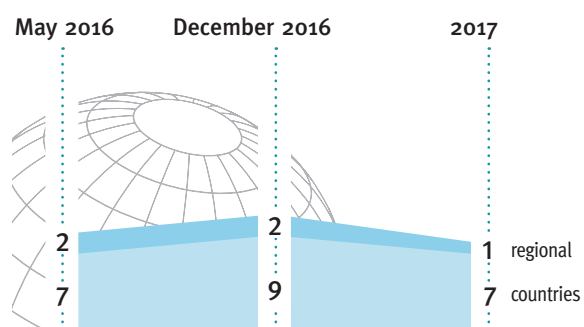
##### › INDICATOR 2.2



Increased capacities of countries to address food security and other human security threats through industrial solutions (# of countries)

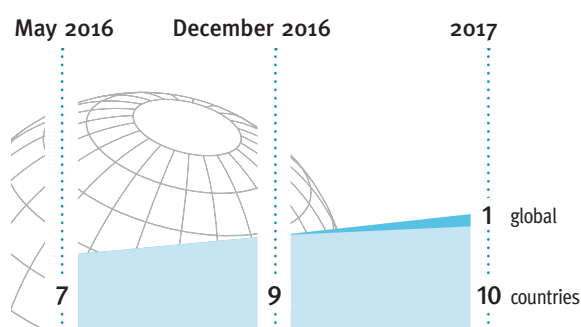
#### Countries with UNIDO programmes that create shared prosperity:

##### › INDICATOR 2.3



Countries with enhanced participation and equal opportunities for women in political, economic and public life (# of countries)

##### › INDICATOR 2.4



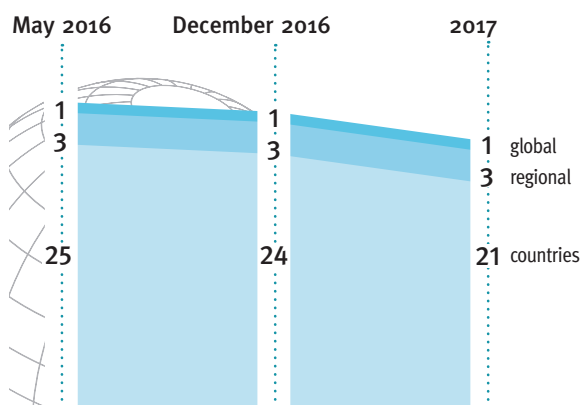
Countries in a post-crisis situation with increased livelihood opportunities for affected populations via restoring micro and small-scale enterprises, rehabilitation of damaged agricultural or industrial infrastructure, and employment creation (# of countries)

## TIER I. DEVELOPMENT RESULTS

### Level 2. Country results with UNIDO ISID support (continued)

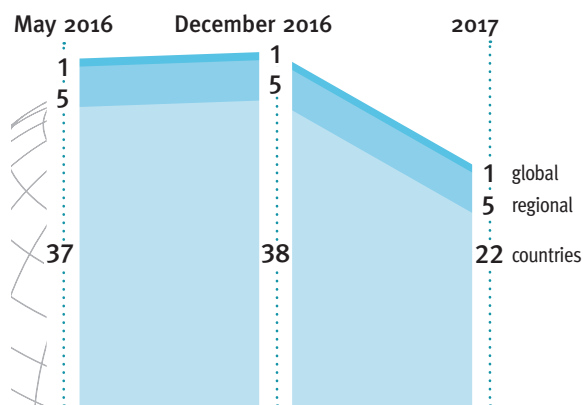
#### Countries with UNIDO programmes that advance economic competitiveness:

##### › INDICATOR 2.5



Higher levels of ISID achieved in countries, through entrepreneurship, creativity and innovation, through the formalization and growth of enterprises, or through higher levels of private sector investments (# of countries)

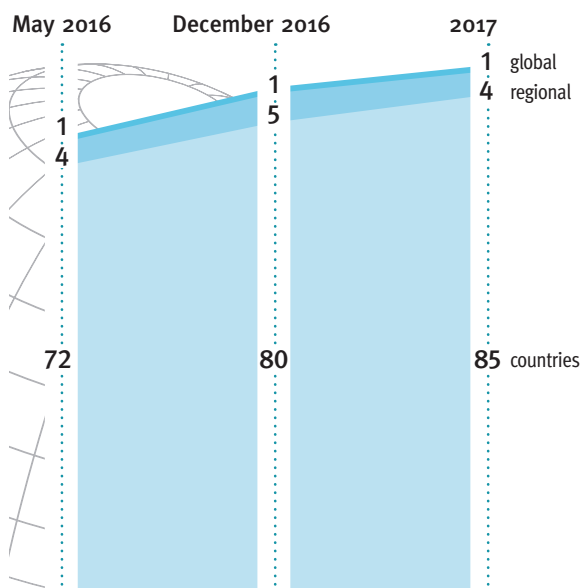
##### › INDICATOR 2.6



Increased capacity of countries to integrate small and medium industrial and other enterprises into national and global value chains and markets (# of countries)

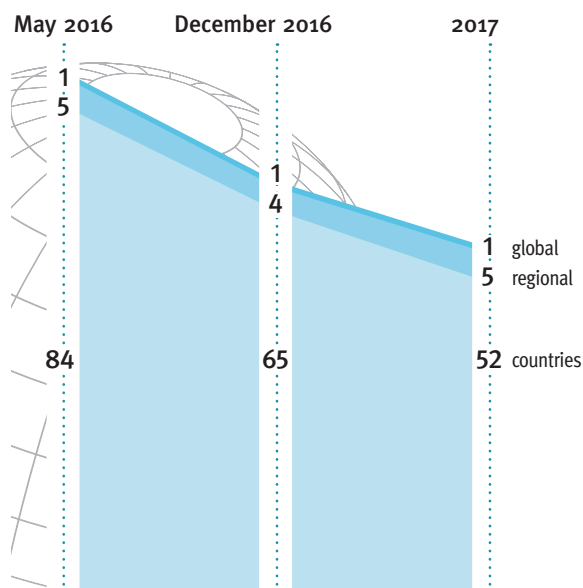
#### Safeguarding the environment:

##### › INDICATOR 2.8



Enhanced capacity of countries to implement multilateral environmental agreements (MEAs) and mainstream into national and subnational policy, planning, financial and legal frameworks (# of countries)

##### › INDICATOR 2.9



Countries with enhanced capacities to manage transformational shifts towards a low-emission and resilient development path, including through low-emission technologies (# of countries)



Tier I level 2 reflects UNIDO support for its Member States in achieving their desired ISID development results. Level 2 establishes the link between UNIDO technical cooperation implementation and strategic levels. The indicator groupings are in line with the thematic priorities defined in the MTPF 2016-2019 and the associated programme and budgets.

As data are currently extracted from the ERP system, technical constraints affect measurements, particularly when projects cover multiple thematic areas or regional or global dimensions. The system provides a snapshot of portfolio composition and geographical representation at the time of measurement (for the purpose of this scorecard, using end-of-year data). It should be noted that the figures themselves are not indicative of the size of the UNIDO portfolio in each country. Indicators relating to portfolio growth are featured at level 3.

#### › IRPF INDICATOR 2.1:

##### Strengthened industrial statistics systems and related institutional capacities of countries

November 2017 data show that UNIDO projects have enabled five countries to improve their statistical operations, four fewer than in December 2016. One global programme has remained invariant since May 2016, while one regional programme was operational in November 2017, compared with two programmes in 2016.

#### Countries with UNIDO programmes that create shared prosperity

#### › IRPF INDICATOR 2.2:

##### Increased capacities of countries to address food security and other human security threats through industrial solutions

This indicator measures the number of countries supported by UNIDO activities in the upgrading of institutional and business capacities in the field of agricultural productivity, value chains, agricultural technologies and human security. In November 2017, the number of countries UNIDO supported was 28, an increase of 3 since December 2016 and 6 since May 2016. Of the global programmes in this area, one has remained unchanged since May 2016, while the number of regional programmes increased from two in May 2016 to three in November 2017.

#### › IRPF INDICATOR 2.3:

##### Countries with enhanced participation and equal opportunities for women in political, economic and public life

This indicator measures the number of countries where gender inequalities have been reduced with the support of UNIDO. Technical cooperation services focus on investments in women-owned businesses, strengthening networks of women, improving access to markets and providing training, technology and clean energy solutions for ISID. By the end of 2017, programmes in seven countries had helped create an environment with more equitable opportunities for women, a decrease of two on December 2016. No global programmes are operational in this area, unchanged since 2016, while the number of regional programmes decreased from two to one between December 2016 and November 2017.

#### › IRPF INDICATOR 2.4:

##### Countries in a post-crisis situation with increased livelihood opportunities for affected populations via restoring micro and small-scale enterprises, rehabilitation of damaged agricultural or industrial infrastructure and employment creation

Projects and programmes under this indicator reached 10 countries as of November 2017, an increase of 1 compared to December 2016 and an addition of 3 since May 2016. One global programme was operational in 2017, while no regional programmes have been active since May 2016.

#### Countries with UNIDO programmes that advance economic competitiveness

#### › IRPF INDICATOR 2.5:

##### Higher levels of ISID achieved in countries through entrepreneurship, creativity and innovation, and the formalization and growth of enterprises or through higher levels of private sector investments (# of countries)

UNIDO complements its expertise and services with the resources and know-how of the private sector to help countries improve institutional and business capacities in the field of entrepreneurship, innovation and enterprise development. By November 2017, projects aimed at supporting higher levels of ISID were active in 21 countries, 3 fewer than in December 2016. Figures

for global and regional programmes (one and three respectively in November 2017) have remained invariant since the first reading in May 2016.

#### › IRPF INDICATOR 2.6:

**Increased capacity of countries in integrating small and medium industrial and other enterprises into national and global value chains and markets**

By November 2017, trade capacity-building and policy advice projects and programmes were in place in 22 countries, 16 fewer than in December 2016. Global and regional programmes (one and five respectively) have remained invariant since the first reading in May 2016.

### Safeguarding the environment

#### › IRPF INDICATOR 2.8:

**Enhanced capacity of countries to implement multilateral environmental agreements and mainstream into national and subnational policy, planning, financial and legal frameworks**

In November 2017, UNIDO was operating programmes in 85 countries to help meet their obligations under multilateral environmental agreements, an increase of 5 since December 2016. One global programme has been active since May 2016. In November 2017, four regional programmes were recorded, an increase of one on December 2016.

#### › IRPF INDICATOR 2.9:

**Countries with enhanced capacities to manage transformational shifts towards a low-emission and resilient development path, including through low-emission technologies**

With the completion of projects in 13 countries between December 2016 and November 2017, the number of countries supported in November 2017 was 52. The number of global projects has remained unchanged since May 2016, while the introduction of an additional regional programme in 2017 increased the total of regional programmes to five.

## TIER II. ORGANIZATIONAL PERFORMANCE

### Level 3. Programme management effectiveness

| INDICATOR   |   | Baseline year 2015 | 2016   | 2017 Target     | 2017   | STATUS |
|---|---|--------------------|--------|-----------------|--------|--------|
| Portfolio management, results-based management (RBM), and monitoring and evaluation (M&E)   |   |                    |        |                 |        |        |
| 3.1: No. of programmes/projects approved by the Executive Board (EB) per region*  | AFR   | 39                 | 32     | N/A             | 34     | -      |
|   | ARB   | 17                 | 17     |                 | 15     |        |
|   | ASP   | 22                 | 21     |                 | 19     |        |
|   | EUR   | 9                  | 4      |                 | 11     |        |
|   | LAC   | 10                 | 6      |                 | 8      |        |
|   | INT and GLO   | 19                 | 23     |                 | 33     |        |
|   | Total   | 116                | 103    |                 | 120    |        |
| 3.3: Percentage of programmes/projects whose design quality was rated satisfactory at entry (%)   | Overall design quality  |                    | 67     | -               | 86     | -      |
|   | Relevance   |                    | 87     |                 | 100    |        |
|   | Technical design  |                    | 74     |                 | 95     |        |
|   | Logframe, risks and M&E   |                    | 31     |                 | 48     |        |
|   | Efficiency  |                    | 82     |                 | 71     |        |
|   | Implementation arrangements   |                    | 82     |                 | 90     |        |
|   | Sustainability  |                    | 51     |                 | 48     |        |
| 3.4: Quality of technical cooperation programmes/projects: programmes/projects quality rated moderately satisfactory or higher, at completion (%) | Gender  |                    | 59     | ≥ 2012-2015     | 80     | -      |
|   | Relevance (HS+S/MS)   | 91/6               | -      |                 | -      |        |
|   | Effectiveness (HS+S/MS)   | 61/32              | -      |                 | -      |        |
|   | Efficiency (HS+S/MS)  | 53/28              | -      |                 | -      |        |
|   | Likelihood of sustainability (HS+S/MS)  | 30/56              | -      |                 | -      |        |
|   | Programme/project management (HS+S/MS)  | 66/25              | -      |                 | -      |        |
| 3.6: Amount of partnership-based co-financing/leveraging achieved (million US\$)  | M and E (HS+S/MS)   | 46/22              | -      |                 | -      |        |
|   | 2012-2015   |                    |        |                 |        |        |
|   | Relevance (HS+S/MS)   | 91/6               | -      | ≥ baseline      | -      | ■      |
|   | Effectiveness (HS+S/MS)   | 61/32              | -      |                 | -      |        |
|   | Efficiency (HS+S/MS)  | 53/28              | -      |                 | -      |        |
|   | Likelihood of sustainability (HS+S/MS)  | 30/56              | -      |                 | -      |        |
| 3.8: Percentage of programmes/projects with gender-informed design as captured by the UNIDO gender marker (%)                                     | Programme/project management (HS+S/MS)  | 66/25              | -      |                 | -      |        |
|   | M and E (HS+S/MS)   | 46/22              | -      |                 | -      |        |
|   | Gender as central focus   | 0.8                | 1      | ≥ previous year | 0.9    | ■      |
|   | Significant attention to gender   | 16.6               | 23     |                 | 21.3   |        |
|   | Some attention to gender  | 53.5               | 60     |                 | 65.4   |        |
| 3.9: Percentage of programmes/projects whose gender mainstreaming design was rated satisfactory at entry (%)                                      | No attention to gender  | 6.9                | 5      |                 | 4.5    |        |
|   | To be evaluated   | 22.2               | 11     |                 | 7.8    |        |
|   | Gender overall  |                    | 59     | ≥ previous year | 80     | ■      |
|   | Gender relevance  |                    | 79     |                 | 90     |        |
|   | Gender analysis   |                    | 61     |                 | 80     |        |
| 3.10: Percentage of programmes/projects addressing gender mainstreaming, at completion (%)  | Operational measures to ensure gender-equitable participation and allocation of resources |                    | 66     |                 | 95     |        |
|   | Sex-disaggregated indicators and targets  |                    | 57     |                 | 75     |        |
| 3.12: Monthly visitor count of UNIDO public website (visitors/month)  | Avg. sessions/mon (visits)  | 2012-2015<br>70    | -      | ≥ 70            | -      | -      |
|   | Avg. users/mon (visitors)   | 82,000             | 67,000 | 73,000          | 71,000 | ■      |
|   |   | 57,000             | 42,000 | 46,000          | 46,000 | ■      |

\* Indicator 3.1 does not include Montreal Protocol projects as they do not follow the same approval process



## TIER II. ORGANIZATIONAL PERFORMANCE

### Level 3. Programme management effectiveness (continued)

|                            |                       | 2015 | 2016 | 2017 |
|----------------------------|-----------------------|------|------|------|
| Montreal Protocol projects | AFR                   | 7    | 19   | 12   |
|                            | ASP                   | 6    | 8    | 5    |
|                            | EUR                   | 18   | 3    | 12   |
|                            | West Asia Arab States | 16   | 6    | 2    |
|                            | African Arab States   | 12   | 8    | 4    |
|                            | LAC                   | 22   | 11   | 12   |
|                            | INT and GLO           | 3    | 3    | 2    |
|                            | Total                 | 84   | 58   | 49   |

The effectiveness of UNIDO programme management in achieving the desired development results is tracked by Level 3 indicators. These are based on the monitoring of the quality of programmes and projects at entry and at completion, the degree to which UNIDO mainstreams gender equality and the empowerment of women, partnership mobilization and other cross-cutting priorities.

In particular, UNIDO metrics of gender focus in programmes and projects showed positive results in 2017. The same can generally be said about improvements in programme and project monitoring, and reporting capacities.

Level 3 indicators draw upon a diversity of sources complementing performance enhancing measures in place prior to the introduction of IRPF. These include quality assurance processes, self-evaluations, real-time monitoring of performance and results, independent evaluation and external audits in addition to ERP and ODP data, findings and ratings published in independent evaluation reports, and desk reviews.

#### Portfolio management, results-based management (RBM), and monitoring and evaluation (M&E)

##### › IRPF INDICATOR 3.1:

##### Number of programmes/projects approved by the Executive Board per region

The programmes and projects approved each year by the UNIDO Executive Board cover all six geographical

regions in which the Organization has operations. The number of approved projects and programmes increased from 103 in 2016 to 120 in 2017. The majority of projects approved cover the regions of Africa with 34 projects and a further 33 international and global projects, which registered the largest increase with 10 more projects than in 2016. The Arab Region and Asia and the Pacific are the only two regions that have decreased compared to 2016, each with 2 fewer projects: 15 and 19 projects respectively.

These numbers do not include projects/programmes that are funded for the implementation of the Montreal Protocol. These follow a different approval process and are therefore not included in the above indicator. The total number of Montreal Protocol projects approved by the Executive Board in 2017 was 49. Compared to 58 project approvals in 2016, this indicates a decrease of 9 approvals, and of 35 approvals compared to the baseline of 84 approvals in 2015.

The geographical distribution of the Montreal Protocol projects for 2017 was as follows: 12 in Africa; 5 in Asia and the Pacific; 2 in West Asia Arab States; 4 in African Arab States; 12 in Latin America and the Caribbean; 12 in Europe and Central Asia; and 2 international or global projects. This represents a decrease in the number of projects in all regions with the exception of projects in Latin America and the Caribbean that have increased by 1 and Europe that has 9 more projects in comparison to 2016.

### › IRPF INDICATOR 3.3:

#### Percentage of programmes/projects whose design quality was rated satisfactory at entry

In 2017, the overall design quality of programmes and projects rated as satisfactory at entry level scored 86 per cent, an increase of 19 per cent on the 2016 value of 67 per cent. All categories improved by an average of 17 per cent. Some categories such as “Relevance” attained a 100 per cent score compared to 87 per cent in 2016 and others such as “Technical design” and “Gender” scored 21 per cent higher than in 2016. However, “Efficiency” and “Sustainability” both scored negatively. The “Sustainability” score fell marginally by 3 per cent, while “Efficiency”, by a more substantial reduction of 11 per cent, dropping from 82 per cent in 2016 to 71 per cent in 2017. The reason for this can not be explained by a decline in programme or project efficiency, but rather as a result of the addition of ERP criteria to the indicator in 2017. As this criterion was not present in 2016, this change does not permit a direct comparison.

### › IRPF INDICATOR 3.4:

#### Quality of technical cooperation projects and programmes rated moderately satisfactory or higher, at completion

No new data available, as the next synthesis review of evaluations will only be published in 2019.

### Partnership mobilization, gender mainstreaming and knowledge management

### › IRPF INDICATOR 3.6:

#### Amount of partnership-based co-financing/leveraging achieved

The operationalization of the UNIDO partnership approach led to a mobilization of \$390 million in 2017, indicating a \$10 million increase on 2016. The figure is on track to meet the target of \$468 million set for 2018: a further \$78 million partnership-based co-financing is required.

### › IRPF INDICATOR 3.8:

#### Percentage of programmes/projects with gender-informed design as captured by the UNIDO gender marker

Overall, the focus on gender shows an improvement with 65.4 per cent of ongoing programmes incorporating a

gender-informed design as opposed to 60 per cent in 2016 and 53 per cent in 2015 (the baseline year). While a marginal decrease compared to 2016 can be observed for the categories “Gender as central focus” and “Significant attention to gender” (by 0.1 per cent and 1.7 per cent respectively), other categories have registered an improvement, most significantly a 5.4 per cent increase for “Some attention to gender”.

### › IRPF INDICATOR 3.9:

#### Percentage of programmes/projects whose gender mainstreaming design was rated satisfactory at entry

This indicator measures the percentage of programmes and projects whose gender mainstreaming design was rated satisfactory at entry. All five subcategories of the indicator—Gender overall; Gender relevance; Gender analysis; Operational measures to ensure gender-equitable participation and allocation of resources; and Sex-disaggregated indicators and targets—have all improved by an average of 20 per cent in comparison to 2016, meaning that efforts in the previous year at focusing attention on gender are reaping the desired benefits.

### › IRPF INDICATOR 3.10:

#### Percentage of projects/programmes addressing gender mainstreaming, at completion

This indicator measures projects addressing gender mainstreaming at their completion. As the next update will only become available in 2019, no data for 2017 or 2018 will be reported.

### › IRPF INDICATOR 3.12:

#### Monthly visitor count at the UNIDO public website

According to Google Analytics data, during 2017 the updated UNIDO website received an average of 71,000 monthly visits by an average of 46,000 users. This shows an increase compared to 2016 (67,000 visits and 42,000 users). The “user” target of 46,000 in 2017 has been met, while for visits it is slightly below the target of 73,000 visits, falling short by an average of 200 visits per month.

## TIER II. ORGANIZATIONAL PERFORMANCE

### Level 4. Organizational effectiveness and modernization

| INDICATOR   |   | Baseline year 2015 | 2016             | 2017 Target  | 2017      | STATUS |  |
|---|---|--------------------|------------------|--|-----------|--------|--|
| Governance and management   |   |                    |                  |  |           |        |  |
| 4.1: Transparency of activities and resource management (index, 0-5)  |   | 4.5                | 3.9              | 4.5  | 4.5       | ■      |  |
| 4.3: Policymaking organs sessional documents issued in line with legislative deadline and language requirements (%) |   | 54                 | 79               | 80   | 85.15     | ■      |  |
| Asset and resource management, alignment, mobilization and stability  |   |                    |                  |  |           |        |  |
| 4.4: Collection rate of assessed contributions (%)  |   | 87.8               | 88               | N/A  | 88        |        |  |
| 4.6: Vacancy ratio (%)  |   | 10.7               | 14               | N/A  | 13        |        |  |
| 4.7: Voluntary contributions (million US\$, net approvals)  |   | 204.96             | 210.12           | N/A  | 217.903   |        |  |
| 4.8: Focus of technical cooperation activities per thematic area (%)  | Advancing economic competitiveness  | -                  | 21.5             | N/A  | 24        |        |  |
|   | Creating shared prosperity  | -                  | 20.4             |  | 17        |        |  |
|   | Safeguarding the environment  | -                  | 54.8             |  | 53        |        |  |
|   | Cross-cutting services  | 2                  | 3.3              |  | 7         |        |  |
| 4.9: Budget utilization rate (%)  |   | 83                 | 89.7             | N/A  | 85.7      |        |  |
| Capacity development and knowledge management   |   |                    |                  |  |           |        |  |
| 4.10: Geographical diversity of UNIDO human capital:  | (a) Percentage of Member States nationals under staff contract represented (out of the total number of Member States) (%)         | 46                 | 46               | 50   | 57.4      | ■      |  |
|   | (b) Percentage of Member States nationals under all types of contracts (staff and ISA) (out of total number of Member States) (%) | 82                 | 81               | 80   | 84        |        |  |
| 4.11: Gender parity and equality (at different grades) (%)  | Internationally recruited staff (M/F)   | 67/33              | 68/32            | Internationally recruited staff, ≥P-5, experts/consultants: +1% increase in share of women compared to baseline; locally recruited staff: M/F: 50%/50% | 67.9/32.1 | ■      |  |
|   | ≥P-5 (M/F)  | 78/22              | 78/22            |  | 77.7/22.3 |        |  |
|   | Locally recruited staff (M/F)   | 51/49              | 51/49            |  | 50.8/49.2 |        |  |
| 4.12: Breakdown of UNIDO training programmes (%)  | Effectively accomplish strategic objectives through managerial and technical skills upgrading                                     | 40.7               | 51.3             | N/A  | 62.4      |        |  |
|   | Strengthen internal structures and communications   | 59.1               | 48.6             |  | 36.3      |        |  |
|   | Other general competencies upgrading  | 0.2                | 0.1              |  | 1.3       |        |  |
| Business modernization and operational management   |   |                    |                  |  |           |        |  |
| 4.13: Average procurement timelines (calendar days)   |   | 81.20              | 75.77            | remain within ±10%   | 104       | ■      |  |
| 4.14: Average number of companies bidding for a UNIDO procurement action (# of companies)                           |   | 4.80               | 4.37             | remain unchanged, rounded to 5   | 3.6       | ■      |  |
| 4.15: Satisfactory contract and contractor performance evaluation (%)   |   | 98.48              | 95.10            | >90  | 98        | ■      |  |
| 4.16: Percentage of sustainable procurement transactions (%)  |   | N/A                | 2.89             | N/A  | -         | -      |  |
| 4.17: Quality of enterprise resource planning (ERP) system, based on client surveys (index)                         |   | 2014-2015<br>66%   | 2016-2017<br>68% | 2018-2019<br>70%   | -         | -      |  |



Level 4 focuses on the Organization's internal performance. Particular attention is paid to capturing aspects of governance and management, including finance, human resources and operations. This level monitors the Organization's capacity to manage its processes effectively and its ability to rise to challenges, and adapt to change.

It is worth highlighting the increase measured for 2017 in "voluntary contributions" (IRPF 4.7), evidence of UNIDO's resource mobilization and outreach efforts. This is also reflected in the increase of the "amount of partnership-based co-financing/leveraging achievements" (IRPF 3.6) registered in 2017. The relationship between these two IRPF indicators is an example of links between levels 3 and 4. Further efforts are required to reach the expected target in "gender parity and equality" (IRPF 4.11), as all categories have shown that the adjustments in place have not been sufficient and would require further focus in 2018 if the targets set are to be met.

The data source for most indicators derives from ERP modules and reports. However, some indicators require additional surveys or progress reports for which the frequency of data collection can vary.

## Governance and management

### > IRPF INDICATOR 4.1:

#### Transparency of activities and resource management

The overall level of transparency is given as an index from 1 (poor) to 5 (excellent). When ODP was introduced in 2015, the average rating was 4.5, which serves as a baseline. The target for 2017 of 4.5 was reached, following an increase of 0.6 on the 3.9 score of 2016.

### > IRPF INDICATOR 4.3:

#### Policymaking organs sessional documents issued in line with legislative deadline and language requirements

The data for this indicator was 85.1 per cent in 2017, marking a positive increase of 6.1 per cent on 2016 and against the baseline of 54 per cent in 2015. The target of 80 per cent for 2017 was successfully met.

## Asset and resource management, alignment, mobilization and stability

### > IRPF INDICATOR 4.4:

#### Collection rate of assessed contributions

This indicator measures the collection rate of assessed contributions from Member States during a fiscal year, which are payable in full. The rate in 2017 remained steady at 88 per cent, maintaining itself marginally above the 2015 baseline of 87.8 per cent.

### > IRPF INDICATOR 4.6:

#### Vacancy ratio

This indicator measures the percentage of positions under active recruitment at the end of the reporting period as well as demand for staff. The ratio considers the details of established positions under the regular and operational budgets for all locations and includes information on both Professional and General Service staff. The ratio for the baseline year 2015 was 11 per cent and climbed to 14 per cent during 2016, with a 1 per cent reduction in the 2017 rating of 13 per cent.

### > IRPF INDICATOR 4.7:

#### Voluntary contributions

This indicator reflects the voluntary financial resources approved for implementation during the reporting period of a calendar year. It includes new project allotments as well as changes to project budgets authorized for implementation during the reporting period. Voluntary contributions for 2015 were \$204.961 million, in 2016 \$210.120 million and in 2017 \$217.903 million, a 3.7 per cent increase between 2016 and 2017.

#### › IRPF INDICATOR 4.8:

##### Focus of technical cooperation activities per thematic area

This indicator measures the volume of voluntary contributions that are earmarked during the reporting period for the thematic areas of work as established in the programme and budgets document. In 2017, the voluntary contribution for Advanced Economic competitiveness was 24 per cent, an increase of 2.5 per cent on 2016. For the Cross-Cutting Services category, the increase was of 3.7 per cent, from 3.3 per cent in 2016 to 7 per cent in 2017. In the other two remaining categories, Creating Shared Prosperity fell by 3.4 per cent from 20.4 per cent in 2016 to 17 per cent in 2017, while the Safeguarding the Environment voluntary contribution category saw a reduction of 1.8 per cent, from 54.8 per cent in 2016 to 53 per cent in 2017.

#### › IRPF INDICATOR 4.9:

##### Budget utilization rate

This indicator aims to reflect the extent of the utilization of budget appropriation of the regular and operational budget. The rate for 2015 was 83.25 per cent, increasing to 90 per cent in 2016 and decreasing to 85.7 per cent in 2017, remaining however above the 2015 baseline figure.

### Capacity development and knowledge management

#### › IRPF INDICATOR 4.10:

##### Geographical diversity of UNIDO human capital

Capturing the number of nationalities granted a UNIDO employment contract out of the total number of UNIDO Member States, this indicator measures the percentage of Member States represented in UNIDO human capital (staff and consultants). In both years, 2015 and 2016, the percentage of Member States represented by staff members holding regular contracts in the Professional and higher categories was 46 per cent, while in 2017 a positive increase of 11.4 per cent was registered, bringing the figure to 57.4 per cent, well above the target of 50 per cent. The representation of Member States among staff holding individual service agreements increased from 81 per cent in 2016 to 84 per cent in 2017, maintaining its position above the target of 80 per cent.

#### › IRPF INDICATOR 4.11:

##### Gender parity and equality at different grades

The indicator measures female staff as a share of the total number of international and national staff within a budget year. The share of women in the Professional and higher categories was 32.1 per cent in 2017 with a 0.6 per cent increase on 2016, falling short of the target of a 1 per cent increase. For P5 positions and above, the share of female staff in 2017 was 22.3 per cent, a 0.3 per cent increase on 2016, below the expected target of a 1 per cent increase. For locally recruited staff, the share of female staff was 49.2 per cent, an increase of 0.2 per cent compared to the 2016 figure of 49 per cent, still short of the 50 per cent target for 2017.

#### › IRPF INDICATOR 4.12:

##### Breakdown of UNIDO training programmes

This indicator measures the percentage of training courses in three areas. Courses aimed at the accomplishment of strategic objectives through managerial and technical skills increased from 40.7 per cent in 2015 to 51.3 per cent in 2016, and continued the positive trend reaching 62.4 per cent in 2017. Training covering the thematic priority Strengthening internal structures and communication showed a declining trend from 59.1 per cent in 2015 to 48.60 per cent in 2016, and falling to 36.3 per cent in 2017. Training on upgrading in other general competencies showed a marginal decrease between 2015 and 2016 from 0.2 per cent to 0.1 per cent respectively, while a more substantive increase of 1.2 per cent was registered between 2016 and 2017, reaching the figure of 1.3 per cent.

### Business modernization and operational management

The following set of indicators assesses the efficiency of procurement processes, the attractiveness of UNIDO in the commercial business community and the business friendliness of the procurement framework.

#### › IRPF INDICATOR 4.13:

##### Average procurement timelines

The average length of the procurement cycle for open competition under centralized procurement increased

from 75 days in 2016 to 104 days in 2017, a 28.23 day increase, far exceeding the target range of +/-10 per cent.<sup>4</sup>

› **IRPF INDICATOR 4.14:**

**Average number of companies bidding for a UNIDO procurement action**

The average number of companies bidding for a UNIDO procurement action dropped from 4.3 to 3.6 in 2017, falling short of the target of 5.

› **IRPF INDICATOR 4.15:**

**Satisfactory contract and contractor performance evaluation**

Already rated 5 per cent above the target of 90 per cent in 2016, this indicator maintained its positive trend with a score of 98 per cent in 2017.

› **IRPF INDICATOR 4.16:**

**Proportion of sustainable procurement transactions**

At this time, there are no markers in the UNIDO ERP system that allow for reporting on the three key areas of this indicator. The proposed technical solution will involve creating system markers at every stage of the procurement process, allowing us to report, for example, when sustainability criteria are applied during technical evaluation.

› **IRPF INDICATOR 4.17:**

**Quality of the ERP system, based on client surveys**

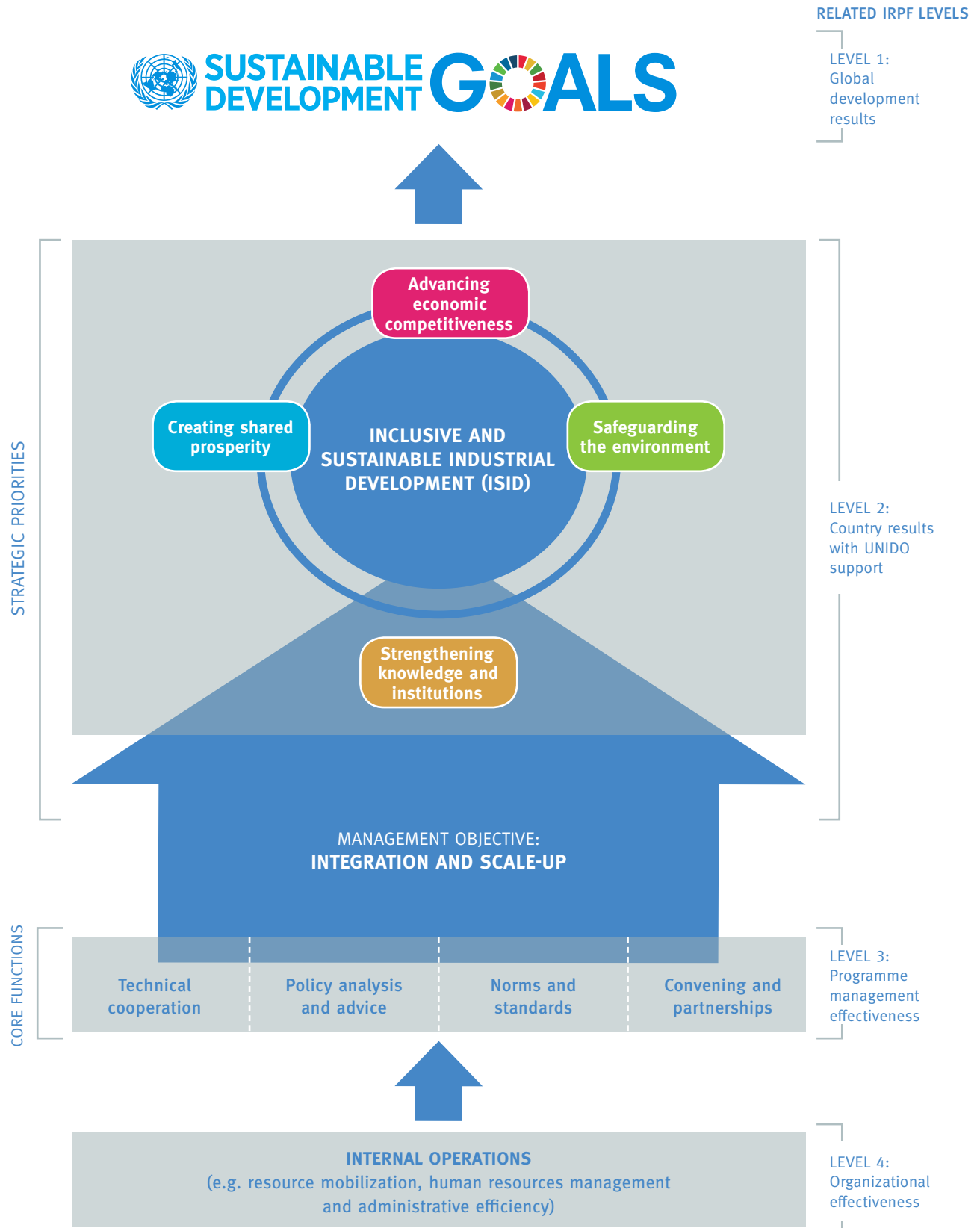
Data will be available for this indicator once the ERP client survey for 2018-2019 is finalized.

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<sup>4</sup> For the indicator value of 2017, there has been a change in the calculation method. The period of 0-13 days between date of approval of requisition until the date of approval of contract or purchase order has been filtered out. This period was found to be indicative of purchase orders that represent the obligation of funds for the continuation of open contracts from previous years. Such cases do not involve any bidding time, and have therefore been excluded for the sake of accuracy. This change in calculation was also applied to the 2016 indicator value.



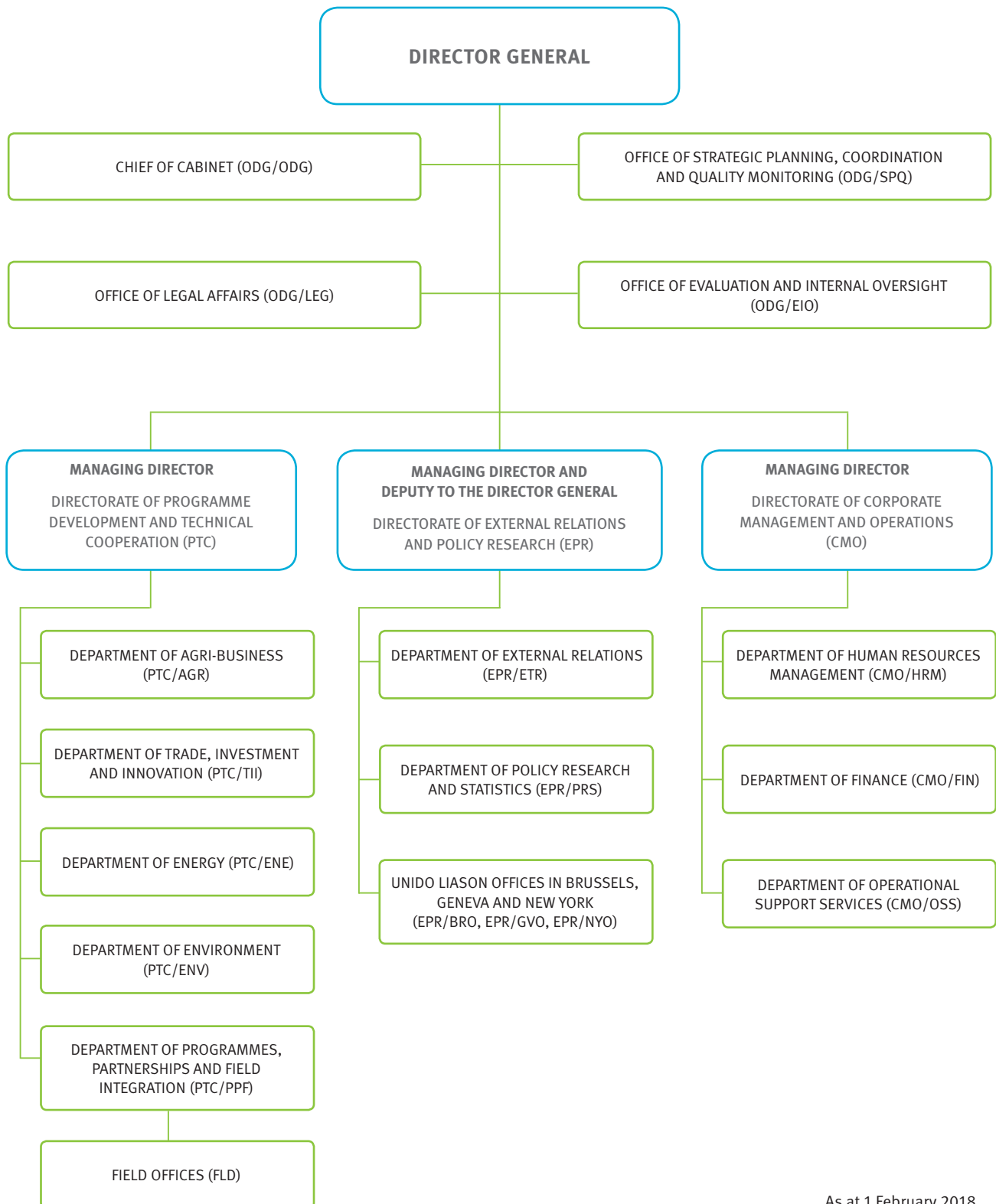
## II. MEDIUM-TERM PROGRAMME FRAMEWORK 2018-2021



## ABBREVIATIONS

|                 |   |
|-----------------|---|
| <b>ADA</b>      | Austrian Development Agency                                       |
| <b>ACP</b>      | African, Caribbean and Pacific Group of States                    |
| <b>AU</b>       | African Union   |
| <b>BRICS</b>    | Brazil, Russian Federation, India, China, South Africa            |
| <b>CIP</b>      | competitive industrial performance                                |
| <b>CIS</b>      | Commonwealth of Independent States                                |
| <b>CSR</b>      | corporate social responsibility                                   |
| <b>ECP</b>      | Entrepreneurial Curriculum Programme                              |
| <b>EIP</b>      | eco-industrial park   |
| <b>EnMS</b>     | Energy Management Systems   |
| <b>ERP</b>      | enterprise resource planning                                      |
| <b>EU</b>       | European Union  |
| <b>FAO</b>      | Food and Agriculture Organization of the United Nations           |
| <b>GCIP</b>     | Global Cleantech Innovation Programme                             |
| <b>GDP</b>      | gross domestic product  |
| <b>GEF</b>      | Global Environment Facility                                       |
| <b>HCFC</b>     | hydrochlorofluorocarbon   |
| <b>HFC</b>      | hydrofluorocarbon   |
| <b>HLPF</b>     | High-level Political Forum on sustainable development             |
| <b>IAEG-SDG</b> | Inter-Agency and Expert Group on SDG Indicators                   |
| <b>IDDA III</b> | Third Industrial Development Decade for Africa                    |
| <b>IRPF</b>     | integrated results and performance framework                      |
| <b>ISID</b>     | inclusive and sustainable industrial development                  |
| <b>ISO</b>      | International Organization for Standardization                    |
| <b>ITPO</b>     | Investment and Technology Promotion Office                        |
| <b>ITU</b>      | International Telecommunications Union                            |
| <b>LDC</b>      | least developed country   |
| <b>LLDC</b>     | landlocked developing country                                     |
| <b>MLF</b>      | Multilateral Fund for the Implementation of the Montreal Protocol |
| <b>MTPF</b>     | medium-term programme framework                                   |
| <b>MVA</b>      | manufacturing value added   |
| <b>ODA</b>      | official development assistance                                   |
| <b>ODP</b>      | Open Data Platform  |
| <b>OECD</b>     | Organization for Economic Cooperation and Development             |
| <b>PCP</b>      | Programme for Country Partnership                                 |
| <b>POP</b>      | persistent organic pollutant                                      |
| <b>PPP</b>      | purchasing power parity   |
| <b>RECP</b>     | Resource Efficient and Cleaner Production                         |
| <b>RBM</b>      | results-based management  |
| <b>SDG</b>      | sustainable development goal                                      |
| <b>SEforAll</b> | Sustainable Energy for All  |
| <b>SIDS</b>     | small island developing State                                     |
| <b>SME</b>      | small and medium-sized enterprise                                 |
| <b>UN</b>       | United Nations  |
| <b>UNCTAD</b>   | United Nations Conference on Trade and Development                |
| <b>UNDAF</b>    | United Nations Development Assistance Framework                   |
| <b>UNEP</b>     | United Nations Environment Programme                              |
| <b>UNFCCC</b>   | United Nations Framework Convention on Climate Change             |
| <b>UNSC</b>     | United Nations Statistical Commission                             |
| <b>USAID</b>    | United States Agency for International Development                |
| <b>VIC</b>      | Vienna International Centre                                       |
| <b>WTO</b>      | World Trade Organization  |

## UNIDO ORGANIZATIONAL STRUCTURE



As at 1 February 2018.





“You are a key voice on technology transfer, investment flows and skills development. Your efforts can help support economic transformation in Africa and in other regions. As we combat climate change, your work can facilitate the transition to low-carbon growth. Thank you for your commitment to ensuring that all people in all countries can benefit from industrial growth.”

[António Guterres, Secretary-General of the United Nations,  
on the occasion of the seventeenth UNIDO General Conference](#)

“My Government is proud to be associated with this event and values the role played by organizations such as UNIDO and other governmental partners which seek to work closely with Africa to promote inclusive and sustainable industrial development on the continent.”

[Edgar Lungu, President of the Republic of Zambia,  
on the occasion of a high-level event on the Third Industrial  
Development Decade for Africa in New York](#)

“If we continue producing, consuming and throwing away the way we are doing, one planet is not enough. We need to go for a zero waste society. Behind all waste there is a wasted opportunity.”

[Daniel Calleja Crespo, Director-General for Environment, European  
Commission, on the occasion of the seventeenth UNIDO General Conference](#)



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