



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Inclusive and Sustainable Industrial Development in Latin America and Caribbean Region



LIST OF ACRONYMS

ALBA	Bolivarian Alliance for the Americas	IPs	Industrial Parks
BIDC	Barbados Investment and Development Cooperation	INTI	National Institute of Industrial Technologies (Argentina)
BRICS	Brazil, Russian Federation, India, China and South Africa („emerging economies“)	ISID	Inclusive and Sustainable Industrial Development
CAF	Development Bank for Latin America	ITPOs	Investment and Technology Promotion Offices
CAIME	High Level Centre for Research, Training and Certification of Production (Uruguayan Project)	LATU	Technological Laboratory of Uruguay
CAN	Andean Community	MERCOSUR	Southern Common Market
CARICOM	Caribbean Community	MoU	Memorandum of Understanding
CELAC	Community of Latin American and Caribbean States	ODS	Ozone Depleting Substances
CFCs	Chloro-Fluoro-Carbons	OESC	Organization of Eastern Caribbean States
CIU	Uruguayan Chamber of Industries	OFID	OPEC Fund for International Development
CNI	National Confederation of Brazil	PCBs	Poly-Chlorinated Biphenyls
COPEI	Peruvian Committee on Small Industry	POPs	Persistent Organic Pollutants
ECLAC	Economic Commission for Latin America	PPPs	Public Private Partnerships
EU	European Union	RO	Regional Office
FAO	Food and Agriculture Organization (UN System)	SDGs	Sustainable Development Goals
GEF	Global Environmental Facility	SELA	Latin American Economic System
GNIC	Great Nicaraguan Inter-oceanic Canal Project	SEZs	Special Economic Zones
GRULAC	Latin American and Caribbean Group	SICA	Central American Integration System
HCFCs	Hydro-Chloro-Fluoro-Carbons	SMEs	Small and Medium-sized Enterprises
HLG	High Level Group (Uruguay – Brazil)	SNI	National Society of Industries (Peru)
IFAD	International Fund for Agricultural Development	SOFOFA	Sociedad de Fomento Fabril – Prime Industry Association
IKB	Industrial Knowledge Bank	UIA	Argentinian Industrial Association
INACAP	National Institute of Capacity Building and Training (Chile)	UNCT	United Nations Country Team
INADEM	National Institute for Entrepreneurs (Mexico)	UNDAF	UN Development Assistance Framework
		UNESCO	United Nations Educational, Scientific and Cultural Organization
		VCs	Video Conferences

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INTRODUCING ISID

UNIDO's long-term strategy of inclusive and sustainable industrial development (ISID) was adopted by UNIDO Member States at the General Conference in December 2013. Through this strategy, UNIDO aims to harness the full potential of industry's contribution to the achievement of sustainable development in the post-2015 era, and lasting prosperity for all.

Industry is the most dynamic driver of prosperity and collective wellbeing. No country has ever reached a high level of economic and social development without having developed an advanced industrial sector. However, too often in the past these transformative structural changes have also been accompanied by environmental degradation and increased social inequalities.

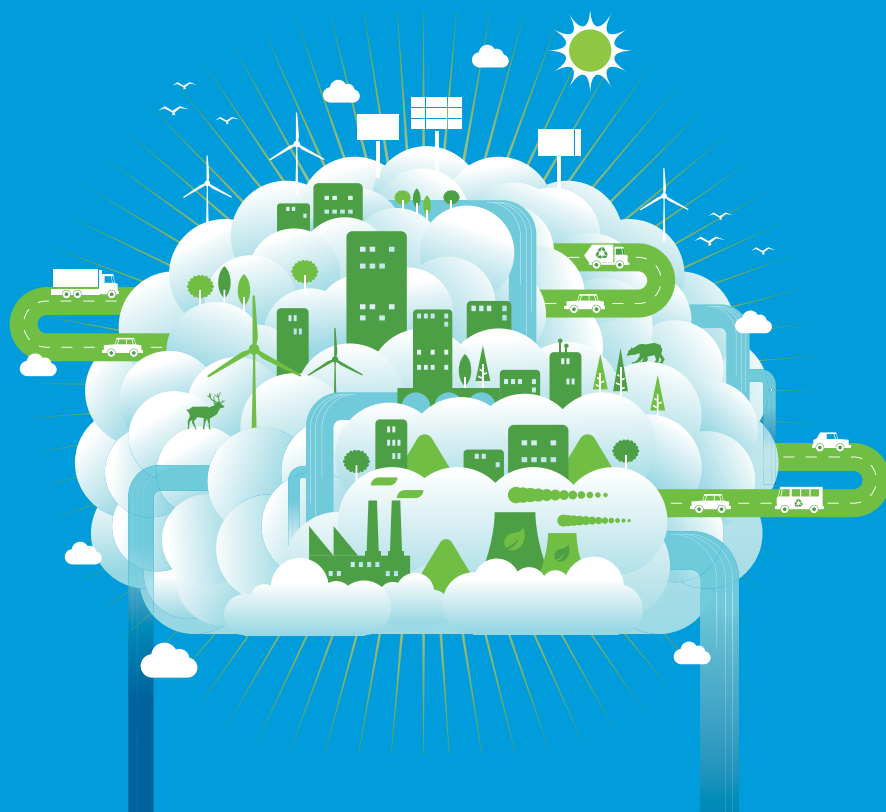
In order to ensure equitable distribution of the economic benefits of industrialization, a robust environmental and social framework must therefore be established. ISID aims to address the multidimensional causes of poverty, through creating shared prosperity, advancing economic competitiveness, and safeguarding the environment.

ISID ensures that:

- » Every country achieves a higher level of industrialization in their economies, and benefits from the globalization of markets for industrial goods and services;
- » No-one is left behind in benefiting from industrial growth, and prosperity is shared among women and men, urban and rural communities and large and small enterprises in all countries;
- » Broader economic and social growth is supported within an environmentally sustainable framework, so that industrial expansion does not jeopardize the well-being of future generations;
- » The unique knowledge and resources of all relevant development actors are combined, including those of the private sector and international financing institutions, to maximize the development impact of ISID.

The importance of industrial development for sustainable development was explicitly recognized by the United Nations General Assembly in their proposition concerning the Sustainable Development Goals (SDGs), which includes inclusive and sustainable industrialization as SDG-9, along with fostering innovation and building resilient infrastructure.

Goal 9 acknowledges that industry and industrialization are the main drivers of sustained economic growth, environmental sustainability and shared prosperity.



THE REGIONAL CONTEXT

The Latin America and Caribbean (LAC) Region encompasses 33 countries, all of which are UNIDO Member States. Total population for the region was roughly 600 million people in 2014, most of whom were already benefitting from improved living conditions. For example, more than 94% of the total population had access to improved drinking water sources; 82% had sanitation services coverage; and 79% lived in urban areas. But there is room for future improvement, as seen in the smaller percentages of the population that had access to potable water (82%) and sanitation in rural areas (63%) in 2014.

The region comprises a total surface area of more than 20 million km² with vast natural resources, including ample water resources and a flourishing biodiversity. Around 47% of the land surface is covered by forest. The Central and South American sub-regions provide the most abundant fresh water resources per capita worldwide. The region accounts for substantial reserves of oil, silver, copper, coal, bauxite, lithium and nickel.

LAC's Member States range from large, rapidly growing High- and Middle-Income Countries (MICs) like Brazil, Mexico and Argentina to small, fragile and vulnerable states like Haiti. (For more details, see <http://data.worldbank.org/about/country-and-lending->)

The GDP of the LAC Region grew by 1.1% in 2014, its slowest annual expansion rate since 2009, mostly attributable to the region's high dependence on commodities export prices. Current GDP structure by economic activity is comprised mainly of public administration, social and personal services (24%); financial intermediation, including real estate, rentals and business activities (17%); wholesale and retail trade (15%); manufacturing (15%); transport, communications and construction (15%); and mining, agriculture and electricity (14%).

One significant consequence of low economic growth has been weak job creation; however, the urban open unemployment rate edged down only from 6.2% to 6.0%. The slower job creation has affected women more than men, bringing an end to previous trends in which some gender labour gaps were narrowing (*ECLAC- Economic and Social Panorama of CELAC, 2015*).

Regional Country Groupings

Four major regional economic blocs are found in Latin America:



Table 1: MERCOSUR, CARICOM, CAN and SICA in the Latin America and Caribbean Region

MERCOSUR	The Southern Common Market consisting of five countries in southern Latin America: Argentina, Brazil, Paraguay, Uruguay and Venezuela.
CARICOM	The Caribbean Community consisting of 19 island groups: Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.
CAN	The Andean Community consisting of four countries: Bolivia, Colombia, Ecuador and Peru.
SICA	The Central American Integration System consisting of seven countries: Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama.



UNIDO field offices in the Latin America and Caribbean Region

- ⬡ **3 Regional Offices (RO):** Mexico, Colombia and Uruguay.
 - Mexico RO covers the home country, SICA and CARICOM countries and Cuba.
 - Colombia RO covers the home country and CAN countries, the Bolivarian Republic of Venezuela, Guyana and Suriname
 - Uruguay RO covers the home country as well as MERCOSUR countries (except the Bolivarian Republic of Venezuela) and Chile.
- **1 Country Office:** Brazil
- ▲ **3 UNIDO Desks:** Nicaragua, Ecuador and Bolivia.

There are also several other organizations in the region like the Bolivarian Alliance for the Americas (ALBA) and the Pacific Alliance. Despite these groupings, there is scarce production integration between the LAC economies when it is considered, for example, that imports of parts and components by the region’s largest economies originate mostly from extra-regional suppliers. Around 50% of the LAC Member States are net commodity importers (mainly in the Caribbean and Central America). For most of the region’s countries, the most immediate opportunities for engaging with value chains lie within the regional market. Less than 20% of regional exports stayed within the region; therefore, the regional market has a strong potential to boost not only production but also export diversification.

The poverty rate in Latin America stood at 28.1% in 2013, 11.7% of whom were living under conditions of *extreme* poverty. In human terms, these percentages represent 165 million poor people, including 69 million living in extreme poverty (e.g. on the equivalent of less than one dollar a day) (*ECLAC- Preliminary Overview of Economies of LAC, 2014*). For the LAC Region, the incidence is higher among younger segments of the population. Poverty rates also vary by gender, the rate among women under labour age being 1.2 times that of men.

The LAC Region has the highest inequality rate in the world. The Gini coefficient, which measures income inequality, remained at a mean value of 0.52 (i.e. it ranges between 0, total equality, and 1, one person with all the wealth (<http://www.worldbank.org/en/region/lac/overview>, 2015)).

In terms of industrial development, the region needs to develop comprehensive industrial policies that promote more equitable growth based on productive development and reduce the weight of financial sector; to strengthen Public Private Partnerships (PPPs) and policy instruments for promoting new business and fostering Small and Medium-sized Enterprises (SMEs), as well as to increase investment in research, development and innovation to generate greater value added and increase competitiveness.

UNIDO's Regional Partner Associations

UNIDO works closely with the Community of Latin American and Caribbean States (CELAC), the largest regional bloc representing 33 sovereign countries in the Americas, all of which are also UNIDO Member States.



Regional Conference of LAC Industry Ministers organized in the framework of the UNIDO XV General Conference in Lima, Peru in December 2013.

In December 2013, within the framework of the UNIDO XV General Conference in Lima, Peru, an Industry Ministers Regional Conference was also convened, with the participation of 30 country delegations, including seven ministers and eight vice-ministers. All delegates stated their support for UNIDO's **Lima Declaration** to promote inclusive and sustainable industrial development (ISID). Agreement was found concerning the main regional needs, namely: promotion of entrepreneurship and SMEs; development of human capital oriented to the needs of technological development and innovation with gender-based priority for young people; and further development of value chains linked to local economies that contribute to a change in the productive structure.

In cooperation with the Government of Costa Rica, UNIDO co-organized the first CELAC Industry Ministers Meeting held in San José in April 2014, with the active participation of eleven ministers and seven vice-ministers from the region. UNIDO contributed with a presentation on “Fostering ISID through Strengthening Associative Models in LAC”, underscoring its approach to industrial policy analysis and linked with the productive clusters and the development of eco-industrial parks. The meeting recommended a Regional Action Plan to:

- identify alternatives to enhance human and natural resources management;
- strengthen industrial policies that foster SME development focusing youth and women; and
- encourage regional productive integration.

It was agreed that UNIDO, together with other regional organizations, would support implementation of this Regional Action Plan.

Working together with the academic sector, a network of LAC competence centres has been built up, including the Argentinian National Institute of Industrial Technologies (INTI), the Technological Laboratory of Uruguay (LATU) and Itaupú Biomass (Brazil). In association with the latter, a Regional Seminar on Biogas was organized in Foz do Iguaçu, Brazil in August 2014 with UNIDO support. The seminar contributed to supporting family agriculture in rural territories in the LAC Region and promoting lessons learned on public policies preparation and implementation involving efficient use of, and access to, energy in harmony with food security.

With the private sector, several exchanges with industry chambers/associations have been promoted, such as with the Industrial Union (UIA) in Argentina, the Sociedad de Fomento Fabril–Prime Industry Association (SOFOPA) in Chile, the Chamber of Industries (CIU) in Uruguay and the National Confederation of Industries (CNI) in Brazil.

Activities have been encouraged with regional organizations, such as CARICOM and the Organization of Eastern Caribbean States (OESC) to create Memoranda of Understanding (MoU) between these organizations and UNIDO. In order to improve cooperation and partnerships and implement ISID in Caribbean countries, emphasis is being placed upon capacity building for manufacturing and services, statistical analysis and the fostering of energy efficiency and renewable energy uses.

Similarly, for the Economic Commission for Latin America (ECLAC), the Latin American Economic System (SELA) and the Development Bank for Latin America (CAF), agreements have been reached to enhance technical cooperation, joint development of technical papers and follow-up to Ministerial meetings.

In particular, ECLAC and UNIDO agreed to work closely to develop a statistical system with indicators to measure ISID implementation in the region and to enhance the exchange of technical information on value chain development in specific sectors and cooperation for ISID implementation in those chains with emphasis on energy efficiency and quality infrastructure development. International networking is being promoted by linking LAC countries with UNIDO Investment and Technology Promotion Offices (ITPOs) and the South-South Centres’ global network.

LAC Regional Development Priorities

During the 2013-2014 Biennium, a diverse palette of UNIDO-sponsored seminars, workshops and Global Forum activities responded to regional development priorities in alignment with UNIDO's Technical Cooperation services. Below a sampling categorized according to the respective LAC economic blocs:

LAC regional development priorities 2013-2014

Sub-region/ Subject request	SICA, Cuba & Mexico	MERCOSUR	CAN	CARICOM
Industrial policy formulation, monitoring and evaluation	x	x	x	
Agro-industrial value chains for rural development, market access and regional development	x	x	x	x
Micro- and SMEs development/ competitiveness	x	x	x	x
Investment and technology promotion	x	x		
Quality infrastructure and conformity / compliance assessment	x		x	
Creative industry and suppliers network for tourism sector				x
Industrial energy efficiency	x	x		
Alternative energy and energy security	x	x		x
Resource efficiency and Cleaner Production	x	x	x	
Multilateral Environmental Agreements implementation including Montreal Protocol	x	x	x	
South-South / North-South cooperation	x	x	x	x

Sources: *Regional Expert Group Meetings, Industry Ministers' Conferences, meetings and communications with the Latin American and Caribbean Group (GRULAC), Permanent Missions and country officials.*

In particular, during the First Inclusive and Sustainable Industrial Development (ISID) Forum convened in Vienna in June 2014, the Latin American and Caribbean Group (GRULAC and participating high-level delegates (e.g. Ministers and Vice-Ministers of Industry):

- requested UNIDO, in keeping with its new ISID Vision, to strengthen cooperation with the CELAC Secretariat to coordinate implementation of the Plan of Action endorsed during the Ministerial Meeting held in April 2014;
- recognized the relevance of UNIDO's project on an Industrial Knowledge Bank (IKB) to facilitate regional South-South cooperation and urged UNIDO to enhance this mechanism through "triangular industrial cooperation" by further leveraging this South-South mechanism with contributions from developed country partners;
- agreed to support UNIDO's formulation of project proposals for regional value chain development in new advanced technologies and other traditional sectors as a feasible way to implement ISID in Latin America and the Caribbean; and
- requested UNIDO to develop Management Model Guidelines for Special Development Zones in keeping with the ISID Vision and to support a Regional/Global Platform for Cooperative Partnerships within these special zones and industrial parks.

UNIDO and its Donors

Virtually all of the LAC countries (with the single exception of Haiti) are characterized as Middle Income Countries (MICs); thus, the region is not a high priority area for most international donors and most of UNIDO's interventions are financed out of domestic resources. Nevertheless, UNIDO promotes cooperation with several actual countries and organizational donors (e.g. Austria, China, Italy, Korea, Spain and Switzerland, as well as with the European Union Commission (EU) and the Global Environment Facility (GEF)). In cultivating close contacts with its donors, UNIDO encourages partnerships through Memoranda of Understanding (MoUs) and Declarations of Cooperation.

In addition, actions to leverage support from relevant new donors and development institutions, such as the European Union Commission (EU), the International Fund for Agricultural Development (IFAD) and the OPEC Fund for International Development (OFID), have increased. Furthermore, jointly with other UN agencies and regional organizations (e.g. ECLAC, SELA, CAF), UNIDO is encouraging governments to set aside a portion of their often abundant domestic public investment funds to cover UN Technical and Global Forum activities. This initiative has already catalysed some successes in MERCOSUR countries (e.g. Brazil, Uruguay).

UNIDO's project funding sources 2013-2014



Source: UNIDO Annual Reports 2013 - 2014

TECHNICAL COOPERATION IN LAC: 2013-2015

Overview. Directly reflecting its major funding sources (e.g. GEF and Montreal Protocol), the lion's share (83%) of technical cooperation activities in the region have focused on the thematic area, Energy and the Environment; and in far more modest amounts on the thematic areas of Trade Capacity Building (6%) and Poverty Reduction (7%). The total technical assistance delivered in the 2013 – 2014 Biennium amounted to US\$ 26.7 million.

UNIDO technical cooperation implementation percentages by thematic area; 2013-2014.



Source: UNIDO Annual Reports 2013 and 2014

UNIDO-supported activities within the Latin America and the Caribbean Region for the 2013-2014 Biennium included:

Argentina

- Nine Montreal Protocol-related projects¹ for support in the following areas:
- National Plans for elimination of Hydro-Chloro-Fluoro-Carbons (HCFCs) and Chloro-Fluoro-Carbons (CFCs) in refrigeration and air conditioning equipment;
- Elimination of solvents related to ozone layer depletion; and

¹ The "Montreal Protocol on Substances that Deplete the Ozone Layer" was designed to reduce the production and consumption of ozone depleting substances in order to reduce their abundance in the atmosphere, and thereby protect the earth's fragile ozone Layer. The original Montreal Protocol was agreed on 16 September 1987 and entered into force on 1 January 1989." More information on: http://ozone.unep.org/new_site/en/montreal_protocol.php.

- Elimination of the use of Methyl-Bromide (MB) in the culture of strawberries, vegetables and protected flowers.
- Regional project on environmental waste management from electrical and electronic apparatus sources.

Bolivia

- Three projects on environmental management of 1) wastes from electrical and electronic apparatuses (regional) and 2) support to implement National Poly-Chlorinated Biphenyls (PCBs) and Persistent Organic Pollutants (POPs) Management Plans;
- Two projects to assist with formulation of industrial strategies at the regional (El Chaco) and national levels; and
- One project to develop productive chains on quinoa and camelids.

Brazil

- Project for implementation of the Montreal Protocol with a National Plan to eliminate HCFCs by the year 2030; and
- Evaluation project on the impact of quality systems certification ISO 9001.

Chile

- Project for implementation of the Montreal Protocol with a National Plan to eliminate HCFCs by the year 2030;
- Regional project on environmental waste management from electrical and electronic apparatus sources; and
- Project supporting agro-industries through capacity building for the generation and use of renewable energy (biogas).



Colombian expert assessing Ecuadorian small processors of sugar cane through cooperation supported by UNIDO IKB project in August 2013.

Colombia

- Project on the development of the automotive productive chain;
- Project to strengthen metrology and quality management in the cosmetic sector;
- Project to strengthen institutional capacities and support SMEs through the ISID Vision in the country's Ibagué zone;
- Project for environmental management of mercury in artisan gold mining in the Choco zone; and
- Project to build institutional capacity in industrial energy efficiency assessments.

Costa Rica

- Project to develop "clusters" for the tourism, handicrafts and gastronomy sectors in the city of Puerto Limon;
- Regional project on environmental management of wastes from electrical and electronic apparatuses.

Cuba

- Project on the generation and use of different renewable energy sources (e.g. biomass, wind), including new financing mechanisms and incentives.

Dominican Republic

- Project related to the generation and use of renewable energy (biomass) in industrial parks;
- Project to support national environmental management through the establishment of a National Cleaner Production Network.

Ecuador

- Project to develop and promote export and origin “clusters” in agro-industry and the metal-mechanical sectors;
- Project to build institutional capacity in industrial energy efficiency assessments;
- Two projects to implement the Montreal Protocol through a National Plan for elimination of HCFCs and Methyl-Bromide;
- Project to support national environmental management through the establishment of a National Cleaner Production Centre;
- Project to promote the generation and use of renewable energy (biogas);
- Project for environmental management of mercury in artisan gold mining in the El Oro zone;
- Two projects on environmental management of wastes from electrical and electronic apparatuses (regional) and implementation of a National POPs Management Plan; and
- Project to support national capacities for traceability in agro-industry.

El Salvador

- Joint project with UNDP and UN-Habitat on development of the housing construction value chain for sustainable urban settlements.

Guatemala

- Project to implement the Montreal Protocol through National Plans to eliminate HCFCs.
- Project for institutional strengthening of the National Laboratory of Metrology.

Honduras

- Project on implementation of the Montreal Protocol through National Plans to eliminate HCFCs.
- Regional project on environmental management of wastes from electrical and electronic apparatuses.

Mexico

- Eight projects to implement the Montreal Protocol to: support National Plans to eliminate HCFCs, solvents, aerosols and Methyl-Bromide; and strengthen national capacities; and
- Two projects concerning environmental management to: support implementation of a National POPs Management Plan; and conduct an integral environmental evaluation of the Gulf of Mexico Marine Ecosystem.

Nicaragua

- Project to strengthen the National Quality System;
- Project for development of a cocoa value chain;
- Project to strengthen institutional capacities for employment and entrepreneurship promotion in the youth sector;
- Project on environmental management for implementation of a National POPs Plan;
- Project to establish a Renewable Energies Observatory; and
- Project to implement the Montreal Protocol through National Plans to eliminate HCFCs.

Peru

- Regional project on environmental management of wastes from electrical and electronic apparatuses; and



Handling a new chemical agent for foam elaboration in a refrigerator's factory based on a technology change implemented through a UNIDO project for CFC substitution in Guatemala.



Local producers are trained on cultivation techniques (grafting) to improve productivity As part of UNIDO's intervention for cocoa value chain development in Nicaragua.



Local producers of native potatoes “Sumaq Sonqo” in Mistura, Peru, participating in a UNIDO project finalized in 2013 for the promotion of origin consortia and collective brands for typical food products as tools for sustainable rural development.



Substitution of foaming agent in the water-heater equipment production as part of CFC phase-out project in Venezuela.

- Four projects on environmental management to: 1) support a Polychlorinated Biphenyls PCB waste inventory and disposal plan; 2) assist in updating of National Persistent Organic Pollutants (POPs) Management Plan; 3) support participation in the Partnership for Action on the Green Economy (PAGE); and 4) implement the Minamata Mercury Convention.
- Project on promotion of origin consortia and collective marks as tools for sustainable rural development involving typical food products as honey, native cotton, golden berry, traditional pasta, native potato.

Uruguay

- Regional project on environmental management of wastes from electrical and electronic apparatuses;
- Project to implement the Montreal Protocol by supporting a National Plan for Elimination of HCFCs;
- Project to establish the Technological Laboratory of Uruguay (LATU) to support the agro-industry and mechatronic sectors; and
- Project for institutional capacity building on industrial energy efficiency assessments and resource optimization in the agro-industry.

Venezuela

- Two projects to implement the Montreal Protocol by supporting a National Plan for Elimination of HCFCs and CFCs.

The year 2014 marked the launch of a regional initiative promoting more inclusiveness and sustainability with projects like the regional Environmental Management of Waste of Electronic or Electrical Equipment project. This project is financed by the GEF, thirteen participating countries² and the public-private sector. By enhancing regional partnerships for technology transfer, capacity building and knowledge networking, this initiative aims to exploit opportunities for new job creation, new services and industries (e.g. metal recovery) and new SME development (e.g. waste collection).

Advocacy Initiatives: Communication and advocacy activities in the LAC Region include the organisation of, and participation in, regional and national industry-related activities. In August 2014 in Bolivia, UNIDO co-organised the G77 + China Meeting on Natural Resources Governance and Industrialization. In cooperation with field office network, UNIDO regularly convenes national technical workshops with public and private stakeholders on the sectoral or regional implementation of ISID principles, as well as meetings with potential donors, project partners, government counterparts, private sector associations and others.

In 2013-2014, UNIDO was actively involved in the regional activities of the UN Global Compact consultation on “Partnerships with the Private Sector”, in particular in Colombia and Mexico. Several Roundtables were organized on 18 August 2014 in Mexico involving high-level officials from governments, the private sector, civil society and academia and entitled:

- Developing Government Policies that Drive Corporate Sustainability;
- Enhancing Partnerships;

² The thirteen countries participating in the regional Environmental Management of Waste of Electronic or Electrical Equipment project are: Argentina, Bolivia, Chile, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, El Salvador, Uruguay and Venezuela.

- Mobilizing Private Sustainability Finance;
- Localizing the Architecture for SME Engagement; and
- Building Trust through Enhanced Transparency and Accountability.

Substantive conclusions were reached, most of them in line with the ISID Vision, and constitute an important input for discussions around the UN's new Sustainable Development Goals (SDGs).

In addition, in partnership with the Latin American Economic System (SELA), the following technical workshops were carried out in the LAC Region:

Peru: 6-8 May 2014. The “Meeting on Export Consortiums for the Caribbean” was held in Piura and Lima. This activity was organized by the SELA-SMEs Programme of the Latin American and Caribbean Economic System (SELA), jointly with UNIDO, the Peruvian Committee on Small Industry (COPEI) of the National Society of Industries (SNI) and the Regional Government of Piura. Participants included representatives of Chambers of Commerce and SMEs involved in internationalization processes and export strategies from the following countries: the Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Dominican Republic and Suriname. There were also representatives of the Organization of Eastern Caribbean States (OECS) and the Latin American and Caribbean Economic System (SELA). Evaluations were conducted on the potential of proposals to develop export consortiums presented by Caribbean countries. Agreement was reached to conduct field visits to export consortiums in Piura regarding the organizational forms and joint work by entrepreneurs in the same sector. Other results included: 1) analysis of the intellectual property tools being used; 2) identification of areas to be strengthened for the development of Caribbean consortiums using UNIDO's methodology; and 3) establishment of an action and monitoring plan for development of new export consortia.

Barbados: 14-15 August 2014. Through a SELA-SMEs Programme supported by UNIDO and in collaboration with the Barbados Investment and Development Corporation (BIDC), a seminar was organized on the “Apparel Industry and Economic Development in the Caribbean: Efficient Planning and Allocation of Resources” in Bridgetown, Barbados. Its main objective was to assess the challenges and opportunities to improve sustainable development in this sector and associated sub-sectors under Caribbean conditions that could benefit all stakeholders, including local communities. In particular, two UNIDO-Barbados counterparts staged video conferences involving the participation of a UNIDO apparel industry expert, thus setting the tone for a UNIDO intervention in this sector in Barbados.



UNIDO's Expert Mission to Barbados in August 2014 highlighted the potential of local designs for improving the sustainable development of the apparel industry sector.

Ecuador: 18-19 September 2014. A regional workshop on the development of handicraft SMEs was convened in Quito. The main objective was to analyse and disseminate achievements in the creation and development of SMEs/handicrafts associations in the consolidation of producers' and exporters' consortia in this sector in order to improve their integration into international markets. Some 160 participants from artisanal sectors, government and artisanal promotion institutions from several Latin American countries attended. The main outcomes included:

- 1) Progress reports on the creation of handicrafts SME associations and consortia of producers and exporters in this sector to improve their positions in international markets;
- 2) SME training in handicrafts issues; protection of intellectual property; formation of export consortia and other forms of association; and innovation and commercialization;

- 3) Exchange of information on design and implementation of public policies to promote this sector;
- 4) Promotion of discussion on direct technical assistance required by countries in the region to formulate development projects.

Mexico: 25-26 September 2014. A regional seminar on Productive Articulation in LAC was organized by UNIDO, SELA and the National Institute for Entrepreneurs (INADEM) from the Undersecretary of the Economy for Mexico. The seminar addressed: 1) the advances made by various countries in the region in the development of public and private productive joint programmes, including various forms of partnership, with special emphasis on the creation and performance of export consortia to improve their inclusion into international markets; 2) the conceptualization of different associative forms, such as clusters, industrial districts, development of suppliers and supply chains; and 3) the capacity for improvement of technical assistance required for the development of joint productive projects in the region.

Argentina: 11-12 March 2015: A workshop on “Inclusive and Sustainable Industrial Development towards the Post-2015 Development Agenda” was held in Buenos Aires in with representatives from Brazil, Chile, Paraguay, Uruguay, Colombia, Ecuador and Peru.

Evaluations. During 2013-2014, two country programme evaluations were carried out:

- **Mexico.** The evaluation was conducted as an independent assessment, based on a participatory approach to obtain feedback from all stakeholders. It focused on mechanisms and Technical Cooperation (TC) activities, on Global Forums (GFs) and the Regional Office (RO) in Mexico. *Conclusion:* Although certain projects were found to have been effective, ongoing work on stakeholder relationships to involve these organizations in the planning and monitoring of UNIDO activities would be needed in future.
- **Uruguay.** UNIDO’s thematic areas have been aligned with the priorities, policies and strategies that Uruguay seeks to implement in the coming years. Projects such as the one for development of a human resources training model—the High-Level Centre for Research, Training and Certification of Production (CAIME)—could be replicated in other branches of industry. The Bio-Value project showed potential as a “virtuous solution” to the problem of agro-industrial waste. Issues in the development of iron mining and possible industrial processing, or discussion on production models for the paper industry, whose implementation has generated important public debate, could play a substantial role in UNIDO’s ISID approach.

Global Forum and outreach activities. To foster UNIDO’s Vision of inclusive and sustainable industrial development in the LAC region, the following initiatives were successfully carried out in 2013-2014:

- Strengthening partnerships with stakeholders (e.g. CELAC mechanism);
- Promoting South-South cooperation in UNIDO Technical Cooperation services (e.g. Industrial Knowledge Bank project);
- Leveraging the LAC Trust Fund and funds mobilization (e.g. OFID support); and
- Promoting initiatives for more inclusiveness and sustainability (e.g. negotiations for regional projects on agro-industrial and electronic wastes value chains and eco-industrial parks that will commence in 2015).

In 2014, special attention was accorded to implementing the ISID outreach campaign. For instance, communication materials were reprinted and widely distributed; meetings with government officials dealing with the Post-2015 Development Agenda (DA) were held; and broad agreement on converging positions within the Open Working Groups for the Sustainable Development Goals (SDGs) were discussed.

Cross-cutting issues. In the LAC region, UNIDO has spared no efforts in formulating and developing integrated technical cooperation services, leveraging synergies and complementarities among the various industrial issues to optimize these efforts. It promotes South-South cooperation in UNIDO TC service delivery by enhancing best practices and knowledge exchange using with South-South cooperation mechanisms in cross cutting issues. In this sense, a second operational phase of the Industrial Knowledge Bank (IKB) project was approved in support of best practices and knowledge exchange in the region. The Latin American and Caribbean Group (GRULAC) members acknowledged the relevance of UNIDO’s IKB project in facilitating South-South cooperation, as well as the importance of the “triangular cooperation”³ mechanism that it represents.

Since its 2009 inception, the Industrial Knowledge Bank (IKB) has facilitated over 100 technical exchanges and mobilized over 500 experts’ donations of strategic advisory services. For example, in August 2013 Ecuador’s Ministry for Agriculture, Stock Farming, Aquaculture and Fisheries requested support from Colombia’s National Service of Learning (SENA) to acquire knowledge on the design of a rentable and sustainable cane sugar system for small and medium-sized producers in Ecuador. Taking into consideration the characteristics of the Ecuadorian agro-industry, the productive value chain was improved regarding production and expansion potential. The knowledge transfer was based on a theoretical and practical qualification within seven days with the aim to empower up to 110 entrepreneurs in the region. This collaborative effort participants from various sectors, including professionals, technicians, empiricists, producers and civil society beneficiaries, all of whom benefitted from this “know-how” transfer.

Achievements and impact. Primarily, leveraging *global* value chain opportunities has been honed through promotion of *regional* productive value chain projects in collaboration with ECLAC and CELAC. Concrete results include new and promising partnerships with regional Technical Centres for multi-disciplinary solutions and knowledge exchange, closer dialogue with national stake-holders using modern communication tools, seizing GEF-6 and LAC Trust Fund opportunities and, finally, catalysing the all-important follow-up dialogue with stakeholders.

Success Story 1: Manifesting the Montreal Protocol in the LAC Region

The Montreal Protocol is “front and center” in LAC’s portfolio of industrial development activities and, during the 2013-2014 Biennium, has been implemented through projects in fifteen LAC Countries: Argentina, the Bahamas, Bolivia, Brazil, Chile, Ecuador, Honduras, Guatemala, Mexico, Nicaragua, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Uruguay and Venezuela. The total value of these projects amounted to US\$ 6.3 million.

Specifically, in 2013-2014, UNIDO in Latin America and the Caribbean has:

- helped companies to reduce or completely phase out their HCFC consumption and substitute environmentally friendly means of refrigeration and air conditioning, as well as introducing the production of polyurethane (PU) foams with alternative blowing agents. Simultaneously, these initiatives have improved entrepreneurs’ competitiveness and productivity and maintained or even increased the number of jobs in the region; and



HCFC phase-out project development at a large domestic refrigerators manufacturing enterprise in Ecuador

³ “Triangular cooperation” refers to a three-party collaboration involving 1) the country requesting specific technical services, 2) the country that offers its experts from recognized institutions to transfer the requested technical knowledge and 3) UNIDO that manages and facilitates the implementation of the solution.

- supported Methyl-Bromide (MB) phase-out projects, thus enabling producers to incorporate environmentally friendly techniques while maintaining their production levels. These projects solved the problem of restrictions imposed by major importers (e.g. United States, European Union) on products containing MB.

Impact: Overall, UNIDO's assistance in phasing out HCFC and reducing MB use has contributed to a 60% regional (12% worldwide) reduction of Ozone Depleting Substances (ODS).

Success Story 2: Shifting the Coastal Management Paradigm in the Gulf of Mexico

UNIDO has contributed to this ambitious goal through Integrated Assessment and Management of the Gulf of Mexico Large Marine Ecosystem project. The total value of this project over its five-year timespan (2009-2014) is US\$ 101.7 million, with tripartite donor contributions from the Governments of Mexico and the United States and the Global Environment Facility (GEF).

A UNIDO-driven bilateral initiative between the United States and Mexico, this project began in 2009 and represents a major sub-regional “triangular cooperation” achievement. Notably, this is the only GEF-funded project in which the United States fully participates. A second phase for the period 2015-2017 is under negotiation. UNIDO prepared a Project Identification Form (PIF) and Strategic Action Plan (SAP) to be reviewed by GEF and will be submitted as an early GEF-6 flagship project.



Restoration of 1,300 hectares of mangrove coastal wetlands within the Integrated Assessment and Management of the Gulf of Mexico Large Marine Ecosystem project.

By addressing both local and overarching problems to develop specific actions that improve social welfare, economic growth and environmental health, this project has created a *paradigm shift* in the management of oceans and coastal lands.

Impact: The key results achieved by this project through 2014 are summarized below:

- Consolidation of a bilateral team to monitor coastal and oceanic conditions in the Gulf of Mexico;
- Restoration of 1,300 hectares of mangrove coastal wetlands;
- Promotion of alternative economic activities in the region (e.g. handicrafts elaboration and ecotourism to help protect indigenous species; and
- Provision of orientation and training to develop alternative sustainable activities.

UNIDO AND ITS ENGAGEMENT WITH THE UN SYSTEM AT THE FIELD LEVEL

In addition to their active participation in monthly meetings and annual United Nations Country Team (UNCT) strategic retreats, UNIDO field representatives contribute to similar activities in other countries/regions covered, thus fulfilling the UN's "Delivering as One" mandate.

Within the UN System, UNIDO utilizes the UN Development Assistance Framework (UNDAF), formulating, monitoring and evaluating regional UNDAFs for the period 2014-2018 (e.g. Cuba, Colombia, Ecuador, El Salvador and Uruguay). Under UNCT guidance, a framework has been developed to annually measure UNDAF implementation in LAC countries, as well as a mid-term review and final evaluation. Based on this planning matrix, timely recommendations can be submitted to the UNCT concerning activities that require their attention, approval or guidance.

After concluding the UNDAF process, some LAC governments requested the UN System to participate in a results-based bi-annual planning process to identify projects in which UN agencies could participate jointly. UNIDO has identified possible cooperation with UNDP, FAO and UNESCO in some ongoing projects, in particular for agro-industrial and artisanal sectors. For example, in Ecuador, based on the UNDAF programmatic planning matrix, a number of joint project ideas have been developed together with FAO, UNDP and IFAD. Two were submitted to the Spanish Sustainable Development Goal Fund and one—"Improving Food Safety and Nutrition Levels among Children by Increasing the Quality of Local Food Production"—was approved and commenced operations in February 2015. There are similar projects for Cuba, Colombia and El Salvador.



UNIDO-UNDP-UN Habitat Joint Programme funded by Spanish SDG-Fund in El Salvador. UNIDO interventions targeted the development of the domestic housing construction value chain.

UNIDO HIGH-LEVEL MISSIONS 2013-2014

The UNIDO Director General places paramount importance on "growing" the LAC region and, to thus visited six countries in the region and participated in a number of high-profile events during the 2013-2014 Biennium.

November 2013. UNIDO's Director-General (DG) Li Yong visited **Brasilia, Brazil** and met with key ministers and representatives of the National Confederation of Brazil (CNI). The visits underscored the crucial role of Brazil as one of Latin America's key supporters of inclusive and sustainable industrial development (ISID), as well as the UN's new Sustainable Development Goals (SDGs) that are a key factor in UNIDO South-South platforms.

November 2013. The DG visited **Mexico City, Mexico** where he met *inter alia* with governmental ministries and private sector partners to enhance cooperation on Mexico's energy and environmental sectors. UNIDO's support of Mexico's fulfilment of its Montreal Protocol commitments was gratefully acknowledged. It was agreed to further expand UNIDO's role in support of Mexico's implementation of the Stockholm Convention on Persistent Organic Pollutants (POPs). UNIDO will be a strategic partner for Mexico, updating its National Implementation Plan (NIP) and implementing Best Available Technologies (BAT) and Best Practices (BP) projects. The Mexican Government's target regarding green industries should be increased to at least 1.8% of GDP by 2020. UNIDO can play a vital role in this endeavor.



Cuban biomass gasification power plant installed with Indian technology as part of South-South cooperation with GEF co-financing.

May 2014. The DG participated in the Fifth Global Environmental Facility (GEF) Assembly in **Cancun, Mexico** where UNIDO played a prominent role and the DG was among the key plenary speakers. The GEF is building its cooperation with UNIDO, leveraging the Organization's comparative advantage in linking issues related to energy efficiency, renewable energy, chemical pollutants, international waters and sustainable industrial development. GEF funding for UNIDO projects in the LAC region amounted to US\$ 9.1 million during 2013-2014.

May-June 2014. The DG visited **Chile, Uruguay** and **Argentina** to lend impetus to ISID campaign activities initiated by the Regional Office (RO) in Uruguay.

Santiago de Chile, Chile: 31 May-3 June 2014. The DG met with H.E. Michelle Bachelet, President of Chile, as well as Ministers and officials at the Ministries of Foreign Affairs, Environment, Energy, and Economy, Development and Tourism. He also visited the National Institute of Capacity Building and Training (INACAP), the UN House and the Economic Commission for Latin America (ECLAC). It was agreed to promote the involvement of Competence Centres through UNIDO South-South cooperation programmes and networks, such as the National Cleaner Production Centers (NCPCs) and Investment and Technology Promotion Offices (ITPOs). UNIDO will also support the Chilean Government with 1) its energy efficiency and renewable

energy programmes, benefiting from experience in other countries (e.g. Ecuador, Colombia), as well as with 2) the development of a technical assistance programme for the Region of Aysén (Chilean Patagonia) to implement ISID in a region with vast agro-business potential and natural energy resources (e.g. mini-hydropower, geothermal, solar, biomass).

Montevideo, Uruguay: 3-5 June 2014. The DG met with the Secretary of the Presidency of the Republic and with several Ministers and officials at the Ministries of Industry, Energy and Mining, Foreign Affairs, Housing, Territorial Planning and Environment, Economy and Finance, and Development and Tourism. He visited the Headquarters of the Uruguayan Chamber of Industries (CIU) and the Technology Laboratory of Uruguay (LATU) and was also hosted by the United Nations Resident Coordinator (UNRC) where he addressed the UNCT and attending diplomats. It was agreed with the CIU that UNIDO's ongoing cooperation will prioritize: 1) the generation of economic studies based on industrial statistics to improve monitoring of the economy; 2) strengthening of extension services in innovation and cleaner technologies provided to SMEs; 3) establishment of regional and international partnerships with other private associations; and 4) modernization of the industrial sector with a view to increased competitiveness.

Buenos Aires, Argentina: 5-7 June 2014. The DG met with high-level government representatives at the Ministries of Foreign Affairs, Industry, Environment and Sustainable Development, Economy and Public Finance, and the Secretary of Energy. He also met representatives of the Argentinian

Industrial Association (UIA), and the National Institute of Industrial Technologies (INTI), cultivated UNIDO's relationships with these institutions and explored opportunities to establish bilateral partnerships for South-South cooperation and potential regional partnerships between Argentina's INTI, Uruguay's Technological Laboratory (LATU) and Chile's National Institute of Capacity Building and Training (INACAP). .. A Joint Declaration was signed with the Argentinian Minister of Industry to create a South-South Centre to leverage Argentina's vast technical expertise in:

- Improving biomass as a source of energy;
- Establishing industrial parks and fostering value chain development;
- Integrating the LAC region further with other regions (e.g. with Africa and Asia); and
- Developing regional highly value-added industries chains (e.g. shell gas, oil and gas, lithium production).

It was agreed to work closely with the Argentinian Industrial Association (UIA) to promote international partnerships. In particular, future focus would be placed, not only on cultivating LAC regional integration for closer cooperation with MERCOSUR members (i.e. Argentina, Brazil, Paraguay, Uruguay and Venezuela) and other neighboring countries, but increasingly on expanding beyond this region by cultivating cooperation with the Association of Southeast Asian Nations (ASEAN) and the EU, as well as other regional communities.

Furthermore, in terms of high-level missions during the 2013-2014 Biennium, UNIDO acted as co-organizing agency to coordinate the contributions of Member States to several global events organized in the region. For example, the DG met with the Permanent Mission of Costa Rica to UNIDO to enhance the Organization's support for the High-Level Conference of Middle-Income Countries, hosted by Costa Rica on 12-14 June 2013.

THE WAY FORWARD

Future outlook. The 33 countries that comprise UNIDO's Latin America and the Caribbean (LAC) Region, as diverse as they may be, all share one thing in common: they all need vital strategic advice on industrial development strategies, policies and instruments, followed by concrete support for implementation and monitoring. Some of these countries are newly emerging Middle Income Countries (MICs) that require more than a classic Technical Assistance (TA) project approach, although a transition phase of several years when both approaches co-exist is to be expected.

UNIDO is engaged in promoting practical, pragmatic implementation of the guiding principles of inclusive and sustainable industrial development in the region. ISID's new Vision, as introduced at the outset of this brochure, is being incorporated into all UNIDO activities carried out in the region.

Strengthening cooperation. A major future goal is to strengthen regional cooperation and integration through the development of regional and sub-regional value chains. In 2014 three initiatives were formulated to promote regional cooperation and complementarities. Strengthening regional value chain development and technical information exchange on best practices and methodologies is expected to improve managerial, national and regional technical capacities for a more efficient use of national resources. The three initiatives are:

Exploring advanced technologies to improve regional value chains in Brazil and Uruguay

This first initiative will develop foresight studies on advanced technologies (e.g. 3D, automation, robotics, ITC) in two LAC countries—Brazil and Uruguay—while strengthening national Action Plan capacities for future implementation, in particular for MERCOSUR countries. All actions are being closely coordinated with the High-Level Group (HLG) Uruguay–Brazil, created by top level authorities in both countries. The project was launched in February 2015 with an overall budget of some € 86,400 and supported by the LAC Trust Fund. When completed, expected outcomes and achievements will be as follows:

- Advanced technologies, including 3D printing, robotics and automation foresight studies, will be introduced to enable the identification of production chains that can be enhanced in the coming years and applied to other new forms of production; and
- A detailed “Roadmap” plus Plan of Action, followed by pre-feasibility studies at the national/regional level will be formulated to target specific donors (e.g. ITPOs and South-South Centers), procure financial mechanisms and identify project proposal clusters.

South-South cooperation to improve competitiveness and sustainability of shrimp value chains



A LAC regional initiative to enhance the competitiveness of the shrimp value chain based on South-South cooperation and compliance with international quality and environmental standards

The second initiative aims to improve the productivity and competitiveness of the shrimp value chain in six LAC countries—Colombia, Cuba, the Dominican Republic, Ecuador, Nicaragua and Mexico—through strengthened regional cooperation. It will encourage synergies and partnerships between academia, public institutions and private industrial sectors and will also improve links between local businesses and national, regional and global markets. The overall goal is to increase the financial revenues of actors within the value chains by: 1) enhancing organizational and economic management along the entire value chain, based on regional complementarities; 2) increasing the productivity and efficiency of shrimp production and processing; 3) strengthening technological and human capacities to ensure conformity with export market requirements; and 4) enabling environmental sustainability of the entire value chain.

The project, launched in June 2015; will cost an estimated € 760,000, of which 64% has already been secured from the LAC Trust Fund; the remaining amount of € 271,000 will be covered by the OPEC Fund for International Development (OFID).

Promoting a new generation of industrial parks: LAC's promising ISID strategy

The third initiative supports establishment of a regional cooperation platform for Industrial Parks (IPs) and Special Economic Zones (SEZs) in nine LAC countries—Argentina, Bolivia, Chile, Costa Rica, El Salvador, Guatemala, Panamá, Paraguay and Peru. It encompasses several components, such as improving regional development strategies; strengthening managerial and technical capacities of SEZ administration on methodologies, tools and best institutional governance practices; enabling more efficient management of SEZs/industrial parks; building international partnerships and business linkages of SEZs/IPs with similar zones/parks, as well as public and private stakeholders; and fostering regional and international activities to facilitate knowledge transfer and industrial cooperation. The project, launched in July 2015, will cost an estimated € 700,000 and all required funding has already been secured from the LAC Trust Fund.

All three initiatives will feature thematic-specific seminars to be organized during 2015 with the participation of all regional and international stakeholders and conceived as Global Forum events. The experiences gleaned, both in terms of “success stories” and “lessons learned”, will later be extended to other countries in the region.

The LAC Bureau and Field Offices intend to engage actively with potential donors, government counterparts, industry representatives and other relevant actors during all technical cooperation stages (i.e. project design, formulation, implementation, monitoring and evaluation).

Post-2015 development agenda and the LAC region. UNIDO is well positioned to contribute to the post-2015 development agenda through its varied services for ISID. A number of LAC countries have joined the “Friends of Inclusive and Sustainable Industrials Development”, a group of 37 countries that strongly advocate the importance of industrialization for sustainable and inclusive growth and stand for the full reflection of Sustainable Development Goal 9: “*Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*” in the post-2015 development architecture.

As part of UNIDO’s ISID Outreach campaign, Country Offices will play a pivotal outreach role by organizing participant-friendly forums, seminars, workshops and the like in 2015-2016. The wide diffusion of ISID materials and UNIDO’s participation in industry sector events organized by national public and private partners will also contribute to ISID’s optimal efficacy.



Cooperation with partners in Government, the private sector, civil society, academia and others to realize the full potential of ISID will be a major priority for UNIDO in its future endeavors. As Director General LI Yong put it in introducing UNIDO's concept of ISID in 2013, "our challenge now, and our historic opportunity, is to recognize the potential of ISID and contribute our efforts for the common good in a new long-term development agenda beyond 2015."

We invite you to join us in making shared prosperity and sustainable development a reality for all the people on our planet, men and women, young and old, rural or urban-dwellers alike.

LATIN AMERICA AND THE CARIBBEAN BUREAU

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