



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

# STRENGTHENING REGIONAL COOPERATION AND INTEGRATION FOR INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

UNIDO Latin America and the Caribbean Trust Fund



UNIDO - LAC Bureau

# Contents

<b>I. INTRODUCING THE UNIDO LAC TRUST FUND</b>	<b>3</b>
Why the UNIDO LAC Trust fund?	3
How does the LAC Trust Fund work?	3
Initial resources	4
<b>II. OPERATIONALIZATION OF THE LAC TF</b>	<b>5</b>
Promoting South-South cooperation and regional integration	5
The Four Regional Initiatives	5
<b>III. THE WAY FORWARD</b>	<b>13</b>

**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE





# I. Introducing the UNIDO LAC trust fund

UNIDO established a Trust Fund in December 2011 to promote technical programmes in Latin America and the Caribbean (LAC-TF), based on voluntary contributions. This initiative was instigated by the UNIDO Director General, LI Yong, and developed in close consultation with Latin American and Caribbean Group (GRULAC) countries.

The LAC-TF aims at channelling and promoting the funding of UNIDO technical services in areas of particular interest to the Member States of the Latin America and the Caribbean region, especially in those countries which have been affected by funding constraints. The objective is fully aligned with the mandate of UNIDO and its priority areas of work and functions.

The objective of this brochure is to share information about the advances in its operation in order to raise awareness and support to the LAC Trust Fund.

## Why the UNIDO LAC Trust fund?

The Latin American and the Caribbean (LAC) region faces a set of singular challenges in its journey towards achieving a higher level of development. While some economies in the region are performing well, many countries continue to suffer from high levels of poverty. This is exacerbated by rising urban unemployment, especially in the manufacturing sectors. In this context, the income gap, particularly between rural and urban areas, is becoming increasingly pronounced. In addition, there has been a notable reduction in funding to the region through traditional Official Development Assistance (ODA) sources.

The LAC-TF was established to mobilize financial resources for promoting the establishment of Inclusive and Sustainable Industrial Development (ISID) in the region. These resources may be used for:

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

The mechanism has proven to be an efficient mechanism of promoting ISID in the LAC region.

## How does the LAC Trust Fund work?

The establishment of the LAC-TF is regulated by the agreements stated in the GC.14/Res.311 Resolution and is financially governed in accordance with the current regulations and administrative directives of UNIDO concerning the receipt and management of such funds, including accrued interest. In this sense, the activities financed by the LAC-TF are administered by UNIDO, and must be in line with all applicable regulations, rules, directives and normative instructions that correspond.

<sup>1</sup> Document General Conference14/18 and Decision General Conference14/ Dec.2014.

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

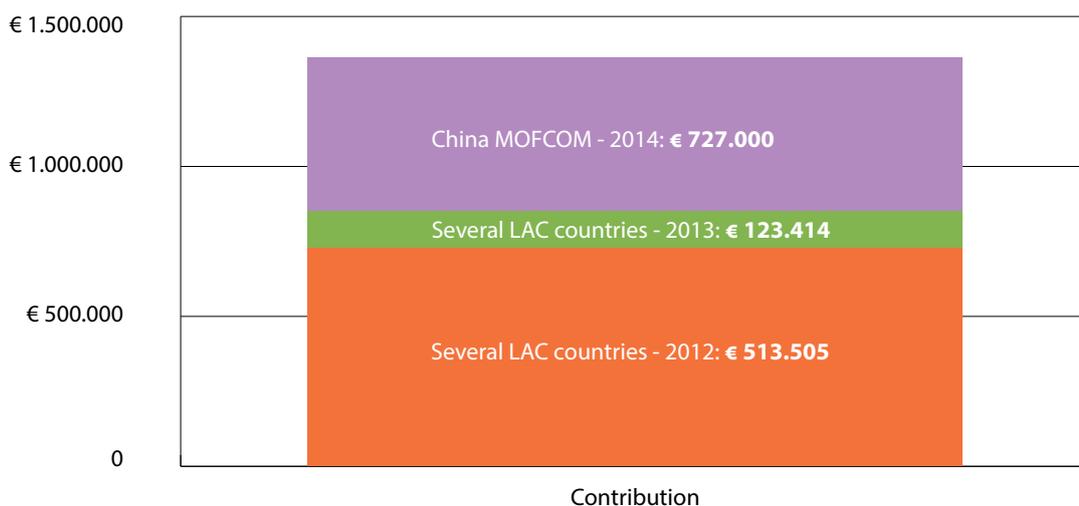
The final approval of a project is followed by the *Programme and Project Formulation and Approval Function*<sup>2</sup>, as established by the Director General. UNIDO has the responsibility to ensure that all the programmes and projects comply with the quality criteria established by the Organization in line with international standards, best practices and consistent with the programme framework for the region defined by the Secretariat.

The UNIDO Latin America and Caribbean Bureau (PRF/RPF/LAC) is responsible for managing and reporting on the fund's activities, including the preparation of semi-annual reports on progress and project results, as well as developed and funded programmes.

It is stipulated that UNIDO evaluates the operations of LAC-TF every three years in accordance with established criteria and evaluation processes. GRULAC and all stakeholders will be involved in this process. The Member States of the LAC region have the responsibility to monitor the performance of the LAC-TF and conduct mid-term reviews within a period not exceeding 18 months. Based on the results of the review, modifications to the established operational procedures may be suggested.

## Initial resources

Following the Decision taken at the UNIDO 14th General Conference, several LAC countries decided to contribute to the LAC-TF in 2012 and 2013. In 2014, a contribution from China's Ministry of Commerce (MOFCOM) strengthened the Fund.



*Contribution to the LAC Trust Fund*

<sup>2</sup> UNIDO/DGB/(P).130: *The programme and project formulation and approval function, July 2014.*



## II. Operationalization of the LAC TF

### Promoting South-South cooperation and regional integration

The 33 countries that comprise UNIDO's LAC region are highly diverse. Nonetheless, they share common development needs, including advice on formulating industrial strategies and policies, and support for the effective implementation and monitoring of these strategies and policies. Some LAC countries are newly emerging Middle Income Countries (MICs), which need specific policies to support their integration into the global economy, manage macro risks, improve economic institutions, maximise the potential of their resources and endowments, and foster ISID. This calls for a different approach to traditional technical assistance (TA) services.

The main goals of the LAC-TF are to promote South–South cooperation and strengthened regional complementarities, to leverage regional value chain opportunities, to establish closer dialogue between national stakeholders, and to facilitate the exchange of knowledge and solutions among actors in the region.

In 2014, the Latin American and the Caribbean Bureau coordinated several meetings and thematic discussions with GRULAC, UNIDO technical branches and other stakeholders, including national counterparts, who were invited to speak at UNIDO's first ISID Forum in June 2014 in Vienna. The objective of the Forum was to reach a consensus on the role of the LAC-TF. To ensure balanced regional and efficient operation, the Fund concentrated on regional initiatives. Four regional initiatives were identified addressing the needs of over two-thirds of the countries of the region.

### The Four Regional Initiatives

UNIDO and GRULAC agreed on four initiatives, with shared approaches and common goals, namely;

- i. To define clear intervention baselines through initial technical needs assessments and SWOT analysis on the targeted technical subject;
- ii. To promote and enhance local and regional integration and knowledge sharing among all stakeholders (private and public);
- iii. To establish pilots to demonstrate implementation in each participant country;
- iv. To deploy webinars and video conference tools for training and communications;
- v. To complement intervention outputs with pre-feasibility and business plan studies to upscale activities and leverage investments and strategic partnerships.

The four TF-LAC interventions were as follows:

- 1) Exploring advanced technologies to improve regional value chains in Brazil and Uruguay;
- 2) Improving productivity and competitiveness of fishery value chains in the LAC region;
- 3) The UNIDO Regional Industrial Knowledge Bank (IKB) in LAC;
- 4) Establishing a regional cooperation platform for Eco-industrial parks in LAC.

## ❖ 1. Exploring advanced technologies to improve regional value chains in Brazil and Uruguay

This first initiative focused on exploring possibilities of Brazil and Uruguay to integrate advanced technologies promoting competitiveness in four industrial priority sectors, namely:

- » Mechatronics
- » 3D manufacturing
- » Robotics and automation
- » Instrumental traceability of animal products

Photo with poor quality



*UNIDO Director General visiting the commissioning of the Project CAIME in Montevideo, Uruguay June 2014.*

The initiative aims at strengthening national strategic national action plans, as well as promoting complementarities between value chains. All activities 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 € 86,400 supported by the LAC Trust Fund.

The first seminar was held in February 2015 in Montevideo, Uruguay, with the support of the Uruguayan National Chamber of Industries (CNIU) and the Ministry of Industry of Uruguay. Over 60 experts from Brazil and Uruguay, as well as from the Republic of Korea and Japan participated. Country and regional SWOT analysis in the four areas were discussed. The national counterparts agreed to focus on mechatronics and robotics and automation through promotion and a strengthening of national capacities in both countries. To further these goals, a series of activities are foreseen:

- » Development of mechanisms of binational cooperation for leveraging the operations of in February 2015 UNIDO established High Level Centre for Research, Training and Certification of production project in Uruguay (CAIME) to strengthen the specialization areas, training courses, intervention's market segments, and elaboration of strategic action plans and financing schemes.
- » Participation of a high level delegation comprising representatives from Uruguay and Brazil at the International Robot Exhibition in December 2015 in Japan, in cooperation with UNIDO ITPO Japan to develop joint activities.
- » Exploring opportunities for leveraging Brazil's expertise in 3D Manufacturing for application in the health sector.

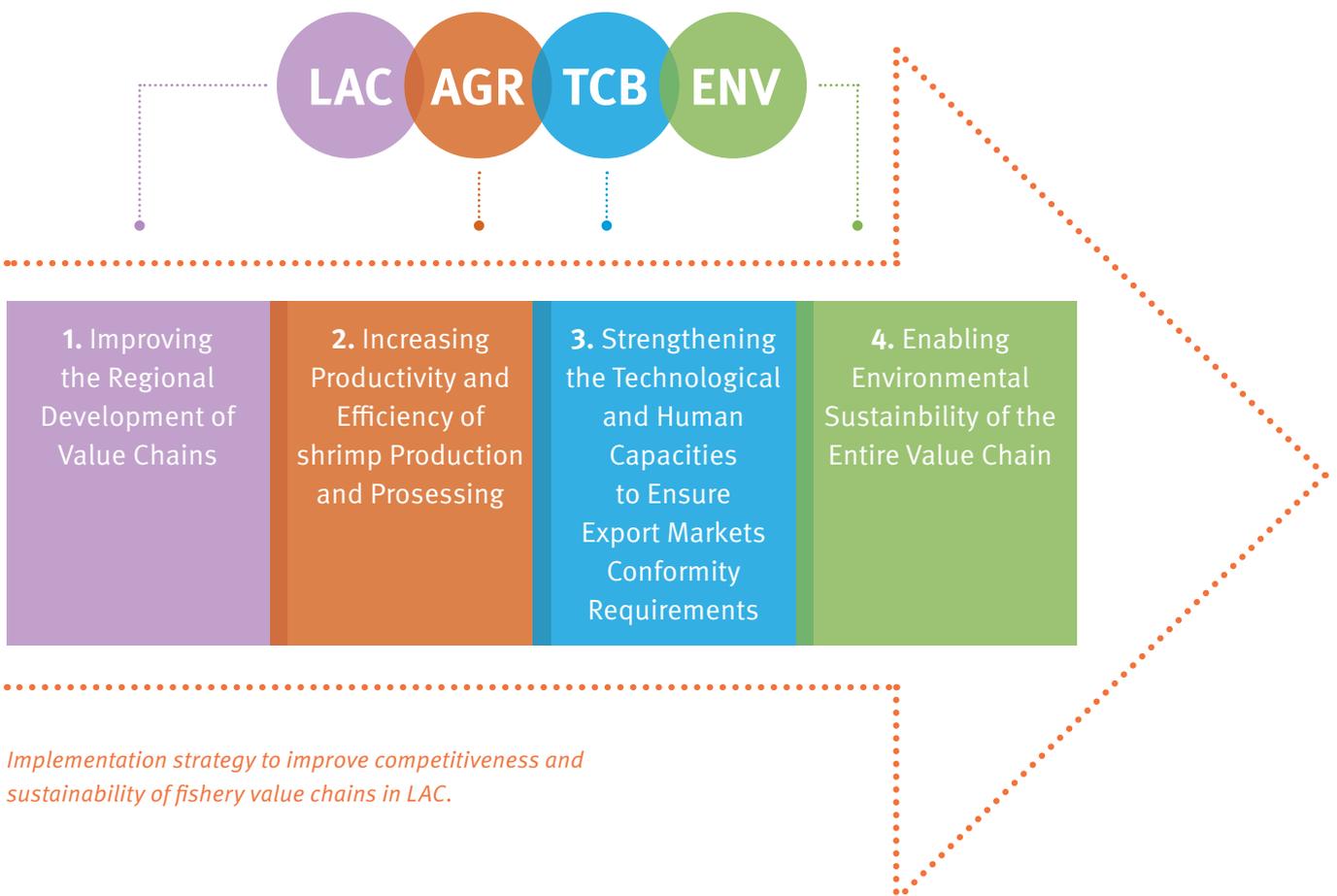
## 2. South-South cooperation to improve competitiveness and sustainability of shrimp value chains



This regional project aims at improving the productivity and competitiveness of fishery value chains in six countries—Colombia, Cuba, the Dominican Republic, Ecuador, Mexico and Nicaragua —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. Moreover, it will promote the exchange of technical information on best practice and methodologies.

The overall goal of the project is to increase financial revenues of actors along the value chains by:

- 1) enhancing local productive integration along the value chains and fostering regional cooperation;
- 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 chains.





*25 August 2015 - UNIDO Director General Li Yong and OFID Director-General Suleiman J Al-Herbish sign a grant agreement to support the fisheries sector in LAC.*

The project is a unique example of internal UNIDO services integration - under the overall coordination of LAC Bureau - involving three UNIDO technical branches (Agri-business development branch, Trade capacity-building branch and Environmental branch) according to respective project components.

The total cost of the project is US\$760,000, of which 64% is covered by the LAC Trust Fund and the remaining by the OPEC Fund for International Development (OFID).

A launch workshop has been successfully organized in Vienna from 10 – 12 November 2015 to discuss the technical needs for each country and potential regional cooperation, as well as to identify national coordination platforms for the value chains. A technical workshop is planned for September 2016 to review progress on the implementation of each technical component.

### ❖ 3. The UNIDO Regional Industrial Knowledge Bank (IKB) in LAC

Photo with poor quality



*A Colombian expert assessing Ecuadorian small sugar cane processing equipment, as result of cooperation supported by UNIDO IKB project in August 2013.*

The Industrial Knowledge Bank (IKB) is a tripartite mechanism that promotes the exchange of knowledge and expertise on industrial development in the countries of Latin America and the Caribbean. The IKB is an efficient and low cost provider of specialized knowledge and opportunities for cooperation. To facilitate this knowledge transfer and encourage further cooperation, the platform ‘banknowledge.org’ was created: [www.banknowledge.org](http://www.banknowledge.org).

Since its inception in 2009, the IKB has facilitated over 100 technical exchanges and mobilized strategic advisory services of over 500 experts. 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 access knowledge on the design of a sustainable cane sugar system that could be leased by small and medium-sized producers in Ecuador. Taking into consideration the characteristics and specificities of Ecuador’s agro-industry sector, the value chain was improved in terms of production and expansion potential. The

knowledge transfer, based on a seven-day theoretical and practical qualification, aimed at empowering up to 110 entrepreneurs in the region. This collaborative effort involved participants from various sectors, including professionals, technicians, academics, producers and civil society stakeholders, all of whom benefitted from this transfer of know-how.

A second operational phase of the IKB project supporting best practices and knowledge exchange in the region has been approved with resources from the LAC-TF (€ 60,000).

Within the framework of the IKB, in June 2015 a delegation of Latin American and Caribbean representatives visited the Technopol Programme of clusters and innovation infrastructure in Lower Austria, which was created to foster development and innovation within SMEs. The participants were able to see the implementation of the region's economic and industrial policy and the activities of the Technopol cluster. They were also able to explore which policies and strategies of regional innovation for SMEs could be implemented in Latin America and the Caribbean. The delegation consisted of representatives from all Latin American and Caribbean Permanent Missions in Vienna, as well as H.E. Mr. José Cadena Mosquera, Vice-Minister of Electricity and Renewal Energy of Ecuador, and H.E. Ms Carolina Cossé, Minister of Industry, Energy and Mining of Uruguay.



*June 2015 - A delegation of LAC representatives visit the Technopol Programme of clusters and innovation infrastructure in Lower Austria, an initiative to foster development and innovation within SMEs.*

## ❖ 4. Promoting a new generation of Eco-industrial parks

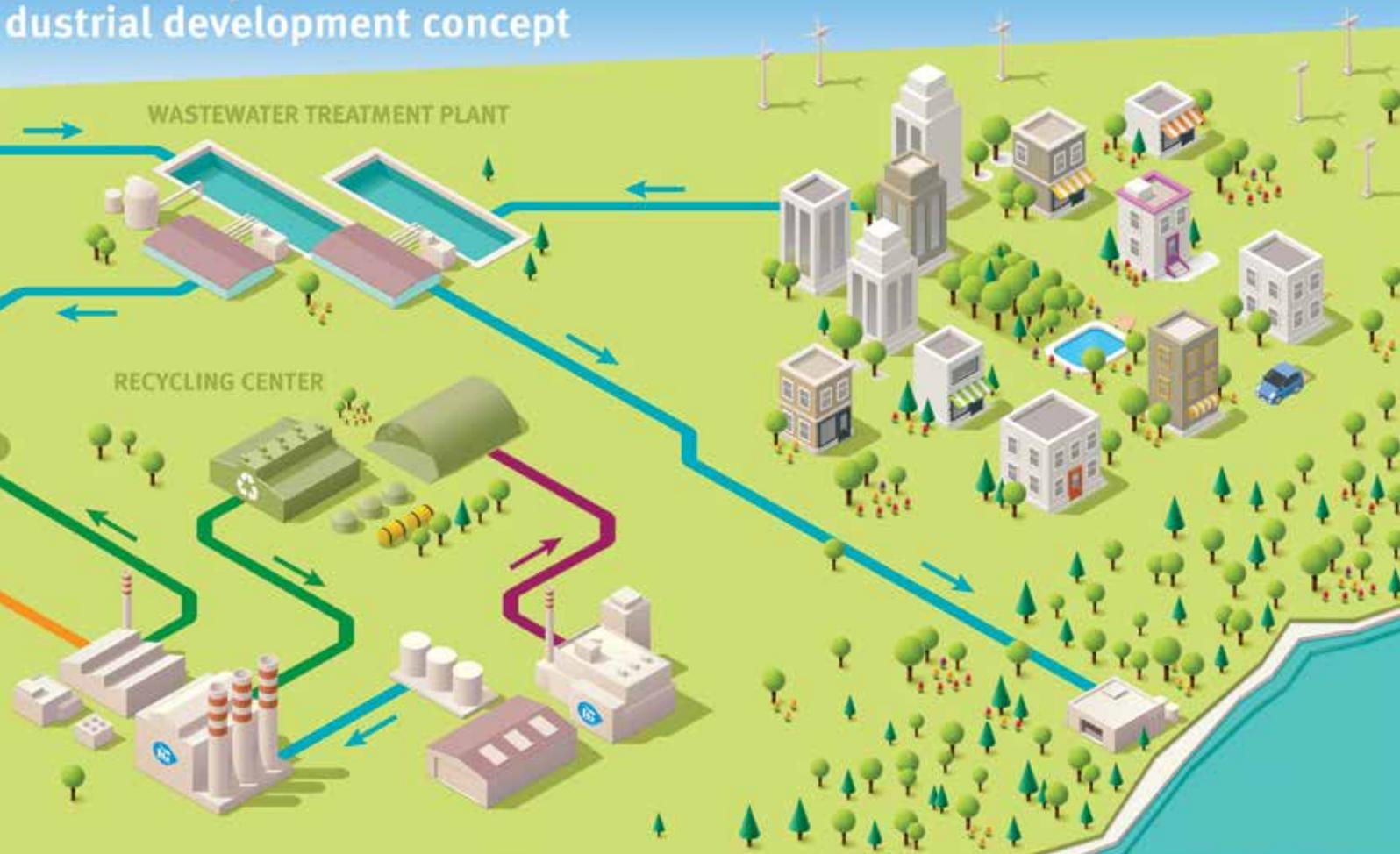


*Eco-industrial parks promote symbiosis of resources and efficient utilisation*

The regional project supports the establishment of a cooperation platform for eco-industrial parks (EIPs) in eight LAC countries—Argentina, Bolivia, Chile, Costa Rica, El Salvador, Guatemala, Panama and Paraguay. It encompasses several components, such as improving regional development strategies; strengthening managerial and technical capacities of EIPs; building international partnerships and business linkages of EIPs with similar zones/parks, as well as public and private stakeholders; and fostering regional and international activities to facilitate knowledge transfer and industrial cooperation.

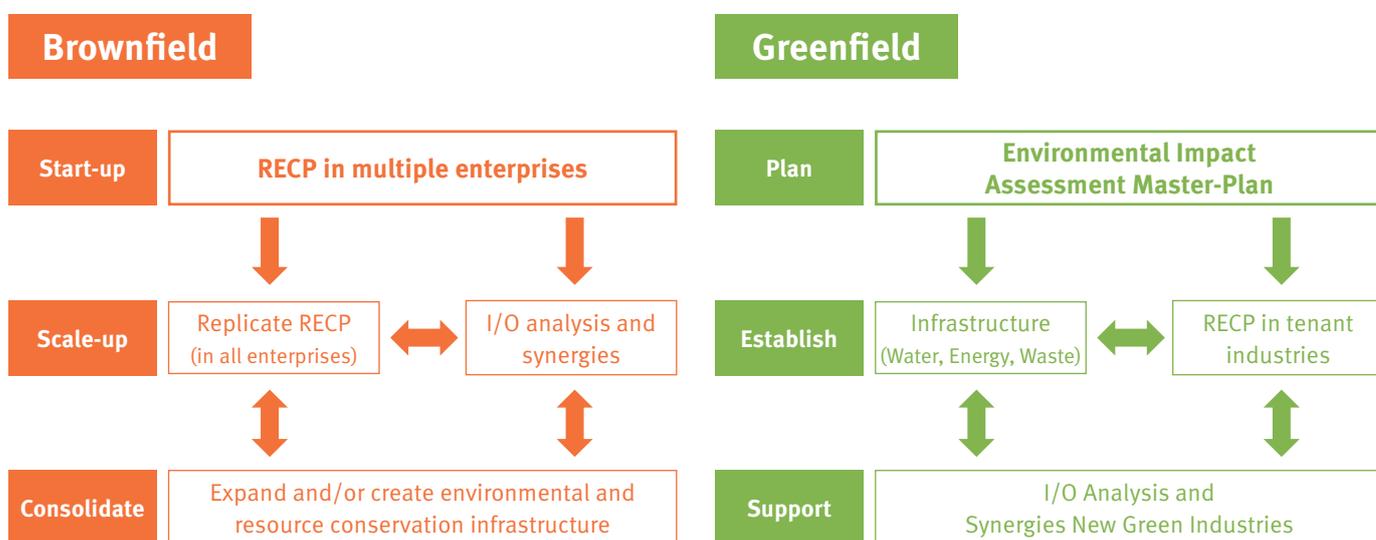
# Industrial parks

## Industrial development concept



The main objective is to enhance intra-regional cooperation and technical expertise in the planning, development and management of EIPs by: 1) establishing and consolidating national and regional EIP development and cooperation strategies; 2) strengthening national capacity in EIPs methodology, management and policies, and resource efficient and cleaner production (RECP) best practices; and 3) developing EIPs technical guidelines to enable future replication. The project's total cost is US\$ 760,000 and the required funding has been fully secured from the LAC Trust Fund.

The project applies RECP methodologies and promotes synergies, industrial symbiosis and innovation among enterprises. In ‘brownfield’ locations (sites with existing industrial activity), UNIDO proposes a three step approach to redevelop as an EIP: start-up, scale-up and consolidate. For ‘greenfield’ (newly established) sites, the UNIDO approach makes sustainability issues core considerations from the outset.



*RECP methodologies to develop Eco-industrial parks in both existing and new industrial sites.*

In addition to working at enterprise level and developing national capacities, the project will serve as a regional platform for the exchange of know-how and expertise on planning, developing and managing EIPs. As a result, intra-regional cooperation and synergies will be strengthened to support sustainable industrial growth and social development while minimizing negative impacts on the environment.

A launch workshop will be organized in Vienna to discuss the each country’s technical needs and potential regional cooperation, as well as to identify national coordination platforms for the planning and management of EIPs. A technical workshop on November 2016 is also planned to review progress on the implementation of each technical component. Besides, potential donors and financing mechanisms will be identified. An action plan identifying South-South cooperation opportunities and triangular partnerships, as well as potential complementarities among different countries will be formulated.



## III. The way forward

In Latin America and the Caribbean region, UNIDO encourages regional integration and supports regional value chains. The organization works closely with governments to enhance industrialization and reduce inequalities, increasing the well-being of the population of the region. It also promotes South-South cooperation among Middle-Income Countries by strengthening the potential of small and medium enterprises in international trade, and promotes energy and resource efficiency.

In order to achieve these goals the mentioned UNIDO activities involve thematic workshops which will be organized through demonstrational interventions during the 2016 – 2017 biennium. The participation of all regional and international stakeholders has been secured. The experiences gleaned, both in terms of ‘success stories’ and ‘lessons learned’, will be subsequently extended to other countries in the region.

UNIDO is actively engaged with the Group of Latin America and Caribbean Countries (GRULAC) potential donors, government counterparts, industry representatives, the private sector and other relevant stakeholders to leverage the resources of the LAC-TF and ensure the sustainability of the financial platform and to ensure a regional scope for assistance to LAC countries in the implementation of the Agenda Sustainable Development Agenda, and in particular Sustainable Development Goal Nine: *“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”*.



**UNIDO - LAC Bureau**

We at UNIDO invite you to join the Latin American and Caribbean Trust Fund to support the creation of shared prosperity while safeguarding the environment throughout our region and throughout our world!

For more information please visit: <http://www.unido.org/latinamericaandthecaribbean.html>

LinkedIn UNIDO LAC Bureau Projects: <https://www.linkedin.com/grp/home?gid=8368842>

## List of acronyms

<b>CAIME</b>	High Level Centre for Research, Training and Certification of Production - Uruguayan Project
<b>CNIU</b>	Uruguayan National Chamber of Industries
<b>EIPs</b>	Eco-Industrial Parks
<b>GRULAC</b>	Latin American and Caribbean Group
<b>HLG</b>	High Level Group (Uruguay – Brazil)
<b>IKB</b>	Industrial Knowledge Bank
<b>ISID</b>	Inclusive and Sustainable Industrial Development
<b>LAC</b>	Latin America and Caribbean region
<b>LAC-TF</b>	UNIDO Latin America and Caribbean Trust Fund
<b>MICs</b>	Middle Income Countries
<b>MOFCOM</b>	Ministry of Commerce of China
<b>ODA</b>	Official Development Assistance
<b>OFID</b>	OPEC Fund for International Development
<b>PTC/AGR</b>	UNIDO Agri-Business Development Branch
<b>PTC/ENV</b>	UNIDO Environment Branch
<b>PTC/TCB</b>	UNIDO Trade Capacity Building Branch
<b>PRF/RPF/LAC</b>	UNIDO Latin America and Caribbean Bureau
<b>RECP</b>	Resource efficient and cleaner production
<b>SDGs</b>	Sustainable Development Goals
<b>SENA</b>	Colombia’s National Service of Learning
<b>SMEs</b>	Small and Medium-sized Enterprises
<b>SWOT</b>	Strengths, Weaknesses, Opportunities, Threats
<b>TA</b>	Technical Assistance
<b>UNIDO</b>	United Nations Industrial Development Organization





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