



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

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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.

¹ 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.

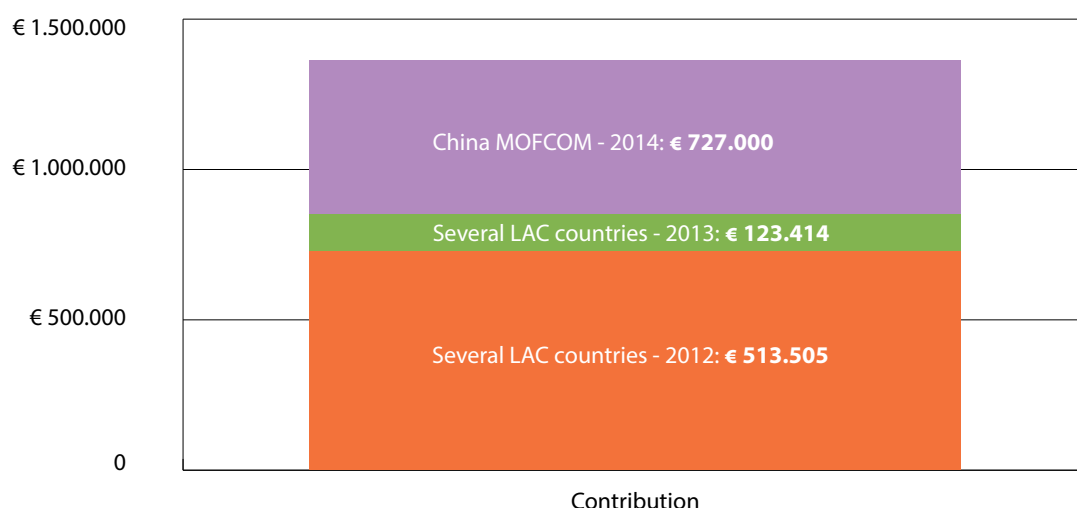
The final approval of a project is followed by the *Programme and Project Formulation and Approval Function*², as established by the Director General. UNIDO has the responsibility to ensure that all the programmes and projects comply with the quality criteria established by the Organization in line with 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

² 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.

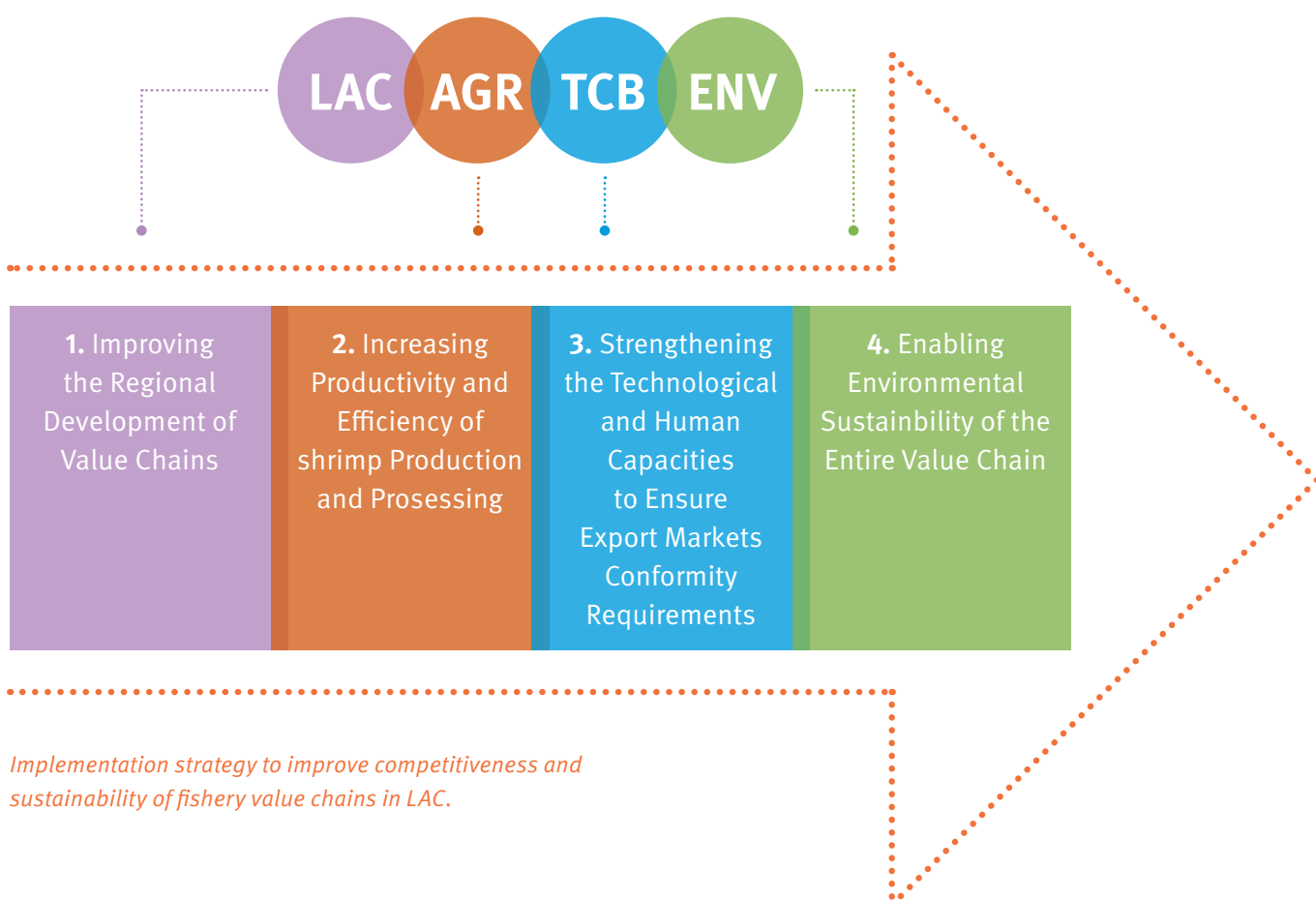


2. South-South cooperation to improve competitiveness and sustainability of shrimp value chains

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

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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 'bankknowledge.org' was created: www.bankknowledge.org.

Since its inception in 2009, the IKB has facilitated over 100 technical exchanges and mobilized strategic advisory services

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https://www.yunbaogao.cn/report/index/report?reportId=5_23195

