



UNIDO Centre for International Industrial  
Co-operation in the Russian Federation

# Annual Activity Report for 2010



United Nations  
Industrial Development Organization



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## I. Objectives of the UNIDO Centre

The UNIDO Centre was established in 1989 within a framework of the Agreement between UNIDO and the Government of the USSR. The Agreement was renewed in 1992 with the Government of Russian Federation. The Agreement stipulates general legal aspects of the Centre activity, inter alia, status, objective, priority tasks and functions. All financial matters, including project budget, are set forth in the respective Trust Fund Agreement signed between the Russian Government and UNIDO. In December 2008 a new Trust Fund agreement was signed between the Russian Government and UNIDO regarding further functioning of CIIC Moscow for the indefinite period of time provided financial contributions under the trust fund will be made every two years.

The main goal of the UNIDO Centre of International Industrial Cooperation in the Russian Federation defined by the Agreement is to promote international cooperation in the economic, technological, industrial and scientific spheres between Russian enterprises, associations and organizations and firms from developed and developing countries.

The UNIDO Centre acts as a catalyst and source of technical expertise in the design, organization and implementation of key events related to investment promotion in the Russian Federation. It acts, if required, as an efficient channel of communication to bring UNIDO programmes, expertise and documentation to the attention of interested authorities, organizations and enterprises in the Russian Federation.

The UNIDO Centre takes full advantage of UNIDO's integrated programmes in other countries as well as of the programmes and projects implemented by UNIDO in the Russian Federation.

The UNIDO Centre acting both as Investment and Technology Promotion Office and UNIDO Focal Point continues to promote wide scale cooperation between Russian authorities, public institutions, scientific and research organisation, private business and UNIDO member countries. Also the UNIDO Centre pays much attention to establishing direct connections between UNIDO and regions of Russia.

Development of cooperation following regular contributions of the Russian Federation to the IDF determined a new function of the UNIDO Centre – monitoring, coordination and logistical support to implementation of numerous UNIDO projects in Russia.

The UNIDO Centre provides the following services:

- Access to investment information, government and private business institutions and contacts in other countries through the UNIDO worldwide network;
- Direct communication with and access to entrepreneurs worldwide;
- Participation at the UNIDO - sponsored and/or organized investment and technology promotion events;
- Upgrading skills of local staff of investment-related institutions by using UNIDO investment promotion methodologies and tools, e.g. project identification, screening, evaluation and promotion, building of strategic business alliances etc.
- Monitoring, coordination, logistic support of implementation of UNIDO projects in Russia.

UNIDO Centre contributes to a substantial increase of the number of industrial projects implemented in the Russian Federation with foreign participation as well as to open up new markets in developing countries and countries with economies in transition for potential Russian investors.

As a result of UNIDO Centre activities SMEs in the Russian Federation enhance their knowledge and experience on how to establish cooperation with foreign partners in other countries. The UNIDO Centre is closely linked with UNIDO worldwide Investment and Technology Promotion Network. This results in an increased number of investment and cooperation projects under promotion, negotiation and implementation.

UNIDO Centre gives special attention to environmental considerations, the development of SMEs and the generation of employment in line with UNIDO strategies and policies in these fields.

Major target beneficiaries of the UNIDO Centre are enterprises and organizations in the Russian Federation including industrial SMEs interested in cooperation with foreign partners.

The UNIDO Centre benefits Russian institutions involved in investment promotion by upgrading skills of staff of these institutions in investment promotion tools and methodologies as well as by expanding coverage of their activities.

The target beneficiaries are also private enterprises, institutions and governments in developing countries and countries with economies in transition, which will have

increased possibilities to enter into different forms of partnerships with industrial enterprises in the Russian Federation.

## II. The Centre's methodology

The UNIDO Centre is using the following methodology, mechanism and software developed by UNIDO for industrial investment and technology promotion and for use by the ITPOs network:

- Operational Manual for ITPOs
- Industrial Investment and Technology Transfer Project Profile form (IITPP)
- UNIDO Exchange
- Databank for Investment Promotion Programme software
- COMFAR III *Expert* - Computer Model for Feasibility Analysis and Reporting software
- UNIDO manuals, model contract for technology transfer, etc.

The functions and activities of the Centre relating to industrial investment promotion are governed by the similar guidelines as those for the ITPOs and include the following:

- Acceleration of the flow of financial and other resources from industrialized countries into Russia through resources including finance, technological know-how, marketing skills and managerial support with a view to establish projects in Russia.
- Mobilization of investment resources within Russia (technology, know-how, market access, managerial support, etc.) for the implementation of industrial investment projects in other developing countries/ countries with economies in transition through joint ventures and other forms of business-oriented partnerships.

- Upgrading of skills and managerial capabilities of managers, administrators and government staff involved in implementing investment projects with developed and other developing country participation.
- Undertaking such other activities that are conducive to the achievement of the objectives of the ITPOs
- Monitoring the overall progress of UNIDO projects in the Russian Federation.
- Establishing new contacts and maintaining liaisons with federal authorities, regional administrations and other institutions, collecting required information, assistance to the programmes implementation.
- Assistance in identification and formulation of new projects in accordance with UNIDO practice.
- Fund mobilization at the country level with UNDP Country Office, British Council, World Bank Office in Russia, European Commission in Russia, etc.

### III. Foreign Investment in the Russian Federation<sup>1</sup>

#### Foreign investments

The period between January and September 2010 saw the level of foreign investors' activity in RF be lower than in the prior year. The phenomenon was coupled with a steady growth in the quarterly pace of decline in the volume of influx of foreign investment in the country. Foreign investors continued to abandon the Russian market, and the capital withdrawn to the volume of foreign investment in Russia's economy ratio increased in the period in question. The proportion of direct investment in the structure of foreign investment in Russia's economy over the 9 months of 2010 slid to 17.3%. As many as 85.6% of the aggregate volume of foreign investment in Russian economy over the period in question falls on the industrial sector, transport and communications. Within the industrial sector, foreign investors retained interest in manufacturing industries (67.7% of foreign investment in the industrial sector). Geography-wise, it was Germany, the Netherlands and Cyprus that ensured the greatest inflow of foreign investment in Russia over the period in question – they combined secured 43.5% of foreign investment in the country.

As of late-September 2010, the accumulated foreign capital, exclusive of monetary-credit regulatory bodies, commercial and savings banks, and inclusive of Rb-denominated investments calculated into the USD equivalent, accounted for some USD 266,0 bln., or down by 0.8% relative to 1 January 2010 and up by 1.4% compared with figures reported as of 1 October 2009.

Table 1

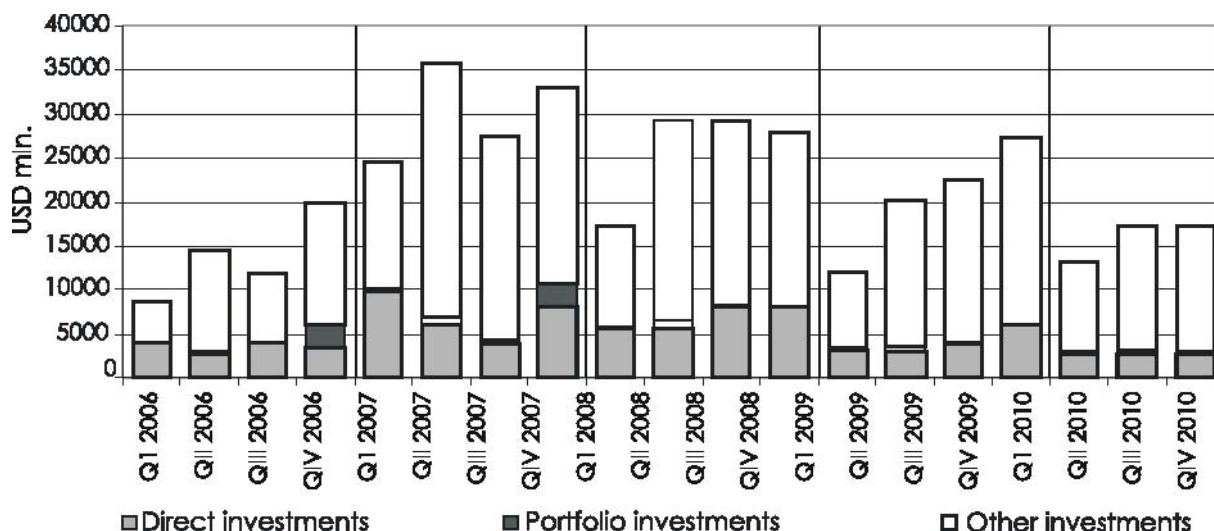
#### THE FOREIGN INVESTMENT INFLOW IN RUSSIA'S ECONOMY IN JANUARY-SEPTEMBER 2006–2010

	As USD mln.				As % to the prior year			
	Total	Direct	Portfolio	Others	Total	Direct	Portfolio	Others
2006	35 323	10 268	665	24 390	131,7	155,5	182,3	22,8
2007	87 936	19 644	1 547	66 745	248,9	191,3	232,6	273,7
2008	75 792	19 201	1 296	55 259	86,2	97,7	83,8	82,8
2009	54 738	9 975	1 019	43 744	72,2	51,9	78,6	79,1
2010	47 488	8 196	866	38 426	86,8	82,2	85,0	87,8

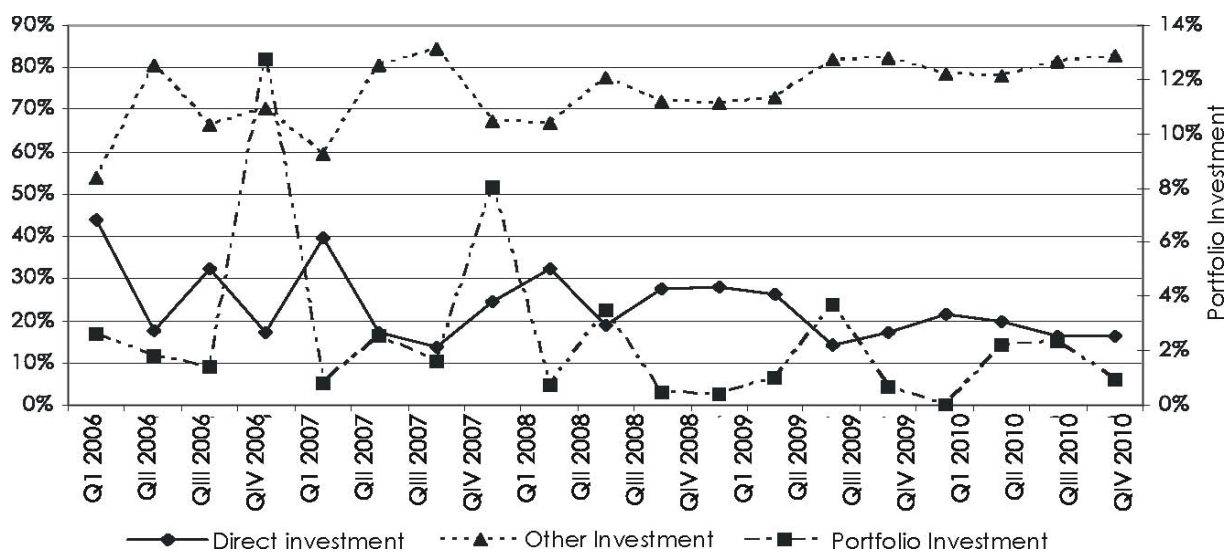
Source: Rosstat.

<sup>1</sup> According to publications of the Institute for the Economy in Transition





Graph 1. Quarterly Dynamic of Foreign Investment Inflow in RF in 2006-2010



Graph 2. Structure of Foreign Investment in Russia's Economy in 2006-2010

The total volume of foreign investments in Russian economy in 2010 was down due to the fall in all their components.

Other foreign investments in the national economy have been declining between the 3rd Quarter 2008 and the 3rd Quarter 2010 compared with respective periods of the prior year. The only exception was the 4th Quarter 2009 and the 1st Quarter 2010, when this type of foreign investment was on the rise by 6.8% and 17.1% vs. the same

periods of the prior year. In the 2nd and 3rd quarters 2010 it plummeted by 14.8 and 23.6%, respectively.

FDI in Russia's economy has steadily declined vis-à-vis respective periods of the prior year since the 4th Quarter 2008 and the tendency was there in 2010, too: the decline rate in the 1st Quarter was 17.6%, in the 2nd Quarter – 3.7%, and in the 3rd one – 28.6%.

In contrast to direct and other investments, portfolio ones posted a notable growth vs. the respective figures of the prior year: they rose 2.5 times in the 1st Quarter and by 5.7% in the 3rd Quarter 2010, but tumbled by 45.5% in the 2nd Quarter of the year. The multidirectional dynamic of foreign investment in Russia's economy displays changes in the quarterly structure of foreign investment as follows (Graph 2).

In 2010, foreign investment continued to concentrate in the industrial sector and trade, which combined accounted for 77.3% of the aggregate volume of foreign investment in RF between January and September 2010 (vs. 68.3% reported over the same period of 2009). By results of the 9 months 2010 foreign investments in the industrial sector were up by 32.6% vs. the same period of 2009, while those in trade plunged by 46.6%. In the period in question, foreign investors have been losing interest in real estate, transport, and communications: foreign investments in real estate were down by 31.3%, while those in transport and communications sank 2.2 times.

A substantial contraction of investments in trade, real estate, transport and communications against growth in investment in the industrial sector has resulted in a new structure of foreign investment, with the respective proportions being lesser than in the previous year.

In the 9 months of the year, foreign investments in the manufacturing industries were up by 26.0% vs. the 2009 figures (while by results of the 9 months 2009 they were down by 43.2%). Foreign investment in production of fuel and energy minerals increased 1.9 times vis-à-vis the same period of 2009 (16.0%). In the manufacturing sector, investments in the food-processing industry rose by 26.5%, in chemicals – by 69.8%, accounting for USD 1.9 bln. and 1.7 bln., respectively. Meanwhile, foreign investment in metallurgy surged up to USD 5.1 bln. vs. the 2009 figures (by 50.5%)

The analysis of the 2010 quarterly dynamics of foreign investment in the industrial sector evidences that foreign investors' interest in investing in Russia's industrial sector was increasing vs. the respective periods of 2009.

Table 2

**SECTORAL STRUCTURE OF FOREIGN INVESTMENT IN RUSSIA'S ECONOMY  
BETWEEN JANUARY AND SEPTEMBER 2008–2010**

	As USD mln.			Change to the prior year, %			As % to result		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Industrial sector	38 074	21 130	28 022	102,9	55,5	132,6	50,2	38,6	59,0
Transport and communications	2 237	8 512	3 952	39,1	380,5	46,4	3,0	15,6	8,3
Wholesale and retail trade, motor vehicles, motorcycles, consumer goods and home appliances repair	17 917	16 277	8 688	48,2	90,8	53,4	23,6	29,7	18,3
Real estate transactions, leasing and provision of services	10 767	5 593	3 843	254,2	51,9	68,7	14,2	10,2	8,1
Financial operations	3 249	1 971	1 764	151,0	60,7	89,5	4,3	3,6	3,7
Other industries	3 548	1 255	1 219	220,6	35,4	97,1	4,7	2,3	2,6

Source: Rosstat.

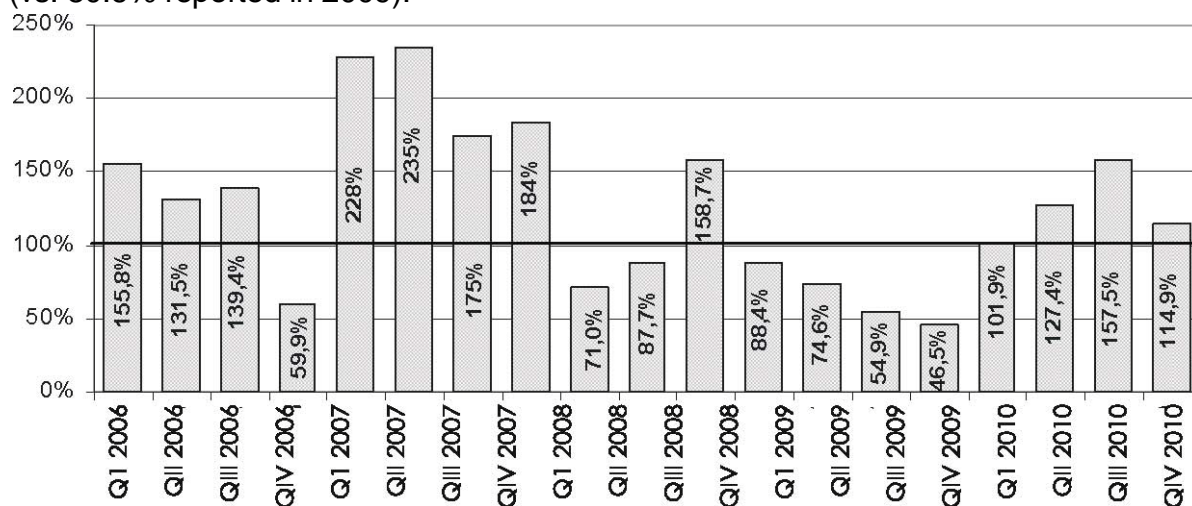
Foreign investments in metallurgy rose by 15.8% in the 1st Quarter compared with the respective figure of 2009, and they consequently increased 2.3 times and by 34.1% in the 2nd and 3rd quarters vs. the same periods of 2009, respectively. Foreign investors' investment in mineral production also posted a notable growth in the first half-year of 2010 (by 52.2%), but slightly plunged (by 4.8%) in the 3rd Quarter. Foreign investments in the food-processing sector in the 1st Quarter 2010 remained at the prior year's level, but grew by 14.9% and 1.9 times in the 2nd and 3rd quarters, respectively. Increase in foreign investments in the chemical industry in 2010 was: in the 1st Quarter -19.8%, the 2nd Quarter -17.3%, and 2.5 times – in the 3rd Quarter.

Peculiarities of the sectoral dynamics are mirrored by the quarterly sectoral structure of foreign investments in the industrial sector. The specific weight of direct investments in the industrial sector was down from 24.0% in January-September 2009 to 16.2% in the same period of 2010, while the proportion of "other" investments rose from 73.1 up to 82.5%. The quarterly dynamic demonstrates the tendency to growth in the share of "other" foreign investments in the industrial sector.

The structure of foreign investments by types of economic activity in the industrial sector likewise underwent certain changes. More specifically, between January and September 2010 the mineral sector saw direct foreign investments continue to contract – they tumbled by 38.8% (down to USD 1.4 bln.). That led to decline in their share in aggregate investment in the sector from 39.0% between January and

September 2009 to the current 15.8%. The proportion of “other” investments in the mining sector, whose growth over the 9 months of the year is estimated at the level of USD 7.2 bln. (up 2.9 times), soared up to the current 83.8% from the prior year’s figure of 55.0%.

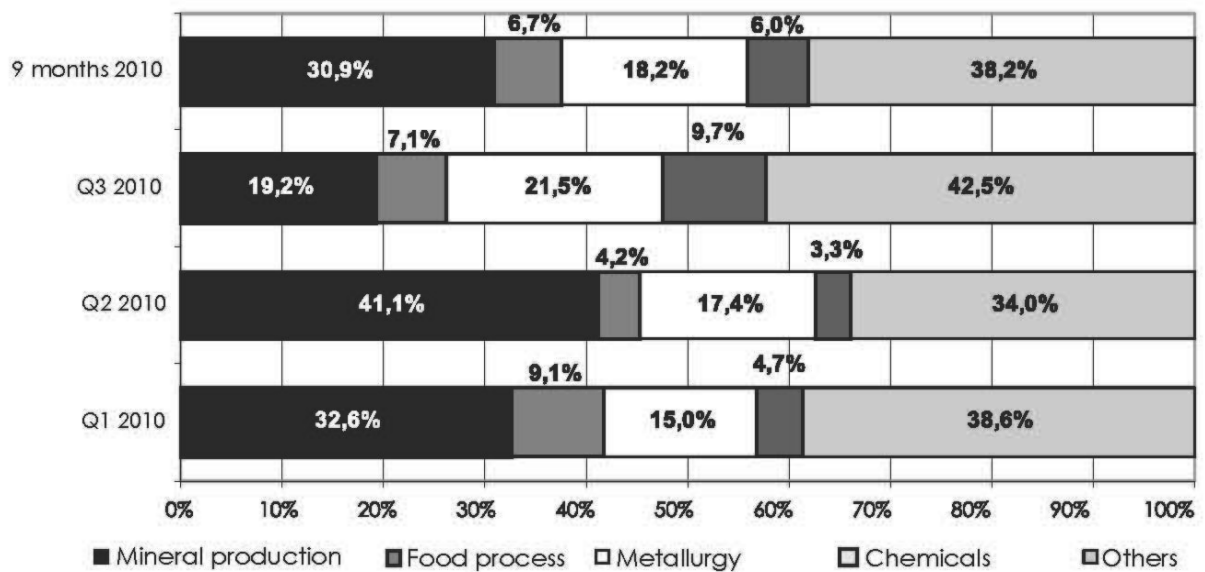
On a year-on-year basis, “other” investments formed the bulk of investments in the manufacturing sector – their proportion increased by 29.5% and accounted for 82.9% (vs. 80.6% reported in 2009).



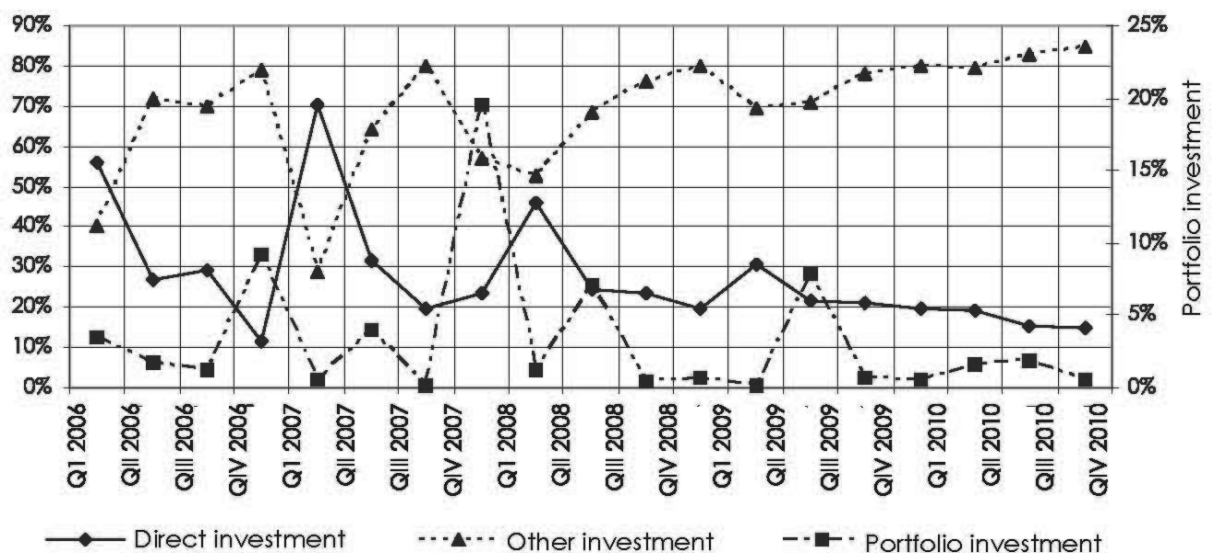
Graph 3. Foreign Investment in the Industrial Sector in 2006–2010, Change Relative to the Respective Period of the Prior Year, as %

Lower growth rates of FDI in the processing industries (+10.8%) resulted in a drop of their specific sector-wise weight by results of the 9 months of 2010 to 16.2% (vs. 18.4% in 2009). As concerns the geographical structure of foreign investments in Russia’s economy over the 9 months of 2010, atop the list sits Germany with USD 7.52 bln. in investments (3rd position with USD 5.51 bln. in 2009), followed by the Netherlands with USD 7.51 bln. (8.35 bln.), and Cyprus – 5.64 bln. (4th position with USD 5.23 bln. in 2009).

Meanwhile, Ireland was a clear forerunner in terms of investment growth rate: on a year-ago basis the Irish investment pool in Russia grew 2.1 times. On the opposite pole sits Luxemburg, which cut back on investments in Russia 7.1 times. German investments increased by 36.6%, those from Cyprus- by 7.7%, while the Dutch ones tumbled by 10.1%, French – by 50.2%, and the US ones – by 32.6%. Growth in the UK investment in Russia remained flat on a year-on-year basis.



Graph 4. Sectoral Structure of Foreign Investments in the Industrial Sector in 2010



Graph 5. Structure of Foreign Investment in the Industrial Sector in 2006–2010

The differences in the investment dynamics have entailed changes in the geographic structure of foreign investment in Russia's economy. More specifically, Germany's specific weight on a year-ago basis grew from 10.1% to 15.8%, the one of Cyprus – from 9.6% to 11.9%, UK -from 7.7. to 8.9%, France – from 2.9% to 4.4%, Ireland – from 1.1% to 2.6%. The Netherlands's specific weight remained practically unchanged, while the one of Luxemburg shrank from 16.3% to 2.6%.

Judging results of the first 9 months 2010, German investors focused primarily on the mineral sector, manufacturing industries and trade, wherein they invested, accordingly,



43.2, 31.3 and 19.7% of the aggregate volume of their investment in Russia over the period in question.

Table 3

QUARTERLY DYNAMICS OF FOREIGN INVESTMENTS IN RUSSIA, COUNTRY-WISE IN 2010

	Received, as USD mln.			As % to the respective period of 2009			As % to result		
	The 1st quarter	The 2nd quarter	The 3rd quarter.	The 1st quarter	The 2nd quarter	The 3rd quarter.	The 1st quarter	The 2nd quarter	The 3rd quarter.
Germany	2106	3696	1718	171,6	226,1	65,0	16,0	21,4	10,0
UK	1060	1308	1872	132,8	95,4	90,8	8,1	7,6	10,9
Cyprus	1435	1682	2518	142,1	90,4	106,6	10,9	9,8	14,7
The Netherlands	2524	1651	3332	138,1	93,1	71,7	19,2	9,6	19,5
Luxemburg	833	408	17	66,1	9,9	0,5	6,3	2,4	0,1
Other countries	5188	8493	7647	87,8	244,1	199,0	39,5	49,3	44,7

The Dutch investment structure saw a rise in the share of investments in the mineral sector from 12.6% to 21.9% on a year-on-year basis, while 34.2% of investment was channeled to trade (vs. 60.7% over the same period of 2009).

The Cyprians were keen to invest in the manufacturing sector – as many as 39.8% of the Cypriot aggregate investment in Russia went to the said sector. The proportion of real-estate transactions in the Cypriot investment surged from 20.8% between January and September 2009 to 23.0% a year later, while the one of investments in the mineral sector plummeted from 15.3% to 10.6%.

By results of the period between January and September 2010 the Top Five in terms of the overall volume of accumulated foreign investment in Russia was: Cyprus, the Netherlands, Luxembourg, Germany, and UK, with their aggregate proportion accounting for 66.0% (vs. 68.5% in 2009). The Top Five's share in the segment of direct investment remained practically unchanged – 68.6% (69.6%), but it slid in the structure of portfolio investment (from 83.8% to 78.9%) and other investments (from 66.5% to 63.1%).

Against the background of declining foreign investments in Russia's economy the volume of expatriated proceeds and interest payments and loan redemptions increased by 5.3% on a year ago basis and stood at USD 53.3 bln., or accounted for 112.3% of

the volume of foreign investment in Russia over the 9 months 2010 (vs. 92.5% reported in 2009). Notably, in the 1st Quarter, foreign investors expatriated an amount comparable to the volume of foreign investment inflow in the country over the same period of time, while in the 2nd and 3rd quarters the former volume exceeded the latter one at 12.1 and 22.7%, respectively.

As well, by results of the 9 months of 2010, Russian investments overseas exceeded the inbound investments at 17.7%. The tendency was characteristic of the 1st and 2nd quarters, with the excess rate accounting, accordingly, for 72.6% and 64.9%, while in the 3rd Quarter Russian overseas investments made up just 28.0% of the volume of foreign investments poured in the country over that particular quarter.

#### IV. Investment Promotion

The role of the Centre within the investment promotion climate in Russia is reflected in its contribution to development of investment mechanism and promotion of investment and technology transfer projects that consist of:

- Expansion of the direct contacts and activity with the regions of Russia, where most industrial potential is concentrated. The objective is to involve local authorities and enterprises into investment co-operation on the base of internationally acceptable standards and methodology.
- Creation of the network of field national experts of the Centre in regions for permanent assistance to the regions in identification of investment opportunities and formulation and promotion of projects according to UNIDO methodology.
- Close cooperation with Russian ministries and governmental organizations responsible for industrial development, scientific policy, etc.
- Involvement of Russian financial and banking institutions in co-financing of investment and technology transfer projects.
- Establishment of partnership relations with foreign companies and institutions interested in participation in investment and technology transfer activity.
- Elaboration and implementation of bilateral programmes with other ITPOs.
- Coordination and co-operation with other international organizations such as UNDP, World Bank, EBRD, etc.
- Expansion of the scope of rendered services connected with the use of UNIDO software



***OPERATIONAL PROJECTS*****Identification, assessment and development of data-base of water related best available technologies, Moscow Region**

Status: operational

Duration: 2008 – 2010

Beneficiary: Moscow Government, Department of Natural Resources and Environment Protection of the Moscow Government

**Support for SME's in production of automotive parts in order to provide competitiveness in external market**

Status: operational

Duration: 2008-2011

Region: Samara oblast

Beneficiary: Local authorities, regional SME.

**Support and improvement of competitiveness of local industrial enterprises in external market**

Status: operational

Region: Republic of Bashkortostan

Partners: Local authorities

Duration: 2006-2010

**PROJECTS UNDER NEGOTIATION**

<b>Country</b>	<b>Title</b>	<b>Total investment (M US \$)</b>
Brazil	Creation of the UNIDO Centre for Russian-Brazilian cooperation in energy sector.	1.0
Russia	Phase-out of HCFCs and promotion of HFC-free Energy Efficient Refrigeration and Air-conditioning systems in the Russian Federation through technology transfer	TBD
Russia	Market Transformation Programme on Energy Efficiency in GHG-intensive industries in Russia	TBD
Brazil	Emulsion separation formed at oil extraction and treatment.	1.2
Brazil	Railway tanks wet cleaning	0.8
Brazil	Ponds-settling tanks wet cleaning	0.9
Brazil	Underground fuel lenticels cleaning	1.2
Brazil	Oil extraction from the oil sands	2.2
Brazil	Liquidation of oil product spills on the soil	3.0
Brazil	Industrial production of solar batteries	2.5
Brazil	Equipment for neutralization and effluent treatment of textile and leather industry	0.5
Russia/Brazil	Well log survey experience and training	0.8
Brazil	Technology transfer and organization of production of geophysical equipment in Brazil	1,5
Brazil	Assistance in the field of mapping and geodesy	0.3
Russia/Brazil	Survey of natural resource on the base of satellite images	2.0
Brazil	Background diagnostics of dangerous industrial installations and equipment	1.5

Russia	Pipe renovation techniques	0,5
Russia/Brazil	Geological data interpretation technology transfer programme	0,7

### ***PROJECTS UNDER PROMOTION***

Considerable part of work of the Centre's staff was aimed at the identification and formulating of new projects for promotion. The total number of projects selected for promotion amount to 138.

In 2010, projects for promotion were received from next sources:

- ✓ Administrations of Russian Regions seeking for foreign investments and international co-operation on investment programme
- ✓ Russian companies
- ✓ Foreign companies looking for investment opportunity in Russia
- ✓ ITPOs and UNIDO HQ

## V. Technology transfer

The core activities of the Centre comprise, inter alia, identification of commercially viable Russian technologies with high impact on technological progress and socio-economic development based on application of advanced technologies and innovations, development of bankable projects and provision of technical support to technology transfer to innovative companies.

The main objective of the activity related to technology transfer is to assist in strengthening the national capacity in commercialisation of research results and innovations, and fostering international cooperation through technology transfer, joint commercialisation of research results and strategic alliances in order to promote advanced Russian technologies and high-tech products to the international market.

More precisely the following activities were implemented by the Centre:

- promotion of technology transfer for finding new markets for Russian enterprises from a conceptual idea to project management;
- promotion of technology exchange between countries;
- implementation of joint scientific programs and training activities for specialists of cooperating countries;
- coordination of the activities of researchers and users of technologies, scientific institutes and enterprises, rendering technical and technology services for realization of joint projects of technology cooperation;
- monitoring of the technology transfer process being realised in strict compliance with current legislation and standards of the protection of intellectual property.

### *Areas of technology transfer activity*

The Centre has promoted a project of creation of the Centre for Russian-Brazilian cooperation in energy sector. It is provided to render support to technological cooperation between Russian and Brazilian companies in energy sector, technological transfer of new technologies and innovations. Technology transfer projects development in the field of geophysical research of oil and gas

wells. As a result – creation of UNIDO Centre for Russian-Brazilian cooperation and JV in different technologies applications.

In April 2010 negotiations between delegation from UNIDO Centre and government representatives as well as major Russian fuel companies' representatives and their Brazilian partners and policy makers took place in Brazil. The participants discussed the existing opportunity and detailed forms of co-operation, as well as several technologies and innovations in oil and gas industry and non-polluting technologies, including CO<sub>2</sub> emissions reduce, which may serve a basis for co-operation.

## VI. Cooperation with Russian Regions and CIS

One of the priority tasks carried out by the Centre is providing assistance to regional development, strengthening regional capacities, in the implementation of industrial strategy through building industrial governance capacities and providing support to the promotion and management of the specific strategic projects and programmes with the participation of foreign partners.

Many regional administrations in Russia are developing or already implementing their long and medium term strategy of sustainable industrial and social development and are looking for assistance in different field related to this task. UNIDO accumulated considerable experience related to industrial development. This factor determined keen interest of Russian regional authority to use the opportunity of cooperation with UNIDO and get access to best world practice in this field.

An Agreement between UNIDO and the Government of the Russian Federation with regard to special purpose contributions to the Industrial Development Fund signed in 2009 considerably expands the scope of co-operation. As a result a number of projects were selected to be financed by the contribution and three of them became operational during 2010, they are:

- UNIDO Project to Enhance the Industrial Integration of EurAsEC countries and linkage with UNIDO global networks,
- BAT/BEP Centre for environmentally safe disposal of potentially hazardous consumer products and industrial wastes,
- Identification, evaluation and prioritization of pollution “hot-spots” in the basins of trans-border reservoirs and transfer of environmentally sound technologies.

*UNIDO Project to Enhance the Industrial Integration of EurAsEC countries and linkage with UNIDO global networks*



The main purpose of the project is to enhance investment and technology flows to countries of the Eurasian Economic Community (EurAsEC) contributing to the development of the common market and their integration in the global economy. It will focus on the establishment of a sustainable UNIDO Investment and Technology Promotion (ITPO) network in EurAsEC as a gateway to the existing UNIDO worldwide ITPO network.

The project will be shaped around three major pillars: investment and technology promotion, institutional capacity building and networking. UNIDO's services will be directed towards supporting the Government, public and private institutions, domestic enterprises and investors at institutional and enterprise levels throughout the entire partnership development process.

Capacities of the beneficiary counterparts in individual EurAsEC countries will be upgraded by providing UNIDO's proven investment and technology tools and methodologies, on-the-job training in UNIDO ITPOs combined with additional services on corporate social responsibility, environment, energy and enterprise upgrading.

UNIDO's approach is not limited to the promotion of FDI, but also encompasses the mobilization of technical, financial, managerial and other resources required for the implementation of specific industrial investment and technology projects. It also envisages establishing cooperation with national, regional and international financial institutions, in the first instance with the Eurasian Development Bank.

When an efficient and responsible investment and technology promotion mechanism is in place, the ownership of the EurAsEC network will be transferred to local counterparts. They will be integrated into UNIDO ITPO network ensuring long-term sustainable operations.

As mentioned above the project aims to assist local counterpart institutions in the EurAsEC region to strengthen their capacities and become self-sustaining members of UNIDO Investment and Technology Promotion Office (ITPO) Network.

In the long-term perspective (up to 2012) the project is expected to be sustainable. To achieve this main outcome, the strategy of the project focuses on:

- fully integrating EurAsEC UNIDO Investment & Technology Promotion Network with other components of UNIDO (private sector development, agro, energy, environment) and enhancing cooperation with other international partners and programmes;
- supporting local counterparts in respective host countries by reinforcing existing institutions through building up sufficient capacities to transfer ITPO services to national ownership, and ultimately operate without a single donor assistance;
- exploring possibilities for encouraging both international donors and their own Governments to provide resources for the above purpose.

In this context, the project aims to strengthen the creation of sufficient capability to foster linkages between local private sectors and international actors in each country as well as reinforcing a common electronic portal of knowledge and interaction.

The overall strategy is also to complement UNIDO services and priorities in the region by integrating ITPO assistance with other UNIDO programmes.

In general, project activities will include capacity building of host counterpart institutions in:

- strengthening skills of host counterpart staff in the identification and formulation of viable investment projects and increasing their awareness of regional market on investment opportunities, promoting industrial cooperation on a Regional scale to foster investment and partnerships;
- assisting local existing SMEs to upgrade their performances up to international standards, including most recent ones on Trade, Environment and Corporate Social Responsibility, thereby considering economic, environmental and social impacts of their activities;
- increasing the number of investment projects implemented by SMEs in the region by facilitating their access to financial facilities of national and international institutions, especially through the Eurasian Development Bank, EBRD and other financial institutions and mechanisms;



- supporting domestic investment in beneficiary countries by assisting the flow of local investments into the creation of competitive enterprises.

UNIDO Secretariat will ensure efficient network management and coordination by harmonizing activities of the ITPO Network with relevant UNIDO programmes, thereby optimizing the utilization of the project funds and integrating them to ensure sustainability.

In view of the strategic position of the UNIDO Centre for International Industrial Cooperation (CIIC) in Moscow it will provide required support to all nascent ITPOs in terms of sectoral expertise, technical and financial appraisal in line with the proven operational methodology. CIIC Moscow will also ensure linkages with the Russian business community for investment and technology project promotion, with emerging financial mechanisms and other EurAsEC initiatives.

The programme of activities in the field will be largely carried out in close cooperation with the host counterparts through on the job training approach, coaching and transfer of investment methodologies and networks.

An Inception meeting was held in Moscow from 29 June to 1 July 2010 to launch a regional project of the United Nations Industrial Development Organization (UNIDO) in EurAsEC member states. The project is funded by the Russian Federation and its key aim is to enhance regional industrial integration of EurAsEC countries and their linkages to UNIDO global networks.



The meeting was focused on the analysis of the status of regional industrial integration in EurAsEC member states and discussion of the mechanisms for project implementation.

This event was attended by: the Ambassadors and Permanent Representatives of EurAsEC countries, Representatives of the Secretariat of EurAsEC Integration Committee, the Eurasian Development Bank, the Eurasian Business Council, the Center of High Technologies, public and private structures of the EurAsEC countries, the Secretariat of UNIDO, UNIDO Centre for International Industrial Cooperation, international and national experts.

As a result of extensive deliberations a general overview of the status of regional integration in EurAsEC was made in line with, national priorities and joint efforts. The



positioning and role of the UNIDO regional project were also defined together with the range of UNIDO's services, ways and means of participation in the project and potential contribution of participating institutional and national partners.

The first meeting of the task force on subcontracting and industrial partnerships was held in Moscow 7th October 2010.

The decision about creating this group was made at the Inception meeting of UNIDO/EurAsEC project (30 June - 1 July 2010, Moscow). The task group contains representatives of Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Armenia.

The objectives of the meeting were:

- To analyse existing experiences and the situation with subcontracting and industrial partnerships in the EurAsEC, and to identify problems and prospects,
- To provide an opportunity for all team members to express their opinions and express their position on the issues recommended for discussion,
- To assess the opportunities for establishing a network of industrial partnerships within the framework of EurAsEC;
- To identify possible scenarios for such a network;
- To identify goals, objectives, rules and standing orders of the group, the methodology and tools,
- To develop a work plan for the near future.

Participants of the meeting were UNIDO management of the UNIDO-EurAsEC project, the task group members, and the representatives of the EurAsEC Secretariat, the Eurasian Business Council, the International Centre for Scientific and Technical Information, the Chamber of Commerce and Industry of the Russian Federation, the Interregional Centre of Industrial Subcontracting and Partnership (Russia) and other experts.



A round table on "industrial integration in EurAsEC" organized by the Analytical Center under the Government of the Russian Federation and UNIDO was held in Moscow, October 6, 2010.

The round table was co-chaired by the Head of Analytical Center under the Government of the Russian Federation A. Makushkin and Deputy to the Director of the Bureau for Programme Design and Development of UNIDO Y. Akhvlediani.



The program of the round table included the following issues:

- Major achievements and priorities for economic integration in EurAsEC;
- Barriers and opportunities for transition to a free movement of capital within EurAsEC;
- Industrial integration as a political setting, strategy, reality of the economic life of EurAsEC;

- Institutional prerequisites and conditions for industrial integration in EurAsEC;



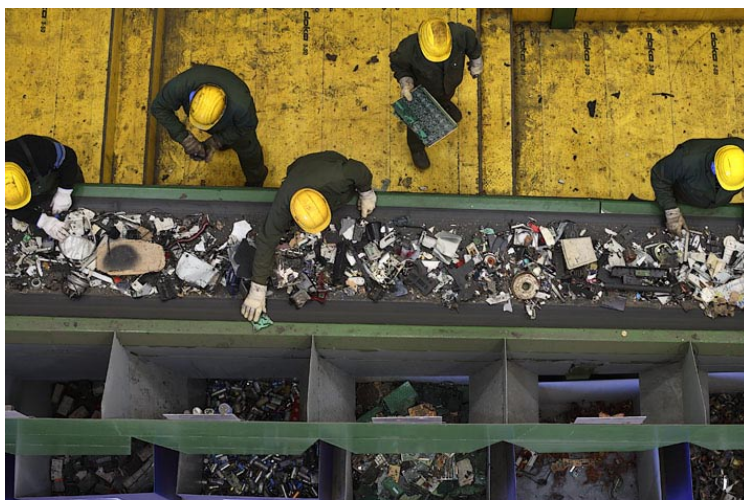
***BAT/BEP Centre for environmentally safe disposal of potentially hazardous consumer products and industrial wastes***

Russian Federation faces the challenge with the ever-increasing volumes of used consumer and industrial products and needs to undertake strong efforts to apply modern methods to reduce the negative environment impact and make possible the recycling and environmentally safe disposal of these products after their decommissioning.

The project will address the creation of capacity for management of electronic, electric and rubber wastes. These products being safe during their utilization could become hazardous and toxic if recycled and disposed after their utilization by environmentally unsafe methods.

The project will assist in developing of the industrial strategy and building up the management capabilities at several demonstration regions for introduction of BAT/BET for efficient recycling of these wastes, thus preventing the additional creation of toxic and hazardous wastes and saving of natural resources through reusing and recycling of valuable components of electronic, electric and rubber wastes.

It will be done by improving and strengthening the regulation and the regulation enforcement practices; by creating organizational and technical capacities through training and strengthening of specialized centers; by collecting information and developing information systems for assessment of possibilities of application of BAT/BEP on recycling and disposal of the wastes; and by pilot applications of the several BAT and working out selected BEP for recycling and disposal of electric and electronic wastes (EEW) and rubber technical goods (RGT).



Photograph by Peter Essick



The results of the project will be introduced for application in other countries of the Euro-Asian Economic Community (EurAsEC).

In accordance with the work plan different activities were carried out during 2010? Inter alia:

- Preparation and conduction of the First Meeting of the Steering Committee for the project (21 October 2010);
- Preparation and conduction of the Second Meeting of the Steering Committee for the Project (17 December 2010);
- Together with the specialists from the Department of public policy and regulation in the field of environmental protection and ecological safety of the Ministry of Natural Resources and Environment of the Russian Federation prepared the proposals to amend the Federal law of the Russian Federation "About waste production and consumption".
- Prepared the proposals for implementation of the BAT/BEP;
- Preparation the Atlas of BAT/BEP for the WEEE;
- Making the situation report on the EEW and RTW waste management in Tatarstan and Moscow region;
- Preparation the Concept of Eco-town in Pushchino, Serpukhov district , the Moscow region using Russian and foreign experience;
- Preparation the materials and taking part in the Working group, leaded by the vice prime-minister of the Government of the Republic of Tatarstan, Sh. Gafarov. This Working group was established to support UNIDO Projects in Tatarstan and to prepare the Trust fund agreement between UNIDO and RT;
- presentation of the Project on the International Conference of Applied Science "2nd Belarusian Innovation Forum", which was held on the 18-19<sup>th</sup> of November 2010 in Minsk;
- on the 16<sup>th</sup> of November 2010 participation in the Working Group of the State Duma of the Russian Federation on the issues of improving public policy in waste production and consumption management;
- Took part in the International conference of the Waste recycling Association in Moscow with the Presentation of the UNIDO Project;
- Took part in the Workshop of the Analytical centre of the Russian Government with the report about the Eco-town Project;
- Preparation for the meeting with the 1-st deputy Prime-minister of the Moscow region government, I.O. Parkhomenko, who leads the commission for ecology security in the Moscow region. The meeting was held on the 10<sup>th</sup> of December

2010, the Resolution of the meeting - to approve the UNIDO Eco-town Project and to make a plan for the implementation of the Project. It must be done together with the representatives from Administrations of Pushchino, Serpukhov, Lipitsy village. Among the participants of the Meeting was a deputy chief of the Department of international cooperation of the Ministry of natural resources and ecology of Russian Federation, who is involved into the Eco-town Project.

- Participation in the meeting of the Working group in the Moscow region Government (Ministry of ecology and natural resources) and presentation the concept of Eco-town in Moscow region (Serpukhov district, Pushchino ). The Meeting was held on the 29<sup>th</sup> of November 2010. It was leaded by the 1-st deputy Minister of ecology and natural resources. The Resolution of the meeting – to support the Eco-town Project in the Moscow region.
- Participation in the Working Group of the Expert Council to improve environmental management in the system of territorial planning (the Council of Federation of the Federal Assembly of the Russian Federation);
- Highlightening of the main stages of the project implementation on UNIDO CIIC Russia website.
- Preparation the Technical conditions for group of experts, who would work on the Electronic map for WEEE in the Republic of Tatarstan;
- on the 1<sup>st</sup> of October 2010 in accordance with the legislation of the Russian Federation Autonomous Non-Commercial Organization "International Best Available Environmental Technologies Centre" was registered in Moscow.
- The main activity of the Centre is to render services for a comprehensive scientific, technical and information support for design, development and implementation of best available technologies and best environmental practices in enterprises regardless of ownership, both in Russia and abroad.
- Preparation for the organization the center in Kazan (the Republic of Tatarstan), establishing visits to Kazan – to prepare the place for the Project office;
- Staff recruitment;
- On the 11-12th of November 2010 the International Theoretical and Practical Conference “Contemporary Approaches to Electric and Electronic Waste Recycling and Disposal” was held in Russian Gubkin State University of Oil and Gas in Moscow. Preparation of the WEEE Conference final documents (Resolution, PR-materials (booklet), CD, foto-and video-materials);
- Travel mission to Japan on the 4-12<sup>th</sup> of September 2010 in order to get acquainted with its Eco-Towns in order to use foreign experience in The Russian Federation;

- Participation in the Electronic-Scrap Conference which was held on the 29-30<sup>th</sup> of September 2010 in New Orleans (USA) to get to know the latest innovations and service offerings from firms providing e-scrap equipment and processing systems and to find investors and hold negotiations with them;
- Travel mission to the Netherlands (Amsterdam) on the 7-9<sup>h</sup> of February 2011 in order to meet Mr. Morgan Johnson, Director for Strategy development of the Company SIMS;



*Identification, evaluation and prioritization of pollution “hot-spots” in the basins of trans-border reservoirs and transfer of environmentally sound technologies*

The Volga is the longest and largest river in Europe, comprising also about one-third of European Russian Federation. However the river is seriously polluted. The biggest environmental problems stem from major industrial complexes, big dams, large cities and maintaining navigability. Only three percent of surface water in the Volga River Basin is considered an environmentally safe source of drinking water.



The Project's objective is to improve water quality and reduce negative regional and transboundary impact from industrial activities within the middle and lower Volga River basin through the introduction of UNIDO's integrated approach for the transfer of environmentally sound technology (TEST) aimed at increasing environmental performance of polluting enterprises.

The main outcome will be an increased capacity of the local Government to take a decision on mitigation measures to reduce man-made pressure on the water basin. The Government will receive a set of policy and technical recommendations to invest in a project aiming at reducing pollution discharge from industries with high transboundary impact. Local industries (“hot-spots”) will develop TEST capacities necessary to prepare their investments in BAT/BEP and identify possible funding sources.

The main objectives are:

- Assessment of anthropogenic impact of industrial enterprises located in the basin of the middle and lower Volga river, to the water quality in terms of different types of pollutants;
- Determining factors of transboundary pollution;
- Improved water quality and mitigate the negative impacts from industrial activities on water bodies based on an integrated use of new technologies;
- Implement an integrated approach to issues of water pollution based on the UNIDO methodology «TEST» - (Transfer of Environmental Technology);
- Creating an interactive geographic information system, "Monitoring the influence of" man-made spots on water resources, human health, biodiversity and economy in the basin of the middle and lower Volga

The project has already prepared a full list of companies discharging polluted waste water into water basin.

The next step (after receiving official permission from the governing body of the federal agency water resources in the provision of information) will calculate the effective mass discharges and a preliminary ranking and selection of "hot spots "

Running in parallel with these agreed terms of reference and budget for creating an interactive geographic information system, "Monitoring the influence of" man-made spots on water resources, human health, biodiversity and economy in the basin of the middle and lower Volga.



This program estimates will be the development of the UNIDO "Hot Spot" methodology and later can be used as the Ministry Natural Resources and the Federal agency of water resources for rapid multi-level monitoring, processing information received, the

prediction of negative processes and management decision to eliminate the effects of "man-made spots" for water resources, human health, biodiversity and economy in a pool of other water bodies of the Russian Federation.

A competition in Vienna and Moscow equipping laboratories FGU SredVolgaVodhoz with modern equipment (approximate cost U.S. \$ 100 000)

Preparations for the workshop in Kazan at the forum "Clean Water -Kazan 2011. The seminar will be attended by a team of Canadian experts

***Support for SME's in production of automotive parts in order to provide competitiveness in external market***

Region: Samara

Partners: Local authorities

Duration: 2008-2011

Outputs and outcomes:

- Small and medium enterprises' support in the field of production of automotive parts;
- Capacity building for automotive industry development in the region;
- Manpower training;
- Educational field development.

## VII. Cooperation with developing countries

### ***TECHNICAL CAPACITY BUILDING IN FISHING AND SEAFOOD PROCESSING TECHNOLOGY IN SIERRA LEONE***

The industrial fishery sector in Sierra Leone is currently in a situation of rebuilding after ten years of violent civil conflict left it nearly destroyed. At present, Sierra Leone's industrial fishing capacity is limited, with only one national-based company fishing Sierra Leone's waters. Limited institutional support to the sector and the absence of a pool of skilled labour for the industrial



fishery sector have combined to make the sector less attractive to investors and impede growth, ultimately leaving Sierra Leone unable to benefit from its own marine resources. The artisanal fishery sector gained in importance with the collapse of the industrial sector during the civil conflict and currently accounts for 85 percent of the fish landed in Sierra Leone, making it extremely valuable in terms of economic development, jobs and food security. However, practices are often inefficient, resulting in high postharvest losses and unhygienic processing conditions. This ultimately lowers the price for fish and keeps fishers from potentially accessing larger, more lucrative markets. The main objective of the project is to develop the national human resource capacity within the fishery sector to effectively engage in the sector in a manner that provides both greater national revenue generation and ensures sustainable fishing practices. The project will achieve this objective through the establishment of a Fishery Training Institute (FTI). Russian Federation expertise will be used to establish a group of trained-trainers who will provide instruction at the FTI. Training at the FTI will focus largely on (1) institutional support provision to the fishery sector and (2) labour skills required for the industrial fishing sector, and (3) addressing constraints on the artisanal fishery level to help the sector move toward more commercial-orientated operations. These training courses focus on identified limitations in human resource capacity and together will create positive and concrete gains that will move the sector forward in a profitable and sustainable manner.

The development of the national human resource capacity within the fishery sector to effectively engage in the sector in a manner that provides both greater national revenue generation and ensures sustainable fishing practices.

The following activities were undertaken during 2010:

1. The minimal size and plan of the FTI building were defined in accordance with the standards applicable to the training institutions. Russian and EU standards for institutes, colleges and vocational schools were used. Project team also took full advantage of Maritime State University expertise in the field.
2. It was agreed that firstly we had to establish facilities for training at vocational level later proceeding with college and institutional levels.
3. A draft budget for building construction was drawn up.

4. Experts studied different building technologies and found a modern technology that could be used to erect the FTI building for the budget available. This new technology that became popular in Russia was based on “Light Steel Frame Constructions (LSFC)”. This technology



convinced us that the FTI building could be built meeting minimum requirements (see i.1) and within the budget scope. It permits us to open a tender. It is possible that during the future tender somebody will be able to offer a better technology or solution. The Russian Donor also recommended the LMSC technology and suggested that it should be used as construction “technology transfer” component from Russia to Sierra Leone.

5. The team presented abovementioned materials to MSMR during the mission of CTA and EDA to Freetown (30.11.2010-06.12.2010). During presentations at MFMR, some participants, representatives of industrial and artisan fishery sectors, expressed their concerns about LSFC technology. That was why we



visited the local design company “Ideas Limited”, which made a lot of design work for local projects, including African Development Bank and World Bank. We requested them to express their opinion. They highly evaluated the technology.

6. The project received preliminary permissions from local Authorities for planning, design and construction works.
7. Now experts are preparing final design of the FTI based on the latest information available, actual land lay out and pieces of advice by National Expert in Training and Maritime State University.
8. A preparation of administrative-financial model of the FTI, which will be used for running the FTI after project being put in operation, is under work.

## VIII. Seminars, Conferences and Other Activity

### *The Third Nevsky International Ecological Congress, 14 to 16 May 2010, St. Petersburg*

UNIDO Director-General, Kandeh K. Yumkella, urged today Russia and other countries of the Commonwealth of Independent States to invest more into research and development to support new breakthrough technologies for sustainable development.



“Russia has always had a great tradition of scholarship, and great scientific minds. It can and should invest more into research and development (R&D ) in order to strengthen the innovation pipeline, allow for rapid take-up of existing technologies, and to support new breakthrough technologies,” said Yumkella.

He was speaking at the Third Nevsky International Ecological Congress taking place from 14 to 16 May in the Tavricheskiy Palace in St. Petersburg. He noted figures from a 2008 study that suggested that Israel devoted 4.7 per cent of its GDP to R&D, and was leading all countries, followed by Sweden with 3.9 per cent, Finland with 3.5 per cent, Japan with 3.2 per cent and the Republic of Korea with 3 per cent. “We also need greater public-private partnership to move new technologies from the pre-commercial stage to large-scale commercial application. A clever use of government grants, development assistance and multilateral environmental resources can be useful in scaling up new technologies, and in building the local capacity and appropriate policies for deployment,” said Yumkella.

Yumkella said it was time to “scale-up and mainstream green industry initiatives”. Green Industry means assisting industries in reducing their energy, water and materials consumption, as well as their emissions. It also implies establishing innovative environmental goods and services sectors, including waste management, recycling techniques and services, environmental technologies, energy efficiency and renewable energy techniques.

“By ‘greening industries’ we ensure that industries produce more while using less resources and generating fewer emissions,” said Yumkella.

Yumkella also urged for investing in clean, renewable energy “the source of tomorrow’s jobs and the main foundation for the industries of the future which would be green”. He added that countries that will lead in clean energy and energy efficiency will lead the global economy.

Director-General Yumkella had talks with Sergey Mironov, the Speaker of the Federation Council (upper house of the Russian parliament) and one of the organizers of the Congress. Mironov praised the cooperation between UNIDO and Russia.



According to an agreement signed in 2009, Russia will fund UNIDO projects on environmental and technology promotion projects in the Eurasian Economic Community (EurAsEC) and in Sierra Leone.

The Nevsky Congress promotes the creation of an international system of ecological security by strengthening trans-border cooperation and harmonizing environmental legislation of the Commonwealth of Independent States Member States and other countries of the world community. It aims to define the strategy of ecologization of nature management as a basis for modernization of national economies.



***The International Parliamentary Conference «Russia-Africa: Horizons of Cooperation», 15-16 June 2010, Moscow***

The International Parliamentary Conference «Russia-Africa: Horizons of Cooperation» took place in Moscow. Deputies of the State Duma of Russia, members of the Federation Council of Russia, deputies of the African national parliaments, representatives of the Ministry of Foreign Affairs of Russia, ambassadors of the African countries, representatives of other governmental institutions, business community and experts from Russia and 39 African states met for discussions in friendly atmosphere.

UNIDO Director-General, Kandeh K. Yumkella, was invited to the Conference. During his speech the Director-General noted that UNIDO was working with the Russian Federation on a range of technology transfer and capacity building projects, including in Africa. He also called on Russian business to invest in Africa.

“We have countless numbers of doctors, engineers, intellectuals that have benefited from training in Russia. I am very pleased to see that Russia is stepping forward again after almost two decades of absence to strengthen partnerships with Africa.”

Africa is not only a significant reservoir of human resources ready for active engagement in the continental and global economy, but also a vast potential market for both global traders and investors.

But Yumkella cautioned that for business to come to Africa the countries of the continent need “good governance, clear, transparent political systems, and good policies so that investments will be safe.”

The UNIDO Director-General said his recent meetings with Russian officials showed the country’s commitment to work with UNIDO on technology transfer and capacity building projects.

In May, UNIDO launched a project funded by Russia to help build the technical capacity of Sierra Leone’s fishing sector and apply cost-effective seafood processing technologies. Russia is also funding UNIDO environmental and technology promotion projects in the Eurasian Economic Community (EurAsEC), including on improving water quality and reducing negative regional and transboundary impact from industrial activities within the middle and lower Volga River basin. It will help identify,

evaluate and prioritise pollution “hot-spots” in the basins of trans-border reservoirs and transfer environmentally sound technologies.

Another project will help create a Centre for environmentally safe disposal of potentially hazardous consumer products and industrial wastes.

***The International Theoretical and Practical Conference “Contemporary Approaches to Electric and Electronic Waste Recycling and Disposal”, 11-12th of November 2010, Moscow***

The International Theoretical and Practical Conference “Contemporary Approaches to Electric and Electronic Waste Recycling and Disposal” was held on the 11-12th of November in Russian Gubkin State University of Oil and Gas in Moscow.

The conference, devoted to actual problems of collecting, recycling and disposal of the waste electrical and electronic equipment (WEEE), was held on the initiative of Ministry of Natural Resources and Environment of the Russian Federation, UNIDO Centre for International Industrial Co-operation in the Russian Federation, JSC “Moscow Committee for Science and Technologies” and Fund “National Cleaner Production Centre of UNIDO in the Russian Federation”.

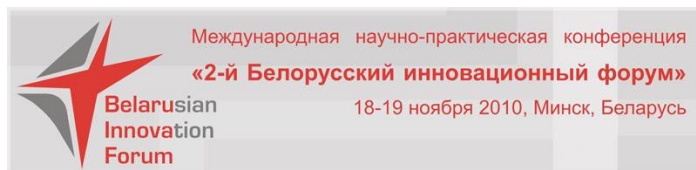


The conference was attended by over 80 delegates from different regions of the Russian Federation, as well as experts from Belarus, Denmark, Hungary, Poland, USA, France, Japan, Czech Republic, etc.

The conference participants have discussed the following issues:

- Ecological, legal and organizational aspects of WEEE management, the problems of WEEE collection;
- Change of the existing legislation on production and consumption waste, the legislative initiatives in WEEE collection and recycling;
- Modern technologies and scientific research in WEEE recycling, repulping and neutralization;
- International practice in the field of WEEE management;
- Participation of civil society institutions in sustainable waste management system development in the Russian Federation.

The main focus of the Conference was given to the improvement of legislative and regulatory framework of the Russian Federation in the field of waste management and world experience of industrial development of secondary material resources, problems of implementation and enforcement of legislative requirements for WEEE management, including collection, recycling and disposal of this waste as well as the modern technology and scientific research in the field of WEEE processing, recycling and disposal.

*The 2<sup>nd</sup> Belarusian Innovation Forum, 18-19th of November, 2010, Minsk*

On the 18-19th of November, 2010, in Minsk the International Conference of Applied Science “the 2nd Belarusian Innovation

Forum” was held. The Forum was organized by the State Committee on Science and Technology of the Republic of Belarus, the National Academy of Sciences of Belarus, other government bodies, the Republican Centre for Technology Transfer, the Minsk Capital Union of Entrepreneurs and Employers and business associations from across the country.

The Forum was held with the support rendered by the Cooperation Foundation of the Central European Initiative (CEI), the UNDP Office in Belarus, and United Nations Industrial Development Organization (UNIDO).

The objectives of the Forum were:

- to appraise the present status of the national innovation system;
- to exchange the world’s best experience and find guidelines for boosted innovation-driven development of Belarus;
- to inform the national and international public about the progress made in the innovation-related activity in Belarus, the CIS and CEI countries;
- to promote the 1st Belarusian Venture Fair.

The forum participants discussed such actual problems of innovation activity, as:

- Policies and legislation applicable to innovation activity, introduction of a system of innovation-based development indices, establishment of the entities that belong to innovation infrastructure (techno parks, business incubators, innovation centres, technology transfer centres, venture entities); overview of the present state, problems and challenges, practicable solutions;
- The funding system of innovation projects, including commercialisation of research;
- The policies and legislation in the domains of technology transfer and intellectual property protection;
- State-private partnership in technology transfer and establishment of innovation enterprises;
- Technology foresight as an instrument for innovation-driven development;
- International integration in innovation-concerned activity.

The Forum has brought together 454 participants: high-ranked officials from ministries, agencies and governmental bodies, representatives of academic and educational institutions, commercial organizations, business associations, key experts from UNDP, UNIDO, UN Economic Commission for Europe, EurAsEC and other international organizations.

***UNIDO Director-General in Moscow for meetings with Russian officials, to sign agreement on financing project***

17 May 2010 – Building the technical capacity of Sierra Leone's fishing sector and applying cost-effective seafood processing technologies are the aims of a project by the United Nations Industrial Development Organization (UNIDO) that will be financed by the Russian Federation.



An agreement on this was signed in Moscow today by UNIDO Director-General, Kandeh K. Yumkella, and the Russian Deputy Foreign Minister, Alexander Yakovenko.

“Today’s agreement to fund a project in Sierra Leone is a clear example that Russia is becoming a major voluntary contributor to the work of UNIDO,” said Yumkella. According to an agreement signed in 2009, UNIDO will receive a special purpose contribution worth USD 2.6 million per annum from the Russian Federation for environmental and technology promotion projects in the Eurasian Economic Community (EurAsEC) and in Sierra Leone.

Director-General Yumkella said that years of civil conflict in Sierra Leone almost destroyed the country’s industrial fishery sector. “At present, there are two main constraints that are preventing the growth of the industrial fishing sector: support institutions do not have the necessary human resource capacity, particularly at the middle and junior levels of management, and there is no local skilled labour, so it has to rely on foreign workers,” he said.

The artisan fishery sector currently accounts for 85 per cent of the fish landed in Sierra Leone, making it extremely valuable in terms of jobs and food security. UNIDO will develop a Fishery Training Institute, and train trainers to help government officials strengthen institutional support, and industrial fishery sector workers and artisan fishers to move to more commercial-orientated operations.



A USD 1.5 million project to be funded by Russia will improve water quality and reduce negative regional and transboundary impact from industrial activities within the middle and lower Volga River basin through the introduction of UNIDO's integrated approach for the transfer of environmentally sound technology. It will help identify, evaluate and prioritise pollution "hot-spots" in the basins of trans-border reservoirs and transfer environmentally sound technologies.

Another project will lay the ground for creating a Centre for environmentally safe disposal of potentially hazardous consumer products and industrial wastes.

Yumkella also had meetings with Natural Resources and Environment Minister, Yury Trutnev. He visited the Peoples' Friendship University of Russia to meet African students studying there.

#### *UNIDO Director-General visit to Tatarstan, 15 May 2010*

The economic, industrial and investment potential of the Republic of Tatarstan and joint projects with the United Nations Industrial Development Organization (UNIDO) were discussed during a meeting between President Rustam Minnikhanov and UNIDO Director-General in Kazan.



A USD 1.5 million project to be soon launched will improve water quality and reduce negative regional and transboundary impact from industrial activities within the middle and lower Volga River basin through the introduction of UNIDO's integrated approach for the transfer of environmentally sound technology. It will help identify, evaluate and prioritize pollution "hot-spots" in the basins of trans-border reservoirs and transfer environmentally sound technologies.

Another project will lay the ground for creating a Centre for environmentally safe disposal of potentially hazardous consumer products and industrial wastes.

The Director-General also visited Kazanorgsintez, one of the largest chemical companies in Russia. He discussed with the company management possible joint projects with UNIDO on energy and resource efficiency and cleaner production, including Chemical Leasing, a service-oriented business model that reduces ineffective use and over-consumption of chemicals and helps companies enhance their economic performance.

Chemical Leasing is a new and innovative instrument to promote sustainable management of chemicals and close the material cycles between suppliers and users of chemicals. UNIDO plays a leading and coordinating role for the implementation and further development of Chemical Leasing which is applicable to both large and small enterprises of different sectors.

The Director-General expressed his gratitude to President of the Republic of Tatarstan Rustam Minnikhanov and Deputy of the State Duma of Russia Fatik Sibagatullin for the warm welcome extended to him and all members of delegation during his official visit to the Republic of Tatarstan.

## IX. UNIDO in Russia – new periodical review

In December 2010 the first issue of quarterly magazine "UNIDO in Russia" was published. The magazine informs readers about all spheres of UNIDO activity in Russian Federation as well as of important initiative all over the world. UNIDO technical cooperation programs are aimed at strengthening international economic ties and partnerships by creating a global network of national institutions in various countries, including CIS.

UNIDO in Russia is to become an important information source. We expect its publications give additional positive impulse to further development of Russia's cooperation with UNIDO and will open new perspectives. It will significantly enhance the performance of the Moscow Center of UNIDO in promotion advanced technologies and investment.



Latest version of the magazine is available at the site <http://www.unido-russia.ru/>

## X. Cooperation with national Cleaner Production Centres

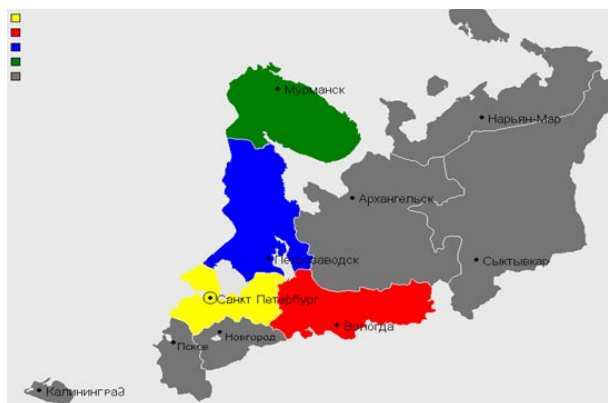
### *North-Western International Cleaner Production and Environmental Management Centre*



In conformity with the cooperation programmes between the Russian Federation and UNIDO the concept of the implementation of the “The cleaner production, energy efficiency, recourse saving, safe waste handling and risk management” is carried out in the North-West of Russia through a «North-Western International Cleaner Production and Environmental Management Centre» (NWICP&EMC), established in St. Petersburg in September 2000.

The UNIDO Moscow Centre maintains close relations with the NWICP and rendered full assistance and support to it activity as well as took part in a number of events, organised by NWICP.

NWICP & EMC aims at helping the North-Western part of Russia, notably St. Petersburg and Leningrad region, and Kaliningrad Province (Baltic region), Murmansk and Arkhangelsk Province, Nenetsky autonomous region (Barents nor Arctic region), Karelia and Komi Republics to solve the accumulated environmental problems associated with non-processed waste, industrial and municipal waste management, weaponry, military equipment and munitions waste as well as managing nuclear and radio-active waste and military arsenals and warehouses to prevent environmental disasters from happening and to preserve the large marine ecosystems of the Baltic and Barents Seas, which is surrounded by 10 European states.



More details may be found at the NCPC Internet site:

<http://www.nwicpc.ru>

***Russian National Environmental Management and Cleaner  
Production Centre for Oil and Gas Industries***



National Environmental Management and Cleaner Production Center of oil and gas industries was established in 1999 under the initiative of UNIDO and decision of the RF Government. The Center was set up on the basis of Russian State Gubkin University of oil and gas. More information on the Centre activity you may find at the address

[http://www.ncpc.gubkin.ru/index\\_en.php](http://www.ncpc.gubkin.ru/index_en.php)

## **XI. Investment Databank**

At present the Centre's databank of investment proposals contains more than 1000 projects. Most of them have been received from the Russian regions and ITPOs as a result of common activity of UNIDO Headquarters and ITPOs. The Centre continued to identify and up-date databank of investment proposals to be promoted.

## **XII. Cooperation with UN Country-Team**

In 2009 the UNIDO Moscow Centre continues to main relations with UN Country-Team and participated at meetings headed by the UN Resident Coordinator in Russia.

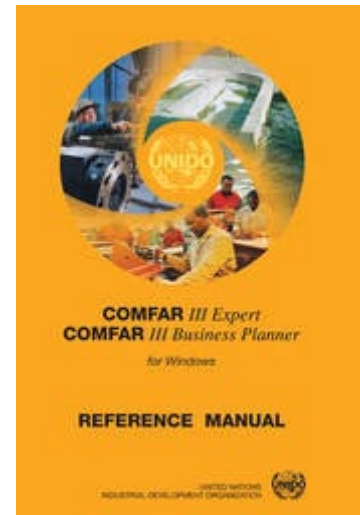
The main aims of these meetings were to co-ordinate inter-agency activity in the Russian Federation and discuss inter-agency cooperation on specific subjects as follows:

- Development of Russian Regions
- MDG
- Common Country Assessment (CCA)
- UN Disaster Management System
- UN Security System
- Poverty Eradication Strategy, etc.

### XIII. COMFAR III Expert promotion

The integration of the Russian Federation into the world economy compel developing enterprises and investment banks to apply international approaches for the pre-feasibility studies and the process of preparation and evaluation of investment projects as well as to pay more attention to the quality of the projects in view to increase their competitiveness on the investment resources market.

Being internationally acknowledged, COMFAR presents a well functioning tool for all the subjects of economic activity dealing with industrial investment. Under this philosophy, the UNIDO Moscow Centre carries on the activities on the diffusion of the UNIDO concept and software program among State institutions, as well as among Russian enterprises and companies engaged in investment activities.



The activities of the UNIDO Moscow Centre in the field of pre-investment study in 2009 were concentrated on the following main directions:

- Assistance in dissemination of UNIDO Methodology for Preparation and Carrying out of Industrial Feasibility Study in the Russian Federation
- Promotion of COMFAR III *Expert* among Russian consulting firms, banks, etc.
- Carrying out investment project appraisal.



#### **XIV. The UNIDO Exchange**

The UNIDO Moscow Centre continues the promotion of UNIDO Exchange among Russian organizations, companies, financial institutions, regional administrations and investment agencies which might be interested in cooperation with UNIDO and are looking for foreign partners.

Information concerning UNIDO Exchange in Russian is presented at the Centre's website