**UNIVERSAL NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

**Project Document**

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<tr>
<th>Project number/SAP ID:</th>
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<tr>
<td>Project title:</td>
<td>Fostering inclusive and sustainable industrial development (ISID) in the New Silk Road Economic Belt: Leveraging potentials of industrial parks, zones and cities in Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan</td>
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<td>Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan and China</td>
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<td>Government co-ordinating agencies:</td>
<td>Ministry of Economic and Industry, Azerbaijan; Ministry of Industry and New Technologies, Tajikistan; Academy of Science of Turkmenistan; and Chamber of Commerce, Uzbekistan</td>
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<tr>
<td>Counterparts:</td>
<td>UNIDO ITPO Shanghai; China International Centre for Economic Technical Exchanges (CICETE)</td>
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<td>Project inputs:</td>
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<tr>
<td>- UNIDO (MOFCOM)</td>
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**Brief description:**

The UNIDO project “Fostering inclusive and sustainable industrial development in the New Silk Road Economic Belt (NSREB): Leveraging potentials of industrial parks, zones and cities in Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan” has been formulated in partnership with the Asian Development Bank (ADB) and is in synergy with the approved parallel ADB-funded project on “Supporting Industrial Park Development in the Central Asia Regional Economic Cooperation Region.”

The overall partnership project supports deeper regional economic integration through corridor development (transport, logistics and industrial) approaches with envisaged positive effects on income and employment, industrial diversification and competitiveness, and reductions in poverty and regional...
disparities. During the project development, UNIDO has worked closely with the ADB to align the objectives, outcomes, outputs and activities of each organisation’s project.

The objective of the project is to contribute to inclusive and sustainable industrial development (ISID) in the New Silk Road Economic Belt (NSREB). The expected outcome of the project is better understanding of the role of a new generation of science, industrial and technology parks, zones and cities in their various forms for pursuing ISID in the NSREB.

Chinese President Xi Jinping proposed the NSREB during state visits in September 2013 to four central Asian countries. President Xi’s vision and concept of building inclusive regional economic cooperation on issues such as transport connectivity, trade facilitation, resource efficiency, energy and water security, and knowledge and technology sharing, leading ultimately to deeper regional economic integration, were echoed positively by the leaders of these countries.

There are obvious synergies between the NSREB concept and the Central Asia Regional Economic Cooperation (CAREC) programme — a ten-country regional integration and economic corridor development initiative covering the same countries as the NSREB, of which the ADB is a founding partner institution. Further, the partnership between UNIDO and ADB operationalizes the UNIDO ISID concept and particularly UNIDO’s role as a global facilitator of knowledge sharing and advice on pursuing ISID, and building multi-stakeholder partnerships for leveraging resources for ISI.

To achieve its objective and outcomes, this partnership project will facilitate the establishment of an NSREB industrial park knowledge sharing platform for government officials at national, local and city levels, and representatives from the private sector, academia, civil society, international organizations, and development financial institutions. The platform will facilitate mapping of regional needs, networking, and information and experience sharing on how to leverage static and dynamic advantages of science, industrial and technology parks, zones and cities and their positive synergetic effects with economic corridors for fostering ISID in the NSREB. The platform will also stimulate multi-stakeholder dialogue on building partnerships to scale up investment in ISID.

The project will produce background studies on the status of science, industrial and technology parks, zones and cities and investment opportunities in the target countries, which will be discussed in depth at the regional meetings and workshops, and will serve as important inputs to the knowledge platform. A strategic and operational framework and action plan for follow up activities in the region is also foreseen.

UNIDO will further cooperate with the ADB team in the implementation of this partnership project in the respective countries. The ADB project will focus on two pilot countries from CAREC Corridor 2 – Kazakhstan and Kyrgyzstan, and the UNIDO project will concentrate on four pilot countries from CAREC Corridor 2 – Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan. These four countries have expressed preliminary interest in the project through correspondence with the Europe and Central Asia Bureau. The project will also benefit from the study tour in China to be organized in cooperation with UNIDO ITPO Shanghai.
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A. CONTEXT

A.1 Background

The original Silk Road (see Figure I) was a series of routes between Asia and Europe along which inter-continental and inter-regional cultural and trade flows grew for many centuries until political instability and the advent of faster and safer sea transport routes led to its decline and disappearance. In recent decades, a “New Silk Road” (NSR), has started to emerge due to processes of globalization and regional integration.

![Figure I: Map of the Silk Road](image)

The vision and concept of building a New Silk Road Economic Belt (NSREB) was put forward by Chinese President Xi Jinping during his state visits in September 2013 to four central Asian countries, and was echoed positively by the leaders of these countries. In November 2014, President Xi Jinping also pledged US$ 40 billion to set up a Silk Road Fund to support provision of public goods such as infrastructure, new technology and knowledge transfer, and favourable trade regime that would reduce regional disparities, increase shared prosperity, and preserve peace and security in the region.

The NSREB encompasses countries and sub-national regions with large socio-economic disparities and diverse industrial structures. While eastern China is relatively developed and integrated into global value chains in different industrial sectors, the industrial structures of most countries in Central Asia are undiversified and dominated by extractive industries, which are highly energy intensive. The share of manufacturing value added in much of the region is significantly lower than in the rest of the world and there has been not sufficient progress towards high value added activities, where a dynamic
comparative advantage could be developed. This lack of structural transformation and competitiveness, weak job creation, outdated production technologies and high carbon-energy intensive output shares in some countries are still challenges. There is, however, huge potential for the greening of industry and expansion of green sectors that can be realized with investment in infrastructure, production networks institutional reforms and regional cooperation.

Many countries in the region are land locked (Uzbekistan is double land locked), have high poverty levels and environmental challenges, such as energy and material-resource inefficiency, and waste and water issues. Various market and institutional imperfections and barriers also hinder the ability of countries to diversify their economic base, to engage in cross-border trade, and to integrate into the global economy. The region is facing low level of interconnectivity and trade flow as evident in low levels of intra-industry trade and market integration.

Rich in natural resources, Central Asian countries have been heavily dependent on the export of mineral resources and energy, making them highly vulnerable to external market shocks and price fluctuations. Many countries were severely affected by the recent worldwide economic crisis. At the same time, traditional extraction and production processes of minerals and energy are unsustainable, causing natural resource depletion and environmental degradation. There are also inequalities within and between countries in the region. Economic development in countries along the NSR is stymied by high transaction costs, market imperfections and barriers, weak institutions, lack of access to information, new technological knowledge and finance. These challenges undermine industrial upgrading and diversification, competitiveness and productivity, foreign direct investment (FDI), and hinder deeper regional economic integration.

The NSREB vision and concept is based on the idea that the challenge of low-economic density in the NSR can be met with hub-and-spoke economic corridor development approaches. Investment in transport and logistics infrastructure for a designated pathway will enable low-cost trade in goods and services, as well as flows of capital, knowledge and labour from China to Central Asian countries and Europe. Development of transport, logistics and industrial corridors will accelerate economic linkages and networks through integration of modern transport infrastructure with logistics and industrial value chains. Regulatory and policy initiatives will be launched to address trade openness, market barriers and impediments, trade capacity building, access to capital, knowledge and technology, and leveraging of historic and geographic comparative advantages and local assets.

The key agglomerations and other growth benefits could be realized from hub development around transport nodes and important urban centres that can, in synergy with investment in deepening transportation networks, trigger a web of secondary agglomerations around these nodes and hub centres. By efficiently linking industrial and logistics hubs, economic linkages and networks might extend over an even larger mega-regional level, dramatically expanding markets, division of labour, and shaping patterns of regional economic development. Greater connectivity, network development and market integration, combined with policies to strengthen SME clusters and networks along and between the production value chains will lead to greater industrial diversification and productivity, setting in motion a virtuous growth cycle in the NSREB. By enhancing the business infrastructure to cut the cost of doing business and attract investment in key transport, logistic, commercial and industrial nodes, countries in
Central Asia can start this virtuous growth cycle.

A key part of business infrastructure is the new generation of science, industrial and technology parks, zones and cities. In supporting the creation and growth of industrial agglomerations and facilitating the development of clusters and regional innovation systems, such areas act as catalysts for links between business and innovation-based economic growth. They can serve as bridges between academia and industry, boosting scientific and technological advancement, and enabling researchers and scientists to meet international standards. They can be a testing ground for new reforms, policies and approaches to improve the business environment, as demonstrated in many East Asian countries. Industrial and technology parks are also useful for meeting targets in industrial strategies, particularly as part of policies to create an enabling business environment (including functioning cities, infrastructure and a stable legal framework).

Parks have proven to be a key regional development tool, implementing a smart mixture of physical (land, housing, laboratory, office, and public space) and intellectual infrastructure services (standard and growth acceleration services for companies, jobs and wealth creation) to support the revitalization, competitiveness and internationalization of local and regional economic activity. In most cases, the initiative starts with public authorities, but often public-private partnerships prove to be effective. A park’s external stakeholders, such as innovation and productive hubs, the private sector, regional government, universities, research centres or other tertiary institutions, represent a source of entrepreneurial ideas, innovation, technology, private and government funded research results, and spin-offs, all with their possible objectives for involvement in park activities. The park should link all knowledge, innovation and productive hubs for the regional economic development and in this way help raise competitiveness.

Although the role, relevance and applicability of parks vary according to national, regional and local contexts, it is generally accepted that they can be a dynamic tool for accelerating economic growth and boosting competitiveness. They can also be hubs for creating, disseminating and applying industrial knowledge and for stimulating innovation, and have the potential to generate or strengthen comparative and competitive advantages, help remove the binding constraints for development, and to test new reforms and policies.

Parks attract innovative businesses, generating more jobs and a larger tax base. They support start-ups, incubate new enterprises and develop knowledge based businesses, offering an environment for local and international firms to interact and build business links for mutual benefit. Industrial parks can also be adapted to suit national and regional priorities, pursuing several development objectives, including those related to education and human resource development, rural, urban and regional development, private sector development, and environment sustainability. Strategic park development planning, in alignment with national and regional development goals and regulations, is therefore vital for sustainable local, regional and national social and economic development. Parks should also be part of a long-term development strategy and should feature in national research and innovation plans. Similarly, sub-regions and localities should focus on the integration of R&D and innovation in their development strategies and it important that policymakers promote synergies among different policy instruments and coordinate different programmes.
Many countries in Central Asia lack strategic planning in promoting the development of parks. Appropriate regulation, vital for investor confidence and for the development of projects financed from international funding streams, is also lacking. Strategy design and implementation are in turn hindered by limited institutional, technical and financial capacity. Other common challenges include linking industrial parks to regional and global value chains, having adequate financing and infrastructure, being too ambitious and failing to take environmental concerns and industrial diversification issues into consideration.

Focused and integrated approaches geared towards sustaining and developing a new generation of industrial parks would help to capture the potential benefits of parks for sustainable economic growth and competitiveness in the NSREB. The development of a new generation of parks including eco industrial parks has to be encouraged and the role of parks in shaping innovation structures and green economy should be promoted. Among others, programmes and policies could elaborate on the type of industries and technologies to be targeted, general working conditions, and so on. Such policies would also determine types of funding to be used and the share of public and private investment in the total investment flow.

The Central Asia Regional Economic Cooperation (CAREC) Programme

A similar economic corridor development approach to the NSREB is taken by the CAREC initiative. CAREC is a partnership of ten countries and six multilateral institutions working together to promote development through regional cooperation in the priority areas of transport, trade facilitation, trade policy and energy, leading to accelerated economic growth and poverty reduction. The CAREC Programme, 2011–2020 (CAREC 2020) adopts an economic corridor approach coupled with the provision of logistics and other business support services to boost industrial diversification in the region.

CAREC member countries share a common understanding of the positive synergetic effects of promoting transport, logistics, industrial and economic corridors’ development, which can, together with policy initiatives to build business infrastructure such as science, industry and technology parks, zones and cities, facilitate linking local with the regional and global value chains and production networks, thus deepening regional specialization and diversification, increasing productivity and economic growth in the region. The ADB supports the CAREC programme and regional economic corridor development approach.

CAREC’s 2020 strategy objectives are expanding trade and improving competitiveness through investment in the development of transport, logistics and economic corridors, and cooperation on trade

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1 The Central Asia Regional Economic Cooperation (CAREC) Programme is a partnership of ten countries (viz. Afghanistan, Azerbaijan, People’s Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan) and six multilateral development partners (ADB, EBRD, IMF, Islamic Development Bank, INDB, World Bank), with ADB serving as the Secretariat.
facilitation, trade openness and energy access. To achieve the two strategic objectives, the operational priorities comprise (i) transport, trade facilitation, trade policy, and energy; (ii) economic corridor development; and (iii) the CAREC Institute. CAREC also focuses on the regional public goods provision, such as communicable disease control, disaster risk management, and climate change mitigation, among others.

The CAREC 2020 strategy is based on a corridor approach to facilitate inter-linkages among the region’s key economic hubs, to connect the landlocked CAREC countries to other Eurasian and global markets, and to boost economic development in the region. The strategy focuses on the development of six transport corridors (Figure 2), investment in modern transport infrastructure to facilitate optimal transport routes and intermodal transport of products with comparative advantages. The aim is to facilitate access of local businesses to regional global value chains, with the ultimate goal of boosting economic growth and reducing poverty in the region. The CAREC economic corridor development approach is in line with the NSR initiative of the CAREC developing countries. Both promote economic diversification and urban and industrial agglomeration through improved physical connectivity. The six designated CAREC corridors overlap geographically with the NSR.

Since 2001, the CAREC programme has mobilized more than US$ 22.4 billion of investment in the transport, trade and energy sectors. Under this framework, the largest share of financing has gone towards road and rail infrastructure, namely the creation of an 83,800 km transport and transit corridor network for regional cooperation and integration in Central Asia.

The CAREC Institute plans to establish its headquarters in Urumqi, Xinjiang Uygur Autonomous Region of China, as announced during CAREC’s 13th ministerial meeting of 6 November 2014, in Bishkek, Kyrgyzstan. The CAREC Institute will act as a knowledge hub for economic cooperation on the provision of regional public goods such as knowledge creation and dissemination, communicable disease control, disaster risk management, environmental preservation and addressing climate change.

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This partnership project will focus on CAREC Corridor 2 countries. CAREC Corridor 2 (Figure 3) connects the Caucasus and Mediterranean to East Asia and covers Azerbaijan, Kazakhstan, Kyrgyzstan, the People’s Republic of China, Tajikistan, Turkmenistan and Uzbekistan (Figure 3). It comprises 9,900 km of roads and 9,700 km of railways.

The ADB project has selected Kazakhstan and Kyrgyzstan as pilot countries for industrial park development. The 13th CAREC Ministerial Conference endorsed a framework for corridor development and the operationalization of this framework through a MoU on the Almaty-Bishkek Corridor Initiative, the first city-level regional cooperation between the two countries. The UNIDO project focuses on Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan. As members of CAREC, these four countries are committed to regional integration and the objectives of the programme.
Azerbaijan is an upper middle income country that has enjoyed rapid economic growth thanks to its oil and gas reserves. In coming years, output from the oil and gas sector, which accounts for 50 per cent of GDP, is set to decline whilst the global oil price is likely to continue its downward trend. To ensure future sustainable growth, the Government has prioritised modernization of the oil and gas sector and the petrochemical industry, economic diversification, alternative and renewable energy sources, expansion and development of trade and types of services and improvement of the foreign trade and investment structure.³

The President declared 2014 the Year of Industry in Azerbaijan, which is expected to facilitate the process of innovation, and the creation of new industrial estates and technology parks. The “State Programme on industrial development covering 2015-2020” sets the country on a course to become a modern and diversified industrialized state. Similarly, the Development Concept “Azerbaijan 2020: Look into the Future”, foresees an export-oriented, knowledge-based and competitive economic model. To further these goals, the Government plans to develop the energy, transport, transit and logistical infrastructure, to concentrate on the development of regions, and to establish regional development centres taking into account the competitive advantages of each region.4

The establishment of various kinds of industrial parks, such as the chemical and high technology parks in Sumgait and the Balakhan industrial park has been declared a high priority by the Government. The creation and development of parks is part of a broader effort to enhance the potential of industry to diversify the economic base, bring about structural change, support private enterprises and to increase the manufacture of competitive products from local raw materials.5

*Tajikistan*

Despite real GDP growth by around 6 per cent in 2013– the fifth highest rate in the region - Tajikistan is a low income country with the lowest GDP per capita of all Central Asian countries.6 The industrial sector accounts for around 20 per cent of GDP and natural resources include hydropower, some petroleum, uranium, mercury, brown coal, lead, zinc, antimony, tungsten, silver and gold. A key industrial product is aluminium, but the sector is witnessing falling output. The country’s main exports are agriculture products cotton, grain, fruits and vegetables and cattle. The economy relies on remittance inflows, which bolster domestic demand.

The overarching goal of the “National Development Strategy of the Republic of Tajikistan up to 2015” is increased living standards through: sustainable macroeconomic development; promotion of new economic sectors; diversified production; increased exports; and an improved investment climate. In line with UNIDO’s ISID mandate, the Strategy foresees sustainable economic development based on private sector growth and investment and entrepreneurship.

The main strategic goal of the government is to promote sustainable growth and diversification of the economy through private sector development and investment in priority areas, such as agro-food, as well as in energy and transport infrastructure. Although no industrial parks have been established in Tajikistan, in September 2014 the Ministry of Economic Development and Trade announced that the Government would provide 100 hectares for the construction of the country’s first industrial zone in Rudaki District, to be built with investment from China. It is planned that the zone will host enterprises in the chemical, construction and mining industries.7

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5 http://en.trend.az/business/economy/2150696.html
**Turkmenistan**
Rich in oil and gas resources, Turkmenistan is an upper middle income country with some of the highest economic growth rates in the region in recent years. To transform the country into a well-functioning market economy, the Government has embarked upon reforms designed to increase the production of goods per capita, attract high investment and increase the construction of industrial facilities, reduce environmental pollution, and ensure long-term sustainable energy development.

Turkmenistan’s development priorities are embodied in the National Programme of Socioeconomic Development 2011-2030, the Strategy of Economic, Political and Cultural Development until 2020, as well as in the first Five-Year Development Plan 2012-2016. The 2030 Strategy, building on the goals of the 2020 Strategy, specifies accelerated economic growth, market and institutional reforms, and balanced development among the regions. The second phase of Strategy 2030 (2016-2020) plans to (1) diversify the economy and reduce dependence on the oil and gas sector; (2) to accelerate an investment policy favourable to privatization; (3) to create new sectors and industries to create jobs; (4) develop human resources; and (5) improve infrastructure development in rural areas. Further, in January 2013, the Government instituted a commission for WTO accession.⁸

Currently, Turkmenistan has one special economic zone at Awaza on the Caspian Sea, targeting the tourism industry with special legal, tax and customs procedures. There is also a park in Ashgabat, with a focus on scientific research.

**Uzbekistan**
Uzbekistan is a lower middle-income country with the third lowest GDP per capita in the region, above Kyrgyzstan and Tajikistan. The Government is pursuing growth by expanding public investment in infrastructure and industry—partly financed by the Fund for Reconstruction and Development (FRD). Transport infrastructure and the energy sector are also targets for state backed investment.⁹

The establishment of a joint Uzbek-Chinese industrial park in the Dzizak and Syrdarya regions was announced in 2013.¹⁰ The park is designed to attract foreign and local investments in high technology industries. The special zone, the third in Uzbekistan, will offer preferential tax and customs conditions for host enterprises.

In August 2014, President Xi Jinping of China held talks with President Islam Karimov of Uzbekistan to discuss trade, investment and cooperation in fields such as energy, finance, agriculture and transport and energy infrastructure, as well as the Silk Road Economic Belt. China is encouraging its enterprises to expand investment in Uzbekistan and participate in the construction of industrial parks, and is supporting the country’s WTO membership.¹¹

The government’s main priority is to modernize the economy and generate productive employment

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¹⁰ [http://www.uzdaily.com/articles-id-22401.htm](http://www.uzdaily.com/articles-id-22401.htm)
¹¹ [http://au.chineseembassy.org/eng/sw/t1184406.htm](http://au.chineseembassy.org/eng/sw/t1184406.htm)
through economic diversification. This is to be achieved through (i) industrial development and private sector mobilization, and (ii) reducing the rural–urban gap by expanding economic and social development opportunities in rural areas. Bridging the infrastructure gap, developing the energy sector, and raising private sector competitiveness are prerequisites for industrial development.

The government estimates an investment requirement of $47bn during 2011–2015 to develop infrastructure and industrial projects. Recognizing that this investment requirement cannot be met by the public sector alone, the government plans to mobilize private sector participation in industrial development.

A.2 Origin of the Project

Within the framework of the UNIDO project “Green industrial zones along the New Silk Road,” UNIDO in cooperation with the Government of China organized two round tables on cooperation and development of the NSREB in 2013-2014. The first round table on "the Eurasia Economic Growth Belt", held on 1 September 2013 in Urumqi, Xinjiang Ujgur Autonomous Region of China, involved about 100 high-level government officials and experts from Central Asian countries, China, Japan, the Republic of Korea, and international organizations. Participants discussed the linkages and synergies of policy tools such as transport and economic corridors, and industrial parks as tool to foster inclusive and sustainable industrialization in the region. The round table contributed to raise awareness on the importance of strengthening regional economic cooperation.

In May 2014, the UNIDO Director General met with Mr. Takehiko Nakao, President of the ADB, in Astana, Kazakhstan, to discuss cooperation between the two organisations. During the meeting, the President suggested that ADB and UNIDO join forces to operationalise ISID in the Asia and Pacific region. Following the meeting, UNIDO developed a partnership project with the ADB to explore the potential for regional cooperation on the role of industrial parks and special economic zones along the envisioned NSREB. UNIDO developed and shared the partnership project document on: Fostering inclusive and sustainable industrial development (ISID) in the New Silk Road Economic Belt through deepening intra-regional cooperation, including China, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan with ADB.

The Second Round Table on the theme “Development of the Silk Road Economic Belt: Urbanization, Industrial Civilization, and a Better Life for All” was organized in cooperation with the ADB and the Government of China on 2 September 2014 during the 4th China-Eurasia Expo in Urumqi, Xinjiang Uyghur Autonomous Region, China. The purpose was to discuss the partnership project, its outcomes, outputs, activities, timeframe, budget, country coverage, as well as concrete steps leading to the finalization of this UNIDO-ADB partnership project.12

12 A delegation from the Asian Development Bank (ADB), comprising Guoliang Wu, Regional Cooperation Specialist, CWRC, and Oleg Samukhin, Regional Cooperation Specialist, CWRC, visited Urumqi, Xinjiang Ujgur Autonomous Region, the People’s Republic of China (PRC) on 1-2 September 2014 to attend UNIDO’s Roundtable on the Eurasia Economic Growth Belt development, and participate in a meeting with UNIDO representatives on 3 September 2014 on the development of a joint project on “Industrial Park Development along the New Silk Road”. The Appendix provides a summary of the mission’s findings and records key points discussed and agreements reached. UNIDO
A.3 Target beneficiaries

The target beneficiaries are government officials at national, regional and Silk Road city levels, government institutions responsible for trade and investment promotion, industry and industrial park associations, centres of excellence and financial and research institutions, development financial institutions, CAREC partners, international organizations, the private sector (chamber of commerce, SMEs and their associations, logistic service providers), and local communities in the vicinity of existing and planned industrial parks and zones.

Counterpart institutions and organizations include:
- Chamber of Commerce and Industry Uzbekistan
- Academy of Science of Turkmenistan
- UNIDO ITPO Shanghai
- China International Centre for Economic and Technical Exchanges (CICETE)
- CAREC Institute

B. REASONS FOR UNIDO ASSISTANCE

The project operationalizes the ISID concept. The ISID concept was endorsed by Member States through the Lima Declaration at the 15th session of the UNIDO General Conference in Lima, Peru, in December 2013. To address current challenges faced by its Member States, UNIDO was called upon to serve as a global facilitator of knowledge and advice on policies and strategies to achieve ISID.

Following the adoption of the Lima Declaration, UNIDO’s Director General, Mr. LI Yong, initiated two global forums in 2014. The first forum on Strategies and Instruments for Inclusive and Sustainable Industrial Development was held on 23–24 June 2014 in Vienna. It brought together more than 250 participants from 83 countries—including 19 ministers of economy, industry, investment, foreign affairs, environment and trade, other high-level government officials, and representatives of academia, the private sector, NGOs, international financial institutions and international organizations—to discuss how to pursue ISID through strategies and instruments. The objective was to identify policies, best practices, programmes and instruments that countries can replicate and scale up in their specific context.
Promoting ISID and fostering innovation will require significant resources such as knowledge, expertise, technologies and finance. To mobilize these resources, a multi-stakeholder partnership is required. The second ISID forum of 4–5 November 2014 therefore focused on multi-stakeholder partnerships models to scale up investments in ISID. The second forum brought together more than 450 participants from 92 countries. The Forum presented UNIDO’s ISID partnership approach in Ethiopia and Senegal, where integrated agro-industrial parks are used as instruments to attract FDI, encourage the growth of local industrial clusters and bring together bilateral and multilateral development agencies, UN sister agencies and DFIs, led by government. Following the examples of Ethiopia and Senegal, several countries requested to become the next tier of ISID pilots, including Kyrgyzstan and Tajikistan.

UNIDO’s efforts to promote ISID are aligned with the objectives of ongoing multilateral cooperation frameworks to stimulate development and economic integration in the region. The Eurasian Economic Community (EEC) has launched a “Common Economic Space” to promote a customs union and economic integration among its member states. The intergovernmental organization, the Economic Cooperation Organization (ECO), provides a platform to discuss ways to promote trade, development and investment opportunities.¹³ UNIDO and ECO are implementing a Trade Capacity Building (TCB) project to upgrade the infrastructure of standards, metrology, testing and quality (SMTQ) of Azerbaijan, Kyrgyzstan, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan by building professional capacities of personnel working at SMTQ institutions. The project will help countries meet the challenges of conformity of non-tariff barriers imposed by WTO rules and ultimately integrate the economies of these target ECO Member States into the bilateral, multilateral and regional trading system.

The UNIDO project is also in line with the intergovernmental negotiation process to finalize the Post-2015 development agenda and its SDG Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

The four countries have expressed preliminary interest in the project through correspondence with UNIDO. This interest reflects the project’s alignment with their respective development priorities, as indicated in national development strategies specifying the goals of economic diversification, promotion of trade and exports, and support for SMEs and innovation. Of particular note are the two successful conferences related to fostering ISID in Azerbaijan and the region held in Baku in 2012 and 2014 (see B.1 below).

**B.1 UNIDO expertise**

UNIDO has provided technical assistance in establishing and managing industrial parks and related facilities in emerging economies in four continents: Asia, Africa, Latin America, and Central and Eastern Europe. Given its international outreach and worldwide contacts, UNIDO has a comprehensive perspective and understanding of industrial needs of governments and economic sectors in developing countries and transition economies. In many fields, UNIDO has earned a reputation as a neutral and honest broker between technology leaders, front-runners and technology users, adopters, and

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¹³ A UNIDO-ECO initiative resulted in the formulation of the trade capacity-building cooperation project “Achieving good governance and sustainability through quality policy formulation in the ECO region”. 

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beneficiaries.

Since the 1970s, UNIDO has accumulated experience and expertise in assisting emerging and developing economies to establish and upgrade various types of parks, zones and cities such as export processing zones, free trade zones, industrial parks and estates, technology/science parks, green, eco-industrial, or eco-parks, and sector-specific zones. As an advisor on industrial policy, a facilitator of knowledge transfer, and a practitioner of sustainable industrial portfolio development, UNIDO has assisted member states in attracting investment and boosting exports through increased competitiveness on trade capacity, value chain development, energy efficiency, waste management, green production and technology and innovation.

UNIDO has developed a Green Industry initiative that places sustainable industrial development within the context of global sustainable development challenges, and contributes to the transition of the traditional economy towards the Green Economy. The initiative focuses on enabling developing and transition economies to achieve equitable, inclusive and sustainable economic growth. To this end, UNIDO is actively involved in fostering awareness and supporting strategy development and project implementation. The Green Industry initiative sets out to help these countries take advantage of the opportunities associated with more sustainable industrial development and the growing global demand for green solutions.

UNIDO is currently implementing a pilot project “Development of guidelines for developing green industrial zones along the New Silk Road” in cooperation with partners in China, Japan, the Republic of Korea and Kazakhstan. The project aims to elaborate guidelines that the authorities in the regions of the NSR, stretching from Lianyungang on China’s eastern seaboard to Kazakhstan, can use to green existing industrial zones or to establish new industrial zones that are green from the outset. Within the framework of the project, UNIDO, in cooperation with the Government of China, organized two round tables on cooperation and development of the NSR at the China Eurasia Expo in Xinjiang, China, in 2012 and 2013. Thanks to these activities, awareness of the importance of strengthening interregional cooperation on the NSREB has increased.

The main reasons for UNIDO assistance for the preparation, implementation and management of the project are based on the Organization’s following features:

- UNIDO was one of the first development agencies to define guidelines for the establishment of industrial parks, followed by a series of studies in 1995, 1996 and 1997.
- UNIDO is recognised for its role as a global convener of regional and global forum events focusing on issues related to business infrastructure development, including the role of science, industrial and technology parks and their static and dynamic advantages. As part of the regional project Fostering inclusive and sustainable local industrial development in Europe and Central Asia – The role of science, industrial and technology parks, UNIDO has organised two successful conferences. The first Regional Conference on “Industrial Parks as a tool to foster local industrial development” was organized by UNIDO and the Government of Azerbaijan in Baku, Azerbaijan on 17-18 April 2012. The second Regional Conference on "The new
generation of industrial parks” was organised by UNIDO in collaboration with the Government of Slovenia, and took place on 8-9 April 2014 in Ljubljana, Slovenia.

- In June and November 2014, UNIDO organised two global forums on ways to operationalize the inclusive and sustainable industrial development (ISID) concept. UNIDO’s expertise and assistance on establishing industrial parks in their various forms were highlighted among participants and requested by member states.

- Technical assistance to industrial parks and related facilities has been implemented worldwide, such as plans for an agro-industrial park in Ethiopia, with experience specifically developed in countries of the Europe and Central Asia region. UNIDO is currently assisting Cote d’Ivoire, Iraq, Nigeria and Senegal in establishing industrial parks. The Diamniadio Industrial Park in Senegal, one of the pilot ISID partnership countries, is a collaborative initiative between UNIDO and the Government of China. Some examples from the region with UNIDO support include a programme to establish technoparks in Turkey, and the formulation of the national industrial development strategy and drafting laws on innovation and technological transfer, technological parks and industrial parks in Moldova.

- Availability of a dedicated programme for the promotion, networking and strengthening of industrial parks and related facilities with focus on North-South and South-South partnerships.

- A dedicated programme for value chain development and linking local to regional and global value chains as well as industrial upgrading and modernization programmes that focus on developing trade and export capacities.

- Existing contacts with a network of institutions, centers and experts broadly distributed in a number of countries, dealing with industrial parks and related facilities.

- Availability of a global network of International Technology Centers (ITCs), aiming at fostering and facilitating international partnerships, business alliances, flows of technology and competences, technology diffusion, etc.

- Competence in assisting decision makers and government authorities in vision building, policy making, formulation of sectoral strategies and plans of actions for industrial parks and related facilities.

- On 26-27 November 2014, UNIDO jointly organised with the Ministry of Economy and Industry of Azerbaijan and the German Federal Enterprise for International Cooperation (GIZ), a conference on Industrialization in the 21st century: The main trends, modern approaches and best practice experiences in industrial policy. Session 3, led by UNIDO, focused on investment opportunities in Azerbaijan and leveraging the power of partnerships for pursuing inclusive and sustainable industrial development. It highlighted the importance of building knowledge platforms as well as multi-stakeholder partnerships and linkages for the realization of business infrastructure development especially in lagging regions.

- In parallel UNIDO is developing a project on Promoting ISID along the Maritime and Continental Silk Road.

On the investment side, UNIDO has over the years accumulated considerable experience as an executing agency for tailor-made investment and technology promotion programmes whose aim is to
support the efforts of governments and private sector operators to expand industrial production and create job opportunities by reinforcing the investment promotion capacity, the business environment and economic governance as a whole, as well as transferring modern technologies. UNIDO’s Business, Investment and Technology Services Branch, particularly its network of Investment and Technology Promotion Offices (ITPOs), has proved its competence and technical capability in mobilizing foreign investment and technology partnerships in several countries through the establishment of business-oriented cooperation between potential foreign partners and their counterparts in developing countries. The programme recognizes that investment promotion is interlinked with technology transfer and acquisition. ITPO staff maintains active links with the business community and development agencies in the host countries. The proposed project would benefit from the expertise and experience of UNIDO’s other technical branches covering the above areas. UNIDO has also developed its own unique institutional infrastructure to be able to provide a complete service package to its clients through the network of 13 ITPOs and 7 ITCs.

C. THE PROJECT

C.1 Objective of the project

The project will contribute to inclusive and sustainable industrialization and deeper regional economic integration and cooperation among NSR countries. The long-term goal is improved economic diversification, competitiveness, trade and economic growth in the NSREB. The project will establish a unique platform for cooperation and assistance on how to pursue ISID through leveraging potentials of science, industrial and technology parks, zones and cities, and multi-stakeholder partnerships.

C.2 The UNIDO approach

The three pillars of ISID reflect social inclusiveness and economic and environmental sustainability. Under the strategic framework of ISID, UNIDO will operationalize and embed ISID along the NSR by providing analytical and advisory inputs on various aspects of business infrastructure (soft and hard) for triggering key agglomerations, creating jobs and promoting new innovative industries and technologies. UNIDO’s activities on business infrastructure development, particularly on soft capacity building, complement existing transport infrastructure programmes of the CAREC programme. In cooperation with the ADB, UNIDO will implement the project focusing on countries located on CAREC Corridor 2 of the NSREB – Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan. The countries are at different levels of development in terms of establishing science, industrial and technology parks, zones and cities. Those at a more advanced stage would benefit from UNIDO’s expertise in resource efficient and cleaner production processes and technologies and eco parks development. On the other hand, countries at a nascent stage would benefit from a broad range of technical assistance and policy advice on business infrastructure, from regulatory and legal provisions, to determining the most effective allocation of resources on soft and hard business infrastructure in order to support the country’s strategic development goals. The NSREB knowledge platform will serve as an opportunity to discuss
UNIDO’s approach to leveraging static and dynamic gains from different types of science, industrial and technology parks, zones and cities, including eco industrial parks and greening of existing parks, such as park planning and design, parks establishment and management, regulatory aspects, resource mobilization, investment and technology promotion, capacity building, fostering cluster development and collective actions.

UNIDO has developed two approaches to eco-efficiency and effectiveness in industrial parks. The first has been developed for firms operating in existing science, industrial and technology parks, zones and cities, often within traditional manufacturing areas. Through the use of resource efficient and cleaner production (RECP) methodologies, UNIDO applies preventive environmental strategies to firms’ processes, products and services, gradually and continuously increasing efficiency, including use of natural resources and reducing risks to humans and the environment. For instance, UNIDO encourages industrial symbiosis, whereby firms optimize resource use by reusing each other’s waste.

UNIDO adopts a different approach during the planning stage of new science, industrial and technology parks, zones and cities. This second approach is designed to include environmental sustainability and eco-innovation considerations from the start, taking advantage of the fact that sustainability issues are core considerations from the outset. During the planning phase, UNIDO assists in conducting a social and environmental impact assessments and producing master plans. After planning, the next stage is to establish the infrastructure (water, energy and effluent waste) and introduce RECP in tenant industries. The final stage is to provide support for further development, such as input/output analyses and synergies with new environmental industries.

C2.1 Implementation Modality

In cooperation with the ADB, the UNIDO project will facilitate the establishment of an NSREB knowledge sharing platform for government officials, representatives of private sector, academia, international organizations and development financial institutions to discuss and exchange experiences on best practices for leveraging static and dynamic advantages of industrial parks and corridors for pursuing ISID, as well as successful multi-stakeholder partnership models for scaling up investment in industrial parks and corridor development. The joint project will enable economies of scale and increase the impact of technical assistance on the ground.

The industrial park knowledge platform will build on the achievements of the UNIDO global and regional forums on industrial parks. Background studies will be prepared to identify outstanding issues for developing industrial parks in the targeted countries, and will be reviewed by experts and practitioners. The platform is expected to lead to the development of technical cooperation activities on institutional capacity building to establish and manage industrial parks in synergy with industrial corridors as tools to foster ISID, integrate transport, logistics and industry value chains, and promote innovation, technological learning, entrepreneurship and multi-stakeholder partnerships.

The project will focus primarily on Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan, while the representatives and experts of other countries from Europe and Asia will also be invited to participate in
The envisioned NSREB will be a unique opportunity to create visibility and increase the development impact of UNIDO within the region.

C.3 RBM and thematic area codes

**Thematic area code:** Poverty Reduction through Productive Activities, Trade Capacity-Building, Environment and Energy.

**RBM codes:** EC11, EC12

C.4 Expected outcomes and outputs

The outcome of the project will be increased regional integration and cooperation on leveraging the potential of science, industrial and technology parks, zones and cities. Stakeholders will have a better understanding of the potential of industrial and economic corridors to contribute to balanced, inclusive and sustainable economic development, and the crucial role of science, industrial and technology parks, zones and cities for industrial and economic corridor development. The project also envisages improved policy frameworks for industrial park planning, development and upgrading.

The objective and outcome of the project will be achieved through the delivery of the two main outputs:

Output 1. NSREB industrial park knowledge sharing platform established.

Output 2. NSREB strategic and operational framework and action plan for business infrastructure development produced.

Activities under Output 1 include:

1. An inception meeting and back-to-back coordination workshop in Azerbaijan to plan and coordinate the implementation of the project, exchange views with relevant stakeholders on the objectives and scope of activities, discuss terms of reference for background and case studies to be produced, including gender aspects, and clarify stakeholders’ involvement in the project, including the private sector. Participating countries will identify national focal points and the meeting will have balanced participation according to gender and countries of coverage. The workshop will facilitate dialogue and cooperation between government officials, representatives of the private sector, academia, UNIDO, the ADB and other international organizations and development financial institutions. A site tour to an industrial park in Azerbaijan will be organised for participants as a side event of the workshop.

2. A second coordination meeting and workshop in Uzbekistan (or Tajikistan) to discuss milestones and final outputs achieved during the project implementation and back-to-back workshop to discuss and review the background studies prepared, the draft strategy framework, and the action plan including follow up technical cooperation activities. Experts on science, industrial and technology parks, zones and cities will be invited to participate, share experience and present recommendations based on their review of background studies of the target countries and within
the context of the CAREC programme on regional economic integration. A site tour to an industrial park in Uzbekistan (or Tajikistan) will be organised for participants as a side event of the workshop.

3. A dissemination conference in China on the Strategic Framework and Action Plan including concrete technical cooperation project concept proposals for the development of science, industrial and technology parks, zones and cities. A site tour to an industrial park in China will be organised for participants as a side event of the conference.

Activities under Output 2 include the preparation of background studies to identify outstanding issues relating to the development of science, industrial and technology parks, zones and cities in Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan and may cover, but not be limited to, the following aspects:

- Global trends and regional context of science, industry and technology park development.
- Gender specific aspects.
- Status of different typologies of existing and planned science, industrial and technology parks, zones and cities.
- Challenges and opportunities focusing on hard infrastructure, related service development, and institutional and legal framework.
- Relevant science, industrial and technology parks, zones and cities analysis, clarifying how cities benefit from the industrial corridors and how industrial corridors benefit from industrial parks.
- Identification of adaptable models of science, industrial and technology parks, zones and cities development leading to integration into the regional and global value chains.
- Mapping participation in regional and global value chains.
- Recommendations with formulation of a list of projects in selected science, industrial and technology parks, zones and cities within the context of regional economic integration.
- Recommendations for policy/regulatory reforms, where necessary.

The background studies will be prepared in consultation with experts and other stakeholders in the respective countries. Experts, policy makers and project counterparts at the ADB will review the background studies and prepare recommendations for presentation and discussion during meetings planned under the activities of Output 1.
### C.5 Output and activities

#### OUTPUT 1: NSREB Industrial Park knowledge platform established.

**Indicators:**
- Nr. and balanced representation of project focal points actively participating in coordination meeting and workshops, including by gender and country coverage
- Advocacy and promotional material
- Reports from workshops and coordination meetings
- Background studies, including gender assessments
- Action plan

**Activities:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
<th>Responsibility</th>
</tr>
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<tbody>
<tr>
<td>1.1</td>
<td>Identify project focal points and counterparts institution and establish project steering committee.</td>
<td>PRF/RPF/EUR</td>
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<tr>
<td>1.2</td>
<td>Organise an inception workshop and coordination meeting in Azerbaijan for country focal points, with balanced participation by gender and country coverage to plan activities.</td>
<td>PRF/RPF/EUR</td>
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<tr>
<td>1.3</td>
<td>Prepare promotional materials and publications.</td>
<td>PRF/RPF/EUR</td>
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<tr>
<td>1.4</td>
<td>Organise a second coordination meeting in Uzbekistan (or Tajikistan) to discuss milestones and outputs achieved during the project implementation. Plan and identify potential areas of technical cooperation to be formulated and included in a future action plan.</td>
<td>PRF/RPF/EUR</td>
</tr>
<tr>
<td>1.5</td>
<td>Organise a dissemination conference in China on NSREB Strategic and Operational Framework and Action Plan, including concrete technical cooperation project concept proposals on SITPs, zones and cities for the next phase. Organise IP site visits as a side event to the conference.</td>
<td>PRF/RPF/EUR in cooperation with UNIDO ITPO Shanghai; China International Centre for Economic Technical Exchanges (CICETE)</td>
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</tbody>
</table>

#### OUTPUT 2: NSREB strategic and operational framework and action plan produced.

**Indicators:**
- Analysis and assessment on industrial parks and clusters conducted, including gender and sector specific areas, and how to address identified issues proposed.
- Identified national needs and potential for UNIDO TC assistance and regional cooperation through partnerships.
- Strategic and operational framework and action plan formulated, with gender and sector specific areas.
- Nr. of TC project concept proposals developed.
- ISID is integrated into participating countries policy frameworks.

**Activities:**

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<tr>
<th>Activity</th>
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<tr>
<td>2.1</td>
<td><strong>Prepare NSREB empirical studies/papers on the status of science, industrial and technology parks, zones and cities, and investment opportunities in Azerbaijan, Tajikistan, Turkmenistan and Uzbekistan.</strong></td>
<td><strong>PRF/RPF/EUR</strong> in cooperation with concerned PTC branches (AGRO BIT, ENV and TCB depending on the decision of the focal points from the respective counties)</td>
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<tr>
<td>2.2</td>
<td><strong>Formulate the Strategic and Operational Framework delineating the main barriers for successful development of science, industrial and technology parks, zones and cities in respective countries and provide effective guidelines on how to overcome them through strategies, policies and programmes, including recommendations for policy/regulatory reforms where necessary, as well as how to upscale the project to other countries in the NSREB. in the beneficiary countries</strong></td>
<td><strong>PRF/RPF/EUR</strong> in cooperation with concerned PTC branches (BIT, ENV and TCB depending on the decision of the focal points from the respective counties)</td>
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<td>2.3</td>
<td><strong>Design and formulate overall Action Plan for the project second phase.</strong></td>
<td><strong>PRF/RPF/EUR</strong> in cooperation with concerned PTC branches (BIT, ENV and TCB depending on the decision of the focal points from the respective counties)</td>
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<tr>
<td>2.4</td>
<td><strong>Identify and formulate TC project concept proposals to address identified outstanding issues.</strong></td>
<td><strong>PRF/RPF/EUR</strong> in cooperation with concerned PTC branches (BIT, ENV and TCB depending on the decision of the focal points from the respective counties)</td>
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## C.6 Timeline of activities

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<tbody>
<tr>
<td>1.1 Identify project focal points and counterparts institution and establish project steering committee</td>
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<tr>
<td>1.2 Organise an inception meeting and workshop in Azerbaijan</td>
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<td>1.3 Prepare promotional materials and meeting/workshop reports.</td>
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<td>1.4 Organise a second coordination meeting in Uzbekistan (or Tajikistan)</td>
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<tr>
<td>1.5 Organise a dissemination conference in China on NSREB Strategic and Operational Framework and Action Plan</td>
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<td>2.1 Prepare background studies/papers</td>
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<tr>
<td>2.1.1 Conduct country consultations with stakeholders</td>
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<tr>
<td>2.1.2 Conduct analysis on industrial parks and review case studies</td>
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<td>2.1.3 Submit studies for review by respective government focal points and experts</td>
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<td>2.1.4 Finalise and disseminate final report to stakeholders in respective countries</td>
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<tr>
<td>2.2 Formulate the Strategic and Operational Framework</td>
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<td>2.3 Design and formulate overall Action Plan for the project’s second phase</td>
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<td>2.4 Identify and formulate TC project concept proposals to address identified outstanding issues</td>
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</table>
C.7 Risks

Regional geopolitical issues and lack of stakeholder commitment may hinder the project development and implementation.

D. INPUTS

D.1 Counterpart inputs

Conference services, logistic and meeting venues, and in-kind contributions provided by the respective target countries, as well as China and UNIDO ITPO Shanghai. UNIDO will work closely with the CAREC Institute in Urumqi, Xinjiang Uygur Autonomous Region of China, in the implementation of the project. Representatives from the CICETE will participate in the planned events and meetings.

D.2 UNIDO inputs

UNIDO will contribute the time of its staff members to the management, administration, funds mobilization, and promotion of the project. This will include UNIDO staff substantive branches, including the Business, Investment and Technology Service Branch (BIT) as the leading Branch in the preparation of country studies and cases, in collaboration with the Environment Branch, contributing to relevant project activities. Inputs from UNIDO’s Trade Capacity Building (TCB), Agro-business Development Branch and the Asia Bureau may also be called upon based on the recommendation of the steering committee. Producing case studies is also very country specific and should be done in close cooperation with national consultants and counterparts including ADB and hence should not be limited to the accountability of BIT but EUR and CA Bureau.

UNIDO will recruit international consultants for the provision of the subject matter expertise and backstopping. The Europe and Central Asia Bureau will be a coordination unit within UNIDO and between UNIDO, UN and external respective beneficiaries.

During inception phase, the following issues will be addressed and included in a inception report:

1) Monitoring plan, including regular (annual or bi-annual) written project progress reports.
2) Risk analysis, including financial, social-political, institutional, environmental and implementation aspects.
3) Conduct Stakeholder analysis (interests and capacity).
4) Define project management, steering and coordination structure and responsibilities.
5) Identify potential synergies with other Silk Road projects (New Silk Road Green Industry (SAP 120091, ongoing), ISID for the Maritime Silk Road (SAP 150019, pipeline)) to be explored and elaborated.
### E. BUDGET

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<tbody>
<tr>
<td>Output 1: NSREB industrial park knowledge platform established</td>
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<tr>
<td>11-00</td>
<td>International consultants</td>
<td>90,000</td>
<td>16,000</td>
<td>64,000</td>
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<tr>
<td>15-00</td>
<td>Project travel</td>
<td>20,000</td>
<td>5000</td>
<td>10,000</td>
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<tr>
<td>17-00</td>
<td>National consultant (coordinators)</td>
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<td>33,000</td>
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<td>16-00</td>
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<tr>
<td>35-00</td>
<td>Meetings</td>
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<td>21-00</td>
<td>Subcontract</td>
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<td>10,000</td>
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<tr>
<td>51-00</td>
<td>Miscellaneous (advocacy docs, printings, translating, editing, dissemination, etc.)</td>
<td>10,000</td>
<td>2000</td>
<td>8000</td>
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<tr>
<td></td>
<td>Total (Output 1)</td>
<td>332,000</td>
<td>61,000</td>
<td>195,000</td>
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</tbody>
</table>

Output 2: NSREB strategic and operational framework and action plan produced and policy framework for industrial park development formulated.

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<tbody>
<tr>
<td>11-00</td>
<td>International consultants</td>
<td>48,000</td>
<td>44,000</td>
<td>4000</td>
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<tr>
<td>17-00</td>
<td>National consultant (expert)</td>
<td>13,000</td>
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<td>15-00</td>
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<tr>
<td>16-00</td>
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<tr>
<td>21-00</td>
<td>Sub-contracts</td>
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<tr>
<td>51-00</td>
<td>Miscellaneous (printings, translating, editing, dissemination, etc.)</td>
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<td>Total (Output 2)</td>
<td>110,000</td>
<td>97,000</td>
<td>13,000</td>
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</table>
**F. MONITORING, REPORTING AND EVALUATION**

**Monitoring:** The project will also establish a coordination mechanism, the “New Silk Road Project Steering Committee” (NSR PSC), consisting of designated focal points from respective counterparts of coordination meeting on an annual basis.

**Reporting:** The executing agency will report verbally to the NSR PSC at its annual coordination meetings on progress, both against the schedule of activities and on the results achieved. Where required by NSR PSC, this will be complemented by written reports prepared by each partner (UNIDO and ADB—the Regional Cooperation and Operations Coordination Division of ADB’s Central and West Asia Department). A final report will be prepared at the end of this partnership project, summarizing project achievements and lessons learned.

**Evaluation:** A self-evaluation of the project will be undertaken at project end.

**G. PRIOR OBLIGATIONS AND PREREQUISITES**

Government commitment, designated focal points of respective government institutions and a project coordination mechanism are prerequisites for the successful implementation of the project.

**H. LEGAL CONTEXT**

It is expected that each set of activities to be implemented in the target countries will be governed by the provisions of the Standard Basic Cooperation Agreement concluded between the Government of the recipient country concerned and UNIDO or, in the absence of such an agreement, by one of the following: (i) the Standard Basic Assistance Agreement concluded between the recipient country and UNDP, (ii) the Technical Assistance Agreements concluded between the recipient country and the United Nations and specialized agencies, or (iii) the Basic Terms and Conditions Governing UNIDO Projects.

The Government of the People’s Republic of China agrees to apply to the present project, mutatis mutandis, the provisions of the Standard Basic Assistance Agreement between the United Nations
## Results

### Objective

To contribute to ISID in countries along the New Silk Road Economic Belt (NSREB)

- Improved position of countries according to international indicators of trade, social inclusion, employment and business infrastructure (i.e. Doing Business, innovation, intra-industry trade, women’s employment rate).
- Increased awareness of industrial parks’ potential for industrial diversification, green growth and environmental sustainability.
- Inter-regional cooperation on the development of SITPs, zones, cities, economic corridors, and their interlink ages strengthened.
- Enhanced entrepreneurship and investment promotion in the region.
- Greater social cohesion, inclusiveness and decent job opportunity creation for women and men.

### Means of verification

- Independent programme evaluation
- Project reports
- National reports
- Industrial strategies incorporating ISID principles
- National strategy and policy document streamlined/developed
- Statistics from international institutions, i.e. World Bank

### Assumptions & Risks

- Stable geopolitical situation in the region
- Commitment by the governments in the NSREB to the Sustainable Development Goals and Post-2015 development agenda
- Funding secured at the national and regional level to secure the project’s sustainability

## Outcomes

Increased regional integration and cooperation on leveraging the potential of science, industrial and technology parks, zones and cities.

- National strategies on business infrastructure development with ISID principles mainstreamed developed and harmonized.
- Strategic and operational framework and action plan formulated, including a perspective on gender equality and empowerment of women.
- NSREB platform knowledge and information

### Means of verification

- Project evaluation report
- Meeting reports
- Background papers
- NSREB programme of cooperation and Action Plan
- CAREC news and articles
- News briefs and articles

### Assumptions & Risks

- Business infrastructure and increased awareness of SITPs, zones and cities contribute to ISID
- Countries select focal points
- Active participation of all stakeholders
- Sufficient financial resource contributed by relevant stakeholders
## Outputs

### 1. NSREB industrial park knowledge platform established
- Nr. of project focal points selected and participated in regional coordination meetings and workshops.
- Project Steering Committee established, with a view to having gender balanced members to the extent possible.
- Meetings and workshops successfully completed, and monitored with sex disaggregated data on participants.
- Attendance of high-level policy makers, development institutions, centres of excellences, and private sector representatives in workshops, roundtables and regional conferences on NSREB (on SITPs, zones and cities).
- Relevant promotional material and publications.
- Coordination meeting report.
- Regular and timely communications on updates; meeting agendas formulated and approved.
- Events’ outcome and brochures developed and disseminated.
- Advocacy material produced and disseminated
- Event outcome and brochures developed and disseminated.
- Recommendations and best practice integrated in action plan.
- Active participation of stakeholders.
- Government commitment to the project.
- Stakeholders recognise the value of the platform.
- Commitment of stakeholders to the platform and willingness to invest resources long-term sustainability.

### 2. NSREB strategic and operational framework and action plan produced Policy framework for industrial park development formulated.
- Background studies and analysis on development of SITPs, zones and cities, including analyses of gender outcomes that may be achieved.
- Analysis and needs assessments for selected SITPs, zones and cities and clusters.
- Identified national needs and potential for UNIDO TC assistance and regional cooperation, and
- Background studies and needs assessments
- Strategic and operational frameworks and action plans adopted by participating countries
- TC project concept proposals.
- Sufficient financial resource for background studies.
- Government commitment to the project.
- Governments and relevant stakeholders contribute to and facilitate the empirical studies and needs assessments.
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<td>- Strategic and operational framework and action plan developed and adopted.</td>
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<td>- Nr. of project concept proposals developed, of which some may also have gender equality and empowerment of women impacts.</td>
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<td>- ISID is integrated into participating countries policy frameworks</td>
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