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UNIDO and the 2030 Agenda for Sustainable Development, including the Industrial Development Board's substantive input to the high-level political forum 2017

UNIDO and the 2030 Agenda for Sustainable Development

Report by the Director General

The present document provides information on the contribution of UNIDO to the 2030 Agenda for Sustainable Development. It is written in line with General Conference resolutions GC.15/Res.1 and GC.16/Res.2, and in accordance with the Programme and Budget Committee conclusion 2016/6 and Board decision IDB.44/Dec.9(e)(i), requesting the Director General and the Secretariat to enhance dialogue and liaise with representatives of Member States on UNIDO's contribution to the achievement of the 2030 Agenda for Sustainable Development and the high-level political forum (HLPF). This report builds on the update by the Director General on the implementation of the Lima Declaration in document GC.16/7, which provided an action plan for supporting and monitoring progress towards achieving inclusive and sustainable industrial development (ISID), as a concrete follow-up to the industry-related development goals of the 2030 Agenda.

For reasons of economy, this document has not been printed. Delegates are kindly requested to bring their copies of documents to meetings.



I. Overview

1. By adopting the 2030 Agenda for Sustainable Development, the international community recognized the importance of ISID. This was reflected most prominently in Sustainable Development Goal 9, but also throughout the targets and indicators underpinning the other sixteen Sustainable Development Goals (SDGs). It is widely recognized that the primary responsibility for achieving SDGs lies with governments. However, it is also clear that to make the dramatic level of change that is needed, governments will depend on the help of a diverse group of stakeholders, including UNIDO.
2. In line with the 2030 Agenda and its own mandate, UNIDO's medium-term programme framework 2016-2019 has provided the structure for the contribution and alignment of UNIDO to SDGs, from the conceptual to the programmatic level. It has done so by setting three thematic priorities, which mirror the three dimensions of ISID: (i) creating shared prosperity, (ii) advancing economic competitiveness, and (iii) safeguarding the environment.
3. The role of industrialization for the achievement of SDGs becomes particularly obvious when noting that the regions of the world which have achieved the most progress in reducing poverty and hunger are also the regions with the most dynamic trends in industrialization. It is thus essential that UNIDO's contribution to the 2030 Agenda includes assistance to accelerate economic and industrial growth, by fostering entrepreneurship, building trade capacities in industries, creating new green industries, and ensuring that countries can benefit from international trade and technological progress through modern industrial policies and compliance with global standards and norms.

II. Follow-up and review of industry-related SDGs and targets

4. Following the adoption of the 2030 Agenda, in July 2016 the first session of the HLPF, showed that many countries are on the right track in setting in motion the implementation of SDGs. Governments are reacting to the challenge of developing policies that integrate the economic, social and environmental dimensions of sustainable development and are building on the synergies between the various goals and targets. The ministerial declaration of the HLPF 2016 also stressed that the 2030 Agenda should pay more attention to building resilient infrastructure and its particular connection with the promotion of ISID and the fostering of innovation.¹
5. As part of the follow-up and review architecture of the 2030 Agenda, the Industrial Development Board was invited to submit a global thematic review of industry-related issues in SDGs to the HLPF. The upcoming HLPF 2017, under the theme "Eradicating poverty and promoting prosperity in a changing world", will be of particular importance for UNIDO. This is because Goal 9 will be reviewed in-depth (along with SDGs 1, 2, 3, 5, 14 and 17) and because the meeting will feature a high-level discussion on the current status of inclusive and sustainable industrialization.
6. UNIDO's global thematic review to the HLPF 2017 will highlight the importance of industrial development within the 2030 Agenda by underlining the three main mechanisms through which industrial development contributes to income generation and, consequently, to poverty reduction:
 - (a) The "direct" mechanism expects the poor to be employed as manufacturing workers, which results in increased income and consumption at the household level;

¹ http://www.un.org/ga/search/view_doc.asp?symbol=E/HLS/2016/1&Lang=E.

(b) The “indirect” mechanism works through the development of inter- and intra-industry productive linkages. More specifically, the growth of manufacturing industries leads to the generation of employment in other sectors of the economy;

(c) The “induced” employment creation mechanism works chiefly through the growth-enhancing nature of manufacturing industries.

7. UNIDO also contributes to monitoring the 2030 Agenda through its participation in the United Nations Statistical Commission (UNSC). In March 2016, UNSC approved a list of indicators to monitor the goals and targets of the 2030 Agenda, and recognized UNIDO as the custodian for six industry-related indicators under Goal 9.² UNIDO’s recommendations on industrial statistics have been approved by UNSC, which subsequently called on the Organization to step up capacity-building programmes on industrial statistics for developing countries. UNIDO has responded by preparing an indicators baseline document, which focused on the status of world manufacturing at the time of the launch of SDGs and on the availability of data for continuous global monitoring. Major challenges ahead relate to homogenizing global definitions of variables, such as employment or firm size, as well as to disaggregating data, for example by gender.

8. Further, in December 2016 the United Nations General Assembly adopted resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR) for the period 2017-2020. Through the new QCPR resolution, Member States aim at positioning the United Nations development system to support countries in implementing the 2030 Agenda, by assessing the operational activities of the United Nations development system and establishing system-wide policy orientations.

9. QCPR 2017-2020 calls on the United Nations entities to mainstream SDGs in their strategic planning documents and their work at all levels, within their respective mandates. UNIDO is complying with this call by gradually integrating industry-related SDGs and targets into its programmatic activities and by aligning its planning cycle with QCPR in line with General Conference decision GC.14/Dec.18.

III. UNIDO’s role in the global, regional and national agenda

10. UNIDO also participates in several global, regional and national initiatives to support the implementation of SDGs. For example, the 2030 Agenda announced the launch of a Technology Facilitation Mechanism (TFM), which is built on three main instruments:

(a) The United Nations Interagency Task Team on Science, Technology and Innovation for SDGs (IATT). UNIDO has been actively involved in the activities of IATT and has contributed to the different working groups established to implement the mandate of the task team. In particular, the Organization contributed to the mapping of technology transfer activities of the United Nations, by preparing a detailed mapping of activities related to science, technology and innovation (STI) within UNIDO. This was submitted to the IATT in 2015, and updated and refined in 2016. The input includes both technical cooperation as well as capacity-building efforts by UNIDO. The Organization has also participated as an observer in the 10-member STI advisory group meetings, to better coordinate activities among Member States, advisors and United Nations agencies;

(b) A collaborative Multi-stakeholder Forum on Science, Technology and Innovation for SDGs (STI Forum). UNIDO was involved in the organization of the STI Forum and attended its first meeting in June 2016. For the 2017 STI Forum, which is scheduled to take place on 15 and 16 May, UNIDO will facilitate the

² <http://stat.unido.org/country-profile/SDG>.

session on “Key priorities for engaging STI for building resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”;

(c) An online platform as a gateway for information on existing STI initiatives, mechanisms and programmes. Building on this platform, UNIDO is actively participating in IATT meetings. In addition, a proposal prepared by the Organization in its capacity as lead agency for identifying and implementing United Nations-wide capacity development activities on STI is currently under discussion for implementation in 2017-2018. It includes technology policy training to be piloted by UNIDO and other United Nations agencies.

11. There are also opportunities with regard to the Fourth Industrial Revolution, which is also called “4IR” or “Industry 4.0”. 4IR refers to developments in new materials, mechanical engineering, digital technologies and bio- as well as neuro-technologies that are radically transforming the operation of production systems and the boundaries of industries as we know them today. 4IR has the potential to improve productivity and competitiveness, increase energy and resource efficiency and effectiveness, and hence protect the environment. It could further enable the transition to a circular economy, which means an industrial economy in which products, at the end of their life, are reused, remanufactured and recycled.

12. Since 2013, UNIDO has provided high-level executive training on the impact of these new technologies on developing and middle-income countries. For instance, the Organization has contributed to the work of the Group of Twenty (G20) on assessing the impact of 4IR in developing countries. UNIDO’s technical cooperation is being tailored to this new context by providing a platform for information and knowledge exchange and technology transfer. The work by the Organization can play an important role in helping developing countries and economies in transition benefit from 4IR.

13. The Global Manufacturing and Industrialization Summit (GMIS) is another key effort in disseminating knowledge related to 4IR. GMIS is a joint initiative by the government of the United Arab Emirates and UNIDO. The summit addresses key issues being faced by manufacturing as a result of 4IR, especially related to research and development, employment, skills, and standards. Acknowledging that 4IR is too vast, too complex, and too universal for any single entity or country to embrace on its own, UNIDO will continue to facilitate multi-stakeholder discussions, partnerships and technical assistance that allow moving the necessary industrialization and industrial retrofitting processes forward.

14. Moreover, as a member of the Inter-agency Task Force (IATF) on Financing for Development, which was convened further to the 2015 Addis Ababa Action Agenda, UNIDO contributed to an IATF report that mapped out the commitments and actions in the Agenda and presented a monitoring framework. Consequently, IATF members prepared issue briefs on clusters based on commitments and actions identified in the inaugural IATF report. UNIDO coordinates the cross-cutting cluster on “Promoting inclusive and sustainable industrialization” with contributions from other United Nations bodies and organizations.

15. In addition to these efforts, in July 2016, the United Nations General Assembly adopted resolution 70/293, entrusting UNIDO to lead the implementation of the Third Industrial Development Decade for Africa (2016-2025).³ This consolidates UNIDO’s position as the reference point for industry-related issues, as well as related SDGs and their targets. The adopted resolution specifically calls on UNIDO “to develop, operationalize and lead the implementation of the programme for the Third Industrial Development Decade for Africa, in accordance with its mandate and through voluntary contributions”. The resolution also invites UNIDO “to scale up its technical assistance to African countries in order to promote inclusive and sustainable industrial development”.

³ http://www.unido.org/fileadmin/user_media_upgrade/Worldwide/Offices/AFRICA/third_industrial_development_decade.pdf.

16. UNIDO's involvement in the implementation of the Third Industrial Development Decade corresponds to the Organization's role of providing technical cooperation and policy advice for the continent. An example of UNIDO's work in this area is the G20 initiative to support industrialization in Africa and LDCs. This undertaking is based on the comprehensive report "Industrialization in Africa and Least Developed Countries. Boosting growth, creating jobs, promoting inclusiveness and sustainability", which was prepared by UNIDO at the request of the G20 Development Working Group.

17. Moreover, industrialization is also among the priority areas in the G20 Action Plan for the implementation of the 2030 Agenda. UNIDO is therefore anchored in all development-related activities of the Group in the medium- and long-term. UNIDO supports G20 with analysis on the impact of new technologies on developing countries, particularly in Africa and in least developed countries (LDCs).

18. Finally, UNIDO has initiated the process of aligning its policy and technical cooperation activities with the SDGs at the regional and national level. Currently the Organization provides advice on industrial strategy and policy instruments. It also supports capacity-building in the East African Community, the Economic Community of Central African States, Cameroon, Cuba, Myanmar, Oman, Saudi Arabia, Senegal, and Viet Nam.

IV. Making UNIDO fit for purpose: new tools to meet the growing demand

19. UNIDO is embracing its expanded role in the 2030 Agenda. New systems and streamlined procedures have upgraded the Organization's capabilities to meet the growing demand. These include: (i) the introduction of a New Business Model (NBM), supporting a higher turnover of services; and (ii) the expansion and future mainstreaming of the Programmes for Country Partnership (PCPs), leveraging larger flows of resources to generate a broader development impact. These initiatives ensure that UNIDO is fit for purpose when undertaking a significant expansion of its mandate and enabling the Organization to meet the expectations of its Member States.

20. More specifically, NBM refers to an enhanced form of national execution that was introduced in 2017. It builds on a partnership with a local entity, which receives training in UNIDO's procedures and processes and then becomes an executing partner with full delegated authority. The executing partner is granted access to UNIDO's enterprise resource planning system and can independently initiate transactions, such as recruiting expertise or procuring equipment, and/or organize training programmes, all in a transparent, secure and traceable manner.

21. After two years of implementation, the tangible benefits of the PCP approach are also coming on stream. For instance, in Ethiopia a UNIDO feasibility study on integrated agro-food parks triggered a \$300 million investment decision by the Government of Ethiopia in 2016 to bolster public infrastructure in the four selected sites. It also provided a conducive backdrop to the Agribusiness Investor's Forum in October 2016, which attracted 1,200 participants (including 200 foreign firms) and resulted in over 150 business-to-business agreements.

22. In addition, following organizational adjustments in 2015 and 2016, there is now also a more explicit alignment between the structure of the Secretariat of UNIDO and the three dimensions of inclusive and sustainable industrial development. In 2016, half of the technical assistance delivered by UNIDO was aimed at fostering sustainable industrialization. The other half was split equally between fostering inclusive industrialization and raising the contribution of industry to economic growth. To a large extent, this distribution reflects the availability of voluntary contributions in support of each of the three dimensions.

23. In terms of geographical distribution, in 2016 38 per cent of all services were directed to Africa, including the Arab states in Africa, making the region the largest recipient of UNIDO's technical assistance. This was followed by Asia and the Pacific, which, together with the West Asian Arab states, attracted 31 per cent of UNIDO's services. The remaining third of technical assistance was aimed at Europe and Central Asia, Central and South America, as well as global and interregional programmes.

V. Action required of the Board

24. The Board may wish to take note of the information contained in the present document.
