



## The UN Industrial Development Organization (UNIDO) and the Post-2015 Development Agenda

The proposed Sustainable Development Goals (SDGs) are expected to frame the emerging post-2015 development agenda with the vision and ambition to both achieve a balance among the three dimensions of sustainable development – environmental, social and economic – and integrate them into a universal and visionary framework for global cooperation and action. This integrated approach intrinsically recognizes the interrelated nature of all goals and targets, their tradeoffs and synergies.

For the sake of simplicity, the present document summarizes the contribution of UNIDO's mandate as well as current and planned future activities vis-à-vis the SDGs, with a special focus on SDG-9, which highlights and affirms the critical importance of *Inclusive and Sustainable Industrial Development (ISID)* and its contribution to all 17 proposed goals.

### **Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

UNIDO's goal of achieving ISID, as mandated by Member States in the Lima Declaration adopted in December 2013, is explicitly recognized in the new development agenda, specifically in the proposed SDG-9. UNIDO's long standing knowledge and expertise in supporting countries in their sustainable industrialization efforts make the Organization a reference institution for the implementation of this goal and the monitoring of progress towards the related achievements. ISID greatly contributes to addressing critical and systemic economic, social and environmental issues, and thus provides the preconditions for further advancing sustainable development.

Goal 9 acknowledges that industry and industrialization are the main drivers of sustained economic growth. This is built on the recognition that modern livelihoods have generally been built on and further developed by industrialization efforts. While a large number of developing countries at their earlier stages of development are yet to make use of the full capacity of complex manufacturing industries and industry-related services, advanced countries are shaping their development policies in line with the opportunities and challenges posed by the third industrial revolution. Industry is the most dynamic driver of prosperity and collective wellbeing. Industrial development is therefore a global objective that touches upon the economic, social and environmental aspirations of all and as such is intrinsically woven into the proposed architecture of the post-2015 development agenda. The link to innovation and infrastructure further strengthens inclusive and sustainable industrialization as the locomotive of sustainable

development, a dynamic process that entails entrepreneurship, investment and ingenuity.

#### **ISID means that:**

- ❖ Every country achieves a higher level of industrialization in their economies, and benefits from the globalization of markets for industrial goods and services.
- ❖ No one is left behind in benefiting from industrial growth, and prosperity is shared among women and men, urban and rural communities, and large and small enterprises in all countries.
- ❖ Broader economic and social growth is supported within an environmentally sustainable framework, so that industrial expansion does not jeopardize the well-being of future generations.
- ❖ The unique knowledge and resources of all relevant development actors are combined, including those of the private sector and IFIs, to maximize the development impact of ISID.

UNIDO's contribution to the Post-2015 Development Agenda will be most visibly recognized in the progress nations will make on SDG-9. According to UNIDO's analysis, the multiplying effect of industrialization on all other areas of development will further compound UNIDO's overall contribution to the achievement of the post-2015 development agenda in its entirety. Indirectly through its contribution to Goal 9, or directly through programmatic or thematic involvement in the context of ISID, UNIDO therefore further supports the achievement of the proposed SDGs at large.

### **Goal 1: End poverty in all its forms everywhere**

The eradication of poverty is the overarching objective of all development agendas, and as such it is explicitly stated in UNIDO's mandate. Industrialization is central to achieving longer-lasting wealth creation and economic advancement, both in developing and in industrialized countries alike. Manufacturing and productive activities are well recognized for having crucial impacts on job creation, sustainable livelihoods, food security and equitable growth – some of the key requirements for eradicating poverty by 2030. In addition, when environmental safeguards and social inclusiveness criteria are properly taken into account, as is mandated by ISID, industry proves to be the most dynamic driver of prosperity and collective wellbeing. By ensuring that the benefits of industrialization are shared by all, that the living conditions of all are sustainably improved, and

that no one is left behind, ISID can play a central role in the achievement of the ambitious, yet achievable, SDG-1.

On this basis, UNIDO's strategies directed towards poverty reduction aim to enable countries create the necessary conditions for sustaining economic and inclusive growth by unleashing the underutilized assets of the economy and enhancing their potential for productivity increases. Through ISID, UNIDO seeks to help societies move out of poverty while laying the foundation for the development of a modern and industrialized economy within an environmentally sustainable framework.

### **Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture**

A large share of the agricultural produce in developing countries until this day does not undergo local processing, thus implying substantial post-harvest losses and food waste. UNIDO provides a variety of technical services to assist developing countries in adding value to the output of their agricultural sector, while generating additional employment opportunities for rural communities. Such agro-industrial development not only increases food security but also reduces poverty in a sustainable manner. Through its cooperation, UNIDO links resources and markets in the agribusiness value chains and strengthens forward and backward industrial linkages to leg up the economic transformation of countries, to improve employment and income opportunities, and to reinforce sustainable livelihoods, particularly in rural areas.

One example is the “*African Agribusiness and Agro-industry Development Initiative (3ADI)*”, which aims at developing agro-industrial sectors in Africa which consist of highly productive and profitable agro-product value chains. To accelerate the development of these sectors in Africa, 3ADI supports an investment programme that targets a significant increase of the proportion of agricultural produce on the continent, hence gradually transforming them towards the production of differentiated high-value products. The initiative highlights the critical role of agribusinesses in the process of economic development, food security and sustainable reduction of poverty and hunger especially for the world's poorest countries.

Another example in this context is the Japanese-funded programme for the systematic utilization of soybean-based products in Africa, using Japanese technologies and experts. This programme is designed to provide long-term, industrial solutions to the increase of food security, particularly among vulnerable groups, including refugees. As an excellent source of protein, lipid, and other nutrients, with many health-enhancing properties, soybean products can be

instrumental in improving health by supplementing the regular diet. In addition, the programme demonstrated that farmers can considerably increase their income, particularly when adopting faster production and processing cycles. As such, the programme enhanced the human security of both local rural populations and marginalized groups.

### **Goal 3: Ensure healthy lives and promote well-being for all at all ages**

The universal coverage of health services remains to be a major global challenge. Particularly in many developing countries, where HIV/AIDS, TB and malaria, and a myriad of other diseases, still continue to kill millions of people each year, the goal of ensuring better access to necessary services is most apparent. This terrible human cost is often a major factor impeding the efforts to eradicate poverty. Many deaths could be prevented with timely access to appropriate and affordable medicines and related health care.

The UNIDO programme “*Strengthening the local production of essential generic drugs in developing countries*” aims at the expansion and upgrading of small and medium enterprises (SMEs) in selected developing countries, mainly in Africa and in Asia, for the local manufacturing of essential generic drugs. The objective of the project is to enhance access of the poor to these drugs at affordable prices. Developing countries face many challenges in local production of essential medicines, and to work through the challenges the project is pursued through a combination of advisory, promotional, institutional capacity-building and enterprise-level activities.

In addition, optical, fine-tool, and medical industries play a considerable role in the provision of necessary appliances to the health industry. A sustainable, local production of such goods and related services will be an important element in achieving SDG-3 in a sustained manner.

### **Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

The need of any country for a sizable pool of educated, entrepreneurial, and industrial human resources has long been recognized as a necessary precondition for long-term development and economic success. It is also a crucial basis for creating the necessary opportunities for young people to enter the formal economy and/or find employment.

UNIDO supports the development of entrepreneurial culture and skills, as well as enhances young peoples' technical and learning capability through the *Entrepreneurship Curriculum Programme (ECP)*. Entrepreneurship is a major

building block of industrialization, and one which provides opportunities for young people to grow and prosper, who thereby contribute to the prosperity of their communities. If well introduced, ECP lays the groundwork for private sector development and longer-term prospects for the economic future of a country. The programme introduces entrepreneurship as a subject in general secondary schools or technical and vocational schools on a nationwide basis. Young people acquire personal qualities such as self-confidence, innovation and creativity, the ability to take initiatives, as well as the willingness to take calculated risks and to collaborate. They learn to save, invest and grow. These competencies help them select and shape their career path as employees or entrepreneurs.

#### **Goal 5: Achieve gender equality and empower all women and girls**

UNIDO has long recognized that gender equality, and in particular the economic empowerment of women, have significant positive impacts on sustained economic growth. ISID as a major driver of poverty reduction and social integration has therefore a specific focus on the full integration and empowerment of women in all industrialization policies, programmes, and processes.

UNIDO's activities focus on knowledge, skills, technologies and business support services needed to enable women to engage in productive activities, generate income, and thereby reduce poverty.

In addition, UNIDO assists governments to develop policies for industrial growth that are gender responsive, also creating an enabling environment for women entrepreneurs and promoting clusters and partnerships that facilitate access to information, technology and markets for women.

Moreover, the industrial statistics that UNIDO provides to the UN system and the global statistics community at large is broadly gender-disaggregated, allowing for gender-sensitive analysis of industrial developments, and related policymaking at local, national and global level.

#### **Goal 6: Ensure availability and sustainable management of water and sanitation for all**

Sustainable water management and availability is a central issue in the development agenda and also represents a core consideration in the context of ISID. UNIDO therefore assists developing countries and countries with economies in transition with the transfer of best available techniques and best environmental practices to protect water resources for future generations. The *Transfer of Environmentally Sound*

*Technologies (TEST)* programme for example supports the sound management of resource use at priority industrial hot spots to promote zero discharge.

UNIDO also executes several projects on large marine ecosystems and works with riparian countries to reduce their effluent discharges into the water system. The multi-stakeholder partnership approach UNIDO adopts also allowed the Organization to launch innovative partnership with key private sector players, including, for example, a recent project to reduce water consumption in various catchment areas around the world, by engaging local communities, policy-makers, enterprises, and others stakeholders.

#### **Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all**

The application of energy-efficient production processes and technologies, along with the enhanced utilization of renewable energy sources, provides an opportunity for developing countries and countries with economies in transition to follow a low carbon path, powered by innovative, smart and locally relevant energy solutions.

In this context, UNIDO's energy-related programme portfolio includes the promotion of energy efficiency policies, technologies and practices, as well as renewable sources of energy for the facilitation of productive activities in rural areas and in industrial processes. For example, UNIDO has implemented projects to promote renewable-based energy development for productive uses in Africa and Asia – many being funded by the Government of Japan and using Japanese technologies and experts. The aim of the projects is to contribute to poverty alleviation and economic growth by providing access to affordable modern energy sources in rural areas.

Moreover, UNIDO has an established convening role on sustainable energy issues. For example, UNIDO is also the founder of the *Vienna Energy Forum*, a leading global event on climate change issues organized every second year since 2009. The Forum has succeeded in attracting growing participation of climate scientists, practitioners, policy-makers, and civil society. The next Forum is planned for 18-20 June 2015.

#### **Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

Economic growth to be of a sustained nature requires structural transformation of the economy to activities that

imply higher levels of productivity. The economic growth agenda in the post-2015 agenda is therefore closely linked with SDG-9, and hence significantly intertwines with UNIDO's activities.

For example, UNIDO's programmes in the field of *industrial upgrading and modernization* aim to contribute to economic growth, and facilitate regional integration of developing countries and economies in transition by increasing the capacities of local industries for value addition, economic diversification, export promotion and employment creation.

UNIDO advocates that competitiveness and innovation are the key dynamics needed to take advantage of trade liberalization, to drive economic development and growth, and to generate productive and decent employment. However, to be able to proactively participate in global trade, the necessary trade-capacities need to be developed, institutional trade infrastructure established, quality and management standards introduced, and related policies formulated and implemented. In addition, these processes often require considerable technology transfer and knowledge exchange in specific, targeted industries and their related service sectors.

To bridge this capacity gap, UNIDO provides an array of *trade capacity-building services* that allow countries to improve their abilities in participating in international trade, and that facilitate the organic growth of export industries in line with national and regional industrial policies and strategies, leading to enhanced productive employment in these industries and industry-related service sectors.

Also, several of the Organization's programmes are especially designed for specific vulnerable groups, including youth and women, whose employability is strengthened through targeted programmes. In this context, special programmes are also designed for countries in post-crisis situations, as well as for least-developed countries (LDCs), landlocked developing countries, as well as for small island developing states.

### **Goal 10: Reduce inequality within and among countries**

Throughout modern history, industrialization has been the greatest driver of the structural transformative change necessary to lift broad numbers of citizens out of poverty. Today, industry is an important contributor to employment globally – accounting for almost 500 million jobs worldwide (or about one-fifth of the world's labour force). Industrial development creates the conditions to tackle inequality in both developed and developing countries, through the provision of greater productivity, stable employment, increased incomes and opportunities for social mobility.

However, the benefits of this prosperity must be shared more equally within societies, and must reach often vulnerable demographics, such as young people, women, and minorities, who often suffer disproportionately from high unemployment, reduced incomes and barriers to social mobility.

Likewise, inequality between and within countries continues to ensure that millions of the world's poorest citizens languish in undeserved misery. Such inequalities beget a variety of transnational maladies, such as trafficking of human beings, irregular migration, transnational crime, and terrorism, which impact on developed and developing countries alike. In the social domain, UNIDO cooperates with Governments and private sector partners to deliver equitable employment opportunities through its mandate of ISID.

In order to address such global challenges through ISID, the economic returns of industrial productivity must also extend across borders and regions, allowing the world's less developed countries the opportunities to alleviate poverty and associated social challenges through an industrial policy focus, rooted in an inclusive social and environmental framework. *"The right to industrialize"* foresees that the creation of an enabling environment for industrial development will provide the structural transformation necessary for developing countries, through substantial increases in industrial output, value-addition, and transition to higher-technology production.

Pro-poor enterprise initiatives, targeting agro-industries, greater value-addition and entrepreneurship development have increased employment significantly in project countries. One such example is UNIDO's cooperation with partners from the private sector, to put in place a programme to guarantee effective electronic waste management and create employment opportunities in the electronics industry for Cambodia's youth. The scheme has already yielded impressive results, with over one-third pursuing productive work – as entrepreneurs, employees, or apprentices with the partnering business service centres. This is just one example of how ISID can deliver win-win outcomes according to economic, environmental and social needs, and with the participation of all interested stakeholders.

### **Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable**

The processes of urbanization and industrialization are usually closely intertwined since it allows societies to take benefit of agglomeration economies. The opportunities deriving from an inclusive and sustainable industrialization strategy in urban areas range from cleaner energy and waste



management solutions through greater employment opportunities to skills development.

Since 2008, UNIDO has developed its *Eco-City* concept, focusing on the need to bridge the gap between the needs of municipalities and green industries. The advantages of networking and exchange of experience were demonstrated during several international fora organized in since 2008. The concept was further developed in the recently completed project aiming at establishing a network of eco-cities in South-East Asia, encouraging exchange of experience and peer review among the participating municipalities. This programme was also presented during a recent conference in Kita-Kyushu. Bringing together its resources in energy and environment issues, UNIDO is now moving beyond sustainable cities to *smart cities*, integrating public services in an efficient, environmentally responsible way.

In addition, industrial clusters in urban industrial zones also allow for mutual learning, smoother business-to-business networking and knowledge sharing, and can strongly spur innovation and industrial competitiveness. If such zones are linked with adequate education and R&D investments, they not only become a major centre for a city's economic competitiveness but also provide boosts to the national economy, and integrate local companies with global markets and supply chains. UNIDO therefore is actively involved in the new urban agenda of the United Nations, and supports such considerations in the preparations towards Habitat III.

#### **Goal 12: Ensure sustainable consumption and production patterns**

The adoption of sustainable consumption and production patterns is among the critical components of a successful environmentally sustainable industrialization process. It therefore comes with no surprise that progress on achieving high rates of inclusive and sustainable industrialization will necessarily need to go hand in hand with advancements in the proposed Goal 12.

Inspired by the conclusions of the Earth Summit (Rio-de-Janeiro, 1992) UNIDO launched its *Cleaner Production programme* where environment scientists and engineers interact with firms to design innovative ways to reduce the environmental footprint of their operations. Over the next two decades, the programme grew into a network of over 50 *Resource Efficient and Cleaner Production (RECP) centres*, discharging the Organization's practical application of concepts such as triple bottom line, life cycle analysis, cradle-to-grave and now, cradle-to-cradle activities in the circular economy. As such, the concept is also based on Japanese management techniques and technologies, and

promotes the overall "3-R" principle of *reduce-reuse-recycle*. The RECP programme, jointly executed between UNIDO and UNEP, has been an active supporter of the regional and global round tables on sustainable consumption and production as a key element of the green economy.

On this basis, UNIDO's green industry conference in Manila, which adopted the "Manila Declaration on Green Industry in Asia", as well as the follow-up conferences in Tokyo and Guangzhou, have been milestones in advancing environmental sustainability policies in industrial production and consumption, in Asia and beyond. These activities also generate additional employment, both in newly established green industries as well as through the activities related to greening existing industries.

Finally, UNIDO is a major implementing partner of the Multilateral Fund for the Implementation of the *Montreal Protocol*, and supports the implementation of several other multilateral environmental agreements, including the *Minamata Convention* and the *Stockholm Convention*. All these agreements are linked to specific industrial waste reduction schemes, whether it is ozone-depleting substances, mercury, or persistent organic pollutants. UNIDO offers holistic support services to countries to adopt and adhere to the norms, standards, and limits under these treaties.

#### **Goal 13: Take urgent action to combat climate change and its impacts**

The climate change implications of environmentally unsustainable industrial activities are unquestionable. Industry is estimated to account for one third of global CO<sub>2</sub> emissions alone. That is why UNIDO's mandate of ISID strongly emphasizes the need to progress toward industrial development patterns that minimize global warming and other polluting emissions. As in the case of other goals, progressing towards higher rates of ISID will imply the adoption of technologies and practices that decouple economic growth from higher emissions. Hence, UNIDO contributes significantly to the fight against climate change in both adaptation and mitigation aspects:

Under the mitigation component, UNIDO has several initiatives to promote renewable energy – solar, mini-hydroelectricity, wind, geothermal – and the uptake of energy-efficient technologies in industrial processes. It offers advice on policies towards the low-carbon economy and supports pioneering zero-emission projects. Together with UNEP, and at the request of the Committee of the Parties of the UNFCCC, UNIDO established the *Climate Technology Centre and Networks* to support countries in their low-carbon technology choices, and is working towards accreditation under the *Green Climate Fund*.

Under the *Montreal Protocol*, although geared to the rather different goal of halting, than reducing the hole in the ozone layer, UNIDO's programmes generated major climate change benefits as well. Whether used as refrigerants, propellers in aerosol, or pesticides, the first generation of alternatives to ozone-depleting substances often exhibited strong global warming potential. UNIDO is now working with its scientific partners to identify and promote technologies that satisfy both ozone depletion and climate change concerns, with the result that the Montreal Protocol is now acknowledged as the single most effective global instrument to combat climate change.

Under the adaptation component, UNIDO leverages its agribusiness development expertise to promote green value chains, diversify the income of smallholder farmers and make rural communities more resilient to the consequences of climate change. UNIDO is also actively engaged in performing analytical work on the energy-climate-water-food nexus. In this context, UNIDO is participating in a joint research programme together with the *Global Environment Facility (GEF)* and the *International Institute for Applied Systems Analysis (IIASA)*, looking into both adaptation and mitigation issues with special focus on developing countries.

#### **Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development**

The conservation of the planet's major water bodies is one of the core elements of the new sustainable development agenda. In this context, UNIDO's Large Marine Ecosystems (LME) programme supports the ecosystem approach through demonstration of best practice strategies, capacity building, and strategic partnerships, to reduce the degradation of transboundary river basins and the marine and coastal environments.

Other programmes include the reduction of specific toxic emissions from waste water into the sea, as well as water management methodologies and system introduction. In addition, UNIDO has been supporting the adoption of sustainable fisheries methodologies, particularly around small island developing states, and similar sustainable, yet income-generating activities.

#### **Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

ISID promotes the sustainable management of natural resources including the farming and forestry industries. In

this respect, the use of biomass resources for power generation is central to ISID's contribution to SDG-15, as it offers a sustainable and economically viable alternative energy system for industries in many sectors, including fabrics, organic chemicals, polymers and health-care products.

For example, UNIDO's most recent biomass energy project in Pakistan aims to promote gasification technologies as a means to decrease the country's demand and supply gap in the power sector, which in turn is likely to result in improved energy security, job creation and economic growth in the country. UNIDO also helps with the adaptation and adoption of RECP methods, technologies and systems by enterprises in developing countries. These specifically contribute to the efficient use of natural resources, including materials, water and energy; a minimization of wastes and emissions, including those discharged to water, air or on land; and the reduction of risks to humans and environment from use of chemicals and disposal of chemicals used in industry.

#### **Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

Where poverty and inequality are entrenched, instability and conflict are far more likely to erupt. Peaceful and inclusive societies require a stable foundation on which they can be built. Industrialization can be a major factor in providing this stability by allowing societies to meet their needs through increased production and employment, both of which lead to increased prosperity.

UNIDO also works in post-conflict countries. Within the framework of a special initiative targeting countries and regions emerging from a crisis situation, special needs for the empowerment of these communities are addressed to promote their participation in post-crisis productive rehabilitation and reconstruction through building sustainable livelihoods.

#### **Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development**

This goal is central to the realization of the SDGs and encompasses almost all core aspects of UNIDO's ISID and related partnership agenda. It also includes notions related to trade capacity development, technology transfer, finance for development, and private sector involvement, all being core

to UNIDO's overall programmatic focus, and crucial for the realization of the SDGs.

It is expected that a significant force in implementing the SDGs will be the mobilization of private actors, including the business sector. Business partnerships and private sector engagement schemes are at the core of UNIDO's global programme activities. Through providing a combination of advisory and capacity building services, the Organization is well placed to facilitate such activities in a systematic manner in the SDG era.

In this context, UNIDO recently launched an innovative multistakeholder programmatic approach to ISID, known as *Programme for Country Partnership (PCP)*, whereby governments, the Organization, the private sector, multilateral development banks and funds, and other engaged stakeholders, all agree on an ISID roadmap for the participating country and pool resources and skills to fully exploit synergies and maximize the impact of the programme.

UNIDO also works to strengthen national capacities for the creation and continuous improvement of a business environment that allows the private sector to make a greater contribution to growth, employment and income generation, and therefore to the achievement of the SDGs.

As mentioned under SDG-8 above, enhancing the capacity of developing countries and countries with economies in transition to participate in global trade is critical for their economic growth and, therefore, a precondition to their ability to sustainably implement the SDGs. Industrialization facilitates global trade by allowing countries to produce goods in the quantity and of the quality required by global markets. UNIDO is the agency with the expertise, experience and track record in this field and will therefore continue to assist Member States in developing their trade capacities.

Technology transfer is another central element of the means of implementation where UNIDO has a long-standing history of programmatic activities and expertise. For developing countries to catch up with more advanced economies, adequate technologies must be made available to enable their industries to grow sustainably and access global markets. Through its network of *Investment and Technology Promotion Offices (ITPOs)* – one of which is placed in Tokyo – and through its *Centres for South-South Cooperation*, UNIDO has built an extensive global infrastructure which facilitates technology transfer, technology-related advice, as well as related investment opportunities, with the aim of achieving inclusive and sustainable industrial development. For ISID to be achieved within the period of the SDGs, technology exchange mechanisms, technology policy coordination measures, and

targeted technology training and capacity-building activities will be necessary. For LDCs, the proposed technology bank might be an important step towards better linking their economies to the international markets.

In all these fields of work, UNIDO stands ready to support countries in advancing and implementing the proposed SDGs in the next era of global development, beyond 2015. The Organization will also provide technical and statistical support to the review and monitoring mechanisms that will be established to track achievements towards the SDGs. Finally, from 2016 onwards, UNIDO plans to issue an annual flagship report on "*The State of Industrialization*", to inform Member States on progress made in SDG-9 as well as in all other industry-related fields of the entire post-2015 agenda.

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