Inclusive and sustainable industrial development – [Addressing] Social and environmental challenges in a sustainable and lasting manner

Excellencies,
Distinguished guests,
Ladies and gentlemen,

Introduction
Thank you for inviting me to participate in this important event today, which provides an occasion for the public and private sector meet and have a frank, open and fruitful discussion on how they can jointly contribute to lifting people out of poverty through sustainable business partnership models.
I commend the leadership shown by the organizers of this very welcome event, which takes place in such a timely moment.
2015 will be remembered as the year in which all members of the international community finally came together to produce a new transformative, universal agenda that truly promotes sustainable development in all its dimensions - economic, social and environmental.
Much progress has been achieved since the Millennium Development Goals were adopted a decade and a half ago. Yet much more still needs to be done. While the Millennium Development Goals focused on critical issues of social and human development, the economic and environmental pillars of sustainable development must be also strengthened to support sustainable poverty eradication and consolidate the improvements in the social sphere that have been accomplished in the past decades.
To do so, various streams of international negotiations are merging this year, and will lead to a common agenda through which all nations will commit themselves to the overarching objective of effectively eradicating poverty, in all its forms, from the globe. The Third International Conference on Financing for Development in July, the Sustainable Development Summit in September, and the Climate Change Conference in December are the three milestones this year that will shape the world’s future in the next decades.
We must remember, however, that sustainable development will not be achieved only by words in a declaration, no matter how powerful and inspiring they may be. All stakeholders must take responsibility for their actions – we can all do things better. We can, we must, and we will.

Ladies and gentlemen,

ISID
At the United Nations Industrial Development Organization, or UNIDO for short, which I have the honour to head, we believe that Inclusive and Sustainable Industrial Development is a clear pathway towards a pattern of economic growth that also provides for social inclusion and environmental protection. This is the strong mandate that was given to us by our 172 Member States in the Lima Declaration of December 2013, a declaration which strongly reaffirms the importance of UNIDO’s contribution to the world’s developmental aspirations.
With the mandate of inclusive and sustainable industrial development, which we call ISID, industrial development is finally back to the forefront of the development agenda, and rightly so. We are pleased to acknowledge the will of the countries sitting at the negotiations for the Post-2015 agenda, which recognizes the importance of inclusive and sustainable industrialization, together with resilient infrastructure and innovation, as one of the proposed Sustainable Development Goals.
ISID has an enormous potential to transform the lives of millions of people in developing countries, through the creation of stable industrial employment, offering greater incomes, and shared prosperity. There is no doubt that industry is the principal engine of growth. Countries prioritizing industrial development have consistently achieved sustained economic growth. The history of all industrialized countries since the industrial revolution makes a compelling case for a structural transformation that turns rural economies to manufacturing powers. The recent development experiences of the East Asian countries only reinforce this historical trend. Industry-based economies are also less vulnerable to economic shocks, as the recent world economic downturn has made very clear: the real economy is less volatile than financial markets, and the prosperity created through industrialization is relatively better distributed than is the case in service-intensive economies.

However, the concept of ISID is much broader than the traditional pattern of industrialization. History has also shown that industrial production on its own can have considerable downsides, such as social inequality and environmental deterioration. Thus, a truly balanced approach must combine all of the dimensions of sustainable development: economic growth must be integrated into a broader policy framework that also gives due consideration to social equity and environmental sustainability. In other words: future industrial development frameworks must be inclusive. They must be sustainable. And they must be rooted in ISID.

Ladies and gentlemen,

Social and Environmental dimension

The adoption of a social policy framework to channel the income streams generated by economic growth is a crucial element of the sustainable development process. I believe it to be not only morally unacceptable but also economically unsustainable in the long run, if inequality is allowed to become entrenched in a truly developed economy. Similarly, the exclusion of traditionally marginalized social groups from the employment market, such as women, youth, or indigenous communities, is also intolerable. Empirical evidence shows that industrial development is intrinsically more inclusive than other development patterns, as it allows for the creation of decent jobs and a more equitable income distribution while ensuring sustained growth rates. However, UNIDO is particularly sensitive to ensuring that the social dimension should be regarded as an integral part of industrialization. ISID policy frameworks prioritize the creation of decent and quality jobs, and facilitate mechanisms to allow local communities to escape the poverty trap, through focused education and training programmes.

Distinguished guests,
Ladies and gentlemen,

All countries are entitled to grow. But the industrial development of the 21st century cannot follow the dirty steps of previous industrial growth trajectories. Our planet won’t just allow it. Any progress towards reaching higher levels of prosperity will be short-lived if the necessary economic growth is not achieved within an environmentally sustainable framework. The primary issue is not to choose between industrial growth and sustainability. It is the need to bring about a transformation in production processes, infrastructure, and business models – going hand-in-hand with innovation and the right choice of technologies – that will provide solutions for the pressing environmental challenges of our times while at the same time enabling the achievement of both economic growth and environmental sustainability. Cleaner and more resource-efficient production methods can gradually lead to the decoupling of economic growth from environmental degradation. Striking a balance between economic growth
and environmental pressures, innovation and process optimization can become important vehicles to develop the solutions that we need to promote cleaner production, efficient resource management, and a reduction of waste and pollution. Sustainability in industry cannot be driven at the company level alone, and governments need to adjust their policies – at municipality, regional and national levels – by considering suitable environmental safeguards, including measures for waste management, water purification and pollution control. Green industries can be promoted to deliver important environmental goods and services, thus not only contributing to environmental sustainability but also providing additional opportunities for further structural diversification, jobs, income and prosperity. In essence, ISID aims to avert the reoccurrence of past mistakes, such as the desire to “grow first and clean up later”. Indeed, our goal must be to foster the industrialization needed for economic growth, income generation and job creation, while acknowledging and overcoming the environmental challenges posed by industrialization.

Excellencies,
Ladies and gentlemen,

**Partnerships and private sector**

What is the value addition that the dialogue between governments, the United Nations System and the private sector can contribute to the transition towards more inclusive and sustainable industrial development? UNIDO emphasizes the need for greater private sector involvement in development initiatives to ensure their inclusiveness, sustainability, and effectiveness. I am proud that UNIDO was invited to co-lead, with the UN Global Compact, on behalf of the whole United Nations System, a series of global consultations on engaging with the private sector for the successful implementation of the post-2015 agenda.

We welcome the fact that the engagement of the private sector is now regarded as a policy priority for all stakeholders involved in the design of the next development agenda. We at UNIDO believe that partnering with all relevant stakeholders is a necessity, if sustainable development is to be reached. The private sector is a major driver for innovation, technology development and job creation, and can be a powerful vehicle for inclusive and sustainable industrial development.

This conviction of the importance of the private sector as a partner for development is demonstrated by our ever-expanding partnership programme with the business community. Many major businesses have joined hands with us through the years in implementing training, capacity building or value chain upgrading projects, and show their commitment to development every day. Profitability and sustainable development can be aligned goals, if the right incentives are in place.

At the same time, UNIDO is developing a new multi-stakeholder approach, the UNIDO Programme for Country Partnerships, which takes partnerships for development to a higher, programmatic level.

With the strong support of our Member States, we have started two large-scale pilot programmes, in Ethiopia and Senegal, in which UNIDO, national policymakers, major donors, private sector partners and multi-lateral development banks have agreed on a common national agenda to realize Inclusive and Sustainable Industrial Development. This will create a strong and broad support base for the programmes, and help to align the interests and policies of all stakeholders to ensure the implementation of high impact actions to promote ISID in the pilot countries.
Ladies and Gentlemen,
The Third International Conference on Financing for Development this summer will be a crucial meeting to frame the engagement of business in the Post-2015 agenda. It is important that forums such as this one today strengthen the dialogue between stakeholders in the run up to that meeting.
UNIDO is committed to that agenda, and will co-host along with the World Bank Group, the Government of China and the Government of Ethiopia an important related event just a few weeks before that key conference: the China-Africa Investment Forum “Partnering for Accelerated Industrialization and Results”, which will be held in Addis Ababa, Ethiopia on June 30 – July 1, 2015. I take the opportunity to cordially invite all of you to participate in that investment forum.
We strongly believe that increased investment and industrialization will help to unlock the potential for sustainable and inclusive growth, job creation and poverty reduction in developing countries.
Thank you.