



General Conference

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**UNIDO activities related to cooperation with
middle-income countries taking into account the
San José Declaration**

Inclusive and sustainable industrial development in middle-income countries

Report by the Director General

This document reports on UNIDO activities related to cooperation with middle-income countries (MICs) and outlines the scope and major initiatives for programmatic engagement by UNIDO and MICs.

I. Introduction

1. According to the World Bank, middle-income countries (MICs) are economies that have a per capita gross national income (GNI) between \$1,046 and \$12,695. Under the latest update in country income classifications¹ there are 110 MICs in the world (55 lower-MICs and 55 upper-MICs), out of which 107 MICs are UNIDO Member States.
2. UNIDO has consistently engaged with MICs in the past decade. In June 2013, UNIDO facilitated the High-Level Conference of Middle-Income Countries in San José, Costa Rica. Hosted by the Government of Costa Rica, the Conference concluded with the landmark San José Declaration of MICs (IDB.41/Dec.4).
3. At its eighteenth session, the General Conference adopted the UNIDO strategic framework for partnering with MICs through GC.18/Res.9, which also requested the Director General to prepare a workplan for its implementation and present it to the Industrial Development Board. This workplan was prepared and presented to the Board at its forty-ninth session.

¹ Classification of countries per income updated by the World Bank as of 1 July 2021:
<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

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II. Global trends

4. Efforts to consolidate criteria to classify and measure countries' development level are to a great extent based on GDP per capita, partly due to a lack of data availability in other multidimensional criteria that reflect vulnerabilities of lower- and upper-MICs beyond GDP per capita. In this regard, reviewing the measuring criteria and the elaboration of multidimensional indicators that help to better identify development gaps and vulnerabilities in all their dimensions is a persistent call made by MICs.

5. Pre-existing structural gaps in MIC economies have been dramatically exacerbated by the global pandemic. An inclusive and resilient recovery from COVID-19 in this group of countries can only be achieved by addressing their poverty in all its dimensions, including by sustainable industrialization through access to technology, investment and infrastructure.

6. In September 2016, the Like-Minded Group of Countries Supporters of Middle-Income Countries² was established in New York. The group has acted as an important mechanism for ensuring the continued visibility and prioritization of issues relevant to MICs by focusing on promoting the interest of MICs within the global debate on sustainable development.

III. Scope for programmatic engagement by UNIDO in MICs

7. UNIDO emphasizes a phase of action which integrates its core functions with the potential for strengthening engagement, such as: (i) providing analytical and policy inputs to national agendas in the area of ISID; (ii) providing technical advice for the development and implementation of industrial norms and standards; and (iii) organizing and facilitating global forums and seminars to raise awareness among all relevant stakeholders.

8. Taking into account the outcomes of the High-level Conference of Middle-Income Countries held in Costa Rica in June 2013, UNIDO aims to facilitate another conference of MICs in 2022. This meeting shall serve to review progress achieved since the San José Declaration, and to propose renewed actions for accelerating ISID in MICs.

A. Global approach

9. At the programmatic and project level, UNIDO's approach to MICs is defined by the following three major priority areas where the Organization is able to achieve greater transformational impact in the context of post-pandemic recovery.

(a) Technological upgrading

10. UNIDO's approach to this priority area relies on multi-stakeholder participatory processes that connect practical actions to broader national development strategies as core elements for a smooth transition to Industry 4.0, supporting value chain upgrading and innovation, or deploying sector-specific solutions.

(b) Upskilling, training and human capacity-building

11. UNIDO's approach to MICs in this area is based on the assumption that as countries climb the technological ladder, the labour force needs to be prepared with the skills necessary for the implementation of new technologies.

² Members of the Like-Minded Group of Countries Supporters of MICs include, as of July 2021: Armenia, Belarus, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Lebanon, Mexico, Morocco, Panama, Peru, and the Philippines.

(c) Environmental sustainability

12. An innovative and sustainable industrialization paradigm for MICs should take advantage of emerging trends to safeguard the environment, including supporting the adoption of low-carbon technologies and circular systems to decarbonize industrial processes, deploying renewable energies, and enhancing sustainable value chains to generate green jobs.

B. Regional approach

13. In the context of UNIDO's strategic and programmatic approach to MICs, the regional dimension³ serves to prioritize interventions to, for example, contribute to increased productivity; reduce emissions by industry; increase trade and digital connectivity; coordinate efficient responses to the global COVID-19 pandemic; and consequently promote inclusive and sustainable industrial recovery.

African region

14. Twenty-four African countries are considered MICs (excluding Arab countries covered in UNIDO by the Regional Coordination Division for the Arab region). The UNIDO strategic approach to African MICs operates through the Third Industrial Development Decade for Africa (IDDA III) and its related vision of the Roadmap for IDDA III to firmly anchor Africa on a path towards ISID.

Arab region

15. Ten Arab countries are MICs. Major disruptions across economic and social sectors due to the pandemic's outbreak worsened an already fragile regional economy. UNIDO's support for the design of industrial policies, and technical cooperation coordination, is crucial for the recovery of industrial sectors in MICs from the Arab region.

Asia and the Pacific region

16. Twenty-eight countries from the Asia and the Pacific region are classified as MICs. UNIDO's approach for MICs in this region builds on the expansion of integrated approaches such as country programmes, promoting regional integration through regional projects, and strengthening the convening and partnership-building role of UNIDO, particularly in the context of the COVID-19 pandemic.

Latin America and the Caribbean region

17. Considering that twenty-six out of thirty-three countries in Latin America and the Caribbean are MICs, UNIDO's approach to the region emphasizes particularly the importance of regional initiatives to deepen the generation and exchange of capacities, knowledge, experiences and good practices. This includes the creation of common spaces for action to optimize the response to the COVID-19 pandemic.

Europe and Central Asia region

18. Twenty countries from this region are considered MICs. The Europe and Central Asia region is characterized by a lack of industrial and economic diversification, with productive activities focused on a few key industries and exports. UNIDO's regional approach focuses on accelerating and improving women's participation in entrepreneurial activities, facilitating technological change, supporting private sector competitiveness and integrating the climate agenda and circular economy approach within industrial ecosystems.

³ Countries considered MICs are listed in the following sections according to the World Bank country classifications by income level 2021–2022: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

C. Country-level approach

19. UNIDO Field Offices in lower- and upper-MICs play a key role in identifying development priorities and donors' technical and funding priorities in the countries and regions of coverage. They support the formulation, implementation and monitoring of technical cooperation projects and programmes, and contribute to the United Nations Resident Coordinator Offices, United Nations Country Teams, Common Country Analyses, and United Nations Sustainable Development Cooperation Frameworks in these countries.

IV. Action required of the Conference

20. The Conference may wish to take note of the information contained in the present document.
