



United Nations Industrial Development Organization

Distr.: General
15 October 2021

Original: English

General Conference

Nineteenth session

Vienna, 29 November–3 December 2021

Item 10 of the provisional agenda

Forum on industrial development issues

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Issues paper by the Secretariat

The present document provides information on the events planned as part of the forum on industrial development issues, to be held in the plenary of the nineteenth session of the General Conference, taking place from 29 November to 3 December 2021.

I. Introduction

1. GC.9/Res.1 introduced the forum on industrial development issues into the proceedings of the sessions of the General Conference, to share a common understanding of development issues by highlighting and discussing the fields relevant to UNIDO's technical cooperation activities.
2. This year's General Conference will take place under the overarching theme "Building a better future". In this context, the forum on industrial development issues will build on the previous sessions to strengthen its role as a high-level platform for a stronger, more networked and inclusive forward-looking dialogue on the role of inclusive and sustainable industrial development (ISID) in the achievement of the 2030 Agenda for Sustainable Development in a post-COVID-19 world.
3. The nineteenth session of the General Conference will continue to offer a single, streamlined schedule throughout the Conference, minimizing the amount of events taking place in parallel. Participants will thus be able to take part in all the Conference's events without having to miss any of the proceedings.
4. Complementing the forum on industrial development issues, a number of topical side events will focus on matters related to the mandate of UNIDO and the theme of the Conference. These additional events are designed to allow stakeholders to jointly explore how problems of a global scale can be addressed by cross-border and cross-sectoral approaches. Topics to be explored include gender; creative economy; industry 4.0; impact investments in industrial policy; and climate change.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.



5. The events will use hybrid modalities involving both in-person and virtual participation to allow the broadest possible participation and engagement of Member States and other stakeholders.
6. The events of the General Conference will provide a unique platform for an exchange of ideas and information between Member States and high-level development policy experts, private sector representatives, members of academia and development finance representatives.
7. Information on the timing and location of the events will be made available to all participants, inter alia, through the official UNIDO Conference website at <https://unido.org/gc19>.

II. Events of the forum on industrial development issues

(a) The eighth UNIDO forum on inclusive and sustainable industrial development

Background

8. UNIDO organizes regular forums on ISID. These forums bring together UNIDO Member States and partners to engage in a dialogue on various aspects of industrial development, and exchange knowledge, experiences and best practices for advancing ISID and the 2030 Agenda for Sustainable Development. The first such forum was held in 2014.

9. The eighth ISID Forum titled “Partnerships for socio-economic recovery” will discuss how multi-stakeholder approaches, such as the UNIDO Programme for Country Partnership (PCP), galvanize socioeconomic recovery and contribute to countries’ efforts to build back better from COVID-19, in support of the United Nations’ Decade of Action.

10. The event will bring together high-level government representatives from PCP countries to present their first-hand experiences and lessons learned, as well as partners from the United Nations development system, international and regional organizations, financial institutions and other development actors to share their views.

11. Overall, the event will provide a platform for Member States and partners to engage in a dialogue, share best practices and identify opportunities for partnerships and joint initiatives to advance ISID, COVID-19 recovery and the Decade of Action. The event will further highlight UNIDO’s comparative advantages and value added, particularly through the PCP approach.

Issues to be addressed

12. How can multi-stakeholder approaches that leverage the complementary resources and initiatives of various partners help countries recover from COVID-19 and reboot progress towards the Sustainable Development Goals (SDGs)?
13. How does the PCP support Member States in advancing socioeconomic recovery through inclusive and sustainable industrialization, contributing to the efforts of the United Nations development system at the country level?
14. How can UNIDO’s expertise in digitalization, circular economy and structural transformation help countries to build back better?

(b) Fifth Donor Meeting

Background

15. The fifth UNIDO Donor Meeting will build on the success of previous editions of the event, in which participants welcomed the opportunity to learn about the Organization’s success stories in an interactive set up involving videos and panel discussions. This year, the Donor Meeting will feature a panel discussion presenting selected themes and associated success stories from UNIDO’s projects, programmes

and initiatives implemented around the world, with a focus on innovative partnership approaches and impact in support of the Decade of Action and the 2030 Agenda for Sustainable Development.

Issues to be addressed

16. As the world works to contain the COVID-19 pandemic and its adverse socioeconomic effects, poverty, unemployment and inequalities remain major challenges. Climate change and natural resource depletion pose unprecedented threats to human security and development, urging countries to rethink their economies. Structural transformation without a climate-neutral, resilient and digitized industry is no longer viable. At the same time, sustainable, circular pathways to economic development require innovation and must be inclusive and equitable. The fourth industrial revolution can also offer opportunities by transforming production systems, value chains and the future of work.

17. Under the overall theme of the nineteenth session of the General Conference, “Building a better future”, the fifth Donor Meeting will showcase how UNIDO Member States and other key development partners work together with the Organization through innovative partnerships and funding mechanisms to scale up impact and efficiency to achieve common national, regional and global development objectives, recover from the COVID-19 pandemic and build a more resilient future through ISID. It will further look into how the global community can work together to bridge the financing gap to build back better and realize the 2030 Agenda and its SDGs.

18. Within this framework, the Donor Meeting will further demonstrate how the donor community helps drive and solidify the Organization’s mandate to advance ISID in Member States. To ensure the meeting is future- and impact-oriented, the selected programmes, projects and initiatives will be aligned with the Organization’s strategic vision for supporting its Member States to achieve development results at scale towards the 2030 Agenda. The meeting will cover a range of topics, such as structural transformation; digital transformation and innovation; climate neutral industries and circular economy; gender and youth; and the response to the COVID-19 pandemic.

19. The event will shed light on how innovative approaches to funding and programming can further enhance the impact and results of UNIDO’s work with Member States and development partners to “build back better”, promoting industrialization pathways that advance inclusive growth and innovation, reduce inequalities, foster digital and green transitions, boost resilience and accelerate progress towards the SDGs.

(c) Launch of the Industrial Development Report 2022

Background

20. The Industrial Development Report (IDR) is a bi-annual flagship publication and the major research output of UNIDO. The report covers the latest developments and trends in the area of industrial development in a global context, while each issue also focuses on different relevant aspects of industrial development.

21. The IDR 2022 addresses the theme of “The future of industrialization in a post-pandemic world”. The report analyses how the COVID-19 crisis has impacted the manufacturing sector across countries, industries, firms and workers and shows that the impact has been highly heterogeneous. It also assesses the potential impact on the years to come in relation with other megatrends which were in place before the pandemic. Two core questions guide the analysis: Why have some countries weathered this crisis better than others? and, What lessons can be gleaned for the future of industrialization?

22. During the launch, the main findings and messages of the report will be presented and then discussed with a panel of prominent experts in the field of industrial development. The event aims to help stimulate thinking about future

courses of action to build back better from the crisis in terms of policymaking, development practices, research and advocacy.

Issues to be addressed

23. The COVID-19 pandemic has shown the importance of building and strengthening industrial capabilities to support the resilience of economies and societies against extreme events.

24. Building back better from the crisis and achieving an inclusive and sustainable recovery will require coordinated efforts from the international community to support the development of industrial capabilities and supporting infrastructure in less developed economies.

III. Additional side events

(a) Women as levers of change for a sustainable industry during COVID-19 and beyond: UNIDO Gender Equality Mobilization Award

Background

25. The pandemic recovery represents a unique opportunity to institute bold measures for more resilient, inclusive and sustainable economies that place women front and centre in the industrial landscape. As the global community strives to build back better industries, economies and societies post-COVID-19, investing in women is both the right thing and the smart thing to do.

Issues to be addressed

26. The COVID-19 crisis cannot be overcome if women and girls continue to be left behind. UNIDO stands ready to support Member States in advancing gender equality and empowering women during the pandemic and in their recovery measures, and to institute bold measures for more resilient, inclusive and sustainable economies.

27. UNIDO recognizes that a strong organizational commitment to gender equality and women's empowerment, as well as a workplace culture actively promoting diversity and inclusion leads to more effective development results. Therefore, the event will highlight the gender-related impact of UNIDO initiatives on the industrial landscape and recognize outstanding achievements of UNIDO personnel that contributed to tangible gender equality results through the Gender Equality Mobilization Award.

(b) UNIDO's contribution to the International Year of Creative Economy for Sustainable Development 2021

Background

28. In 2019, the seventy-fourth session of the United Nations General Assembly declared 2021 the International Year of Creative Economy for Sustainable Development ([A/RES/74/198](#)). The resolution recognized the need to promote sustainable and inclusive economic growth, foster innovation and provide opportunities, benefits and empowerment for all, and respect for all human rights. It also identified the ongoing need to support developing countries and countries with economies in transition in diversifying production and exports, including in new sustainable growth areas, including creative industries.

Issues to be addressed

29. The creative economy is one of the most rapidly growing sectors at the global level and is highly dynamic in terms of income generation, job creation and export earnings. UNIDO supports the development of creative industries in vulnerable rural communities to accelerate inclusion and economic integration, thereby contributing to improved livelihoods.

30. Every region, community and country has a unique cultural heritage. UNIDO works to put cultural heritage at the centre of local economic development strategies, combining traditional cultural heritage with modern design and innovative approaches to develop novel products for regional and international markets.

(c) The post-pandemic world will be digital: implications of 4IR for developing countries

Background

31. The emergence and diffusion of fourth industrial revolution (4IR) frontier technologies, or advanced digital production technologies, such as artificial intelligence, big data analytics, cloud computing, the Internet of Things, advanced robotics and additive manufacturing, is radically altering the nature of manufacturing production, increasingly blurring the boundaries between physical and digital production systems.

Issues to be addressed

32. 4IR has a key role to play in enabling sustainable and inclusive industrial development. Innovation and digital transformation are not only a source of quality employment and the backbone of any knowledge-based economy, they also enable vulnerable groups to increase their participation in productive activities and develop and implement innovative and more sustainable solutions to today's challenges.

33. To achieve an inclusive and sustainable digital transformation, five enabling elements are necessary: skills and capacity-building; digitalization at the firm level; innovation ecosystems; partnerships, investment and infrastructure; and governance, technology and innovation policies. Addressing these critical factors on a large scale will be critical to achieve the transformational effect intended through digital technology upscaling and capacity-building.

34. Together with its Member States, UNIDO is developing a strategic framework for 4IR aimed at mainstreaming a digital, gender-responsive, sustainable transformation and scaling up digital capabilities. 4IR must be human-centric and socially-inclusive if humanity at large is to reap the transformational benefits of digital manufacturing, making 4IR work for all.

(d) New forms of investments as drivers for a sustained post-COVID-19 recovery

Background

35. The outbreak of the COVID-19 pandemic and its socioeconomic ripple effects across the globe have jeopardized the achievement of the SDGs. It has, among others, dampened global production, particularly impacting upon the operations of small and medium-sized enterprises (SMEs) in developing countries. The pandemic also coincides with the onset of 4IR, leaving SMEs struggling to usher in a long-term digital shift, as they often lack the knowledge, financial support and a qualified workforce to do so.

36. It is in this context that a fundamentally new approach is required to support developing countries in the definition of their investment promotion and facilitation efforts to better cater to the needs of new investor groups, particularly impact investors and quality foreign direct investments (FDI), and to link these investor groups to the local fabric of SMEs.

37. Impact investment presents a paradigm shift to the conventional investment approach by focusing on positive social and environmental change. Leveraging positive FDI spill-overs and the arrival of new impact investors will require an upscaling of capacities by relevant investment promotion stakeholders in developing countries' economies.

Issues to be addressed

38. The potential of impact investing to accelerate the post-COVID-19 recovery process is vast, yet countries have to understand its specific dynamics to be able to effectively harness this potential.

39. Global partnerships and networks, such as UNIDO's network of Investment and Technology Promotion Offices, are key to building a common understanding of new forms of investments among firm-level, institutional and policy actors.

(e) Revival of industrial policy – prospect for establishing a global industrial policy forum for multilateral policy learning and knowledge-sharing**Background**

40. Industrial policy is a driver of economic transformation and therefore requires strong capacity among policymakers to achieve better policy formulation processes, instruments and assessments. Due to UNIDO's mandate and role in the United Nations system, it is an opportune moment for UNIDO, at the cusp of the post-COVID-19 recovery, to create a common platform to share experiences and to promote multilateral policy dialogue and learning among Member States. This side event will be the first occasion to discuss the contours of such a platform and the ways to facilitate policy dialogue and learning by establishing an annual industrial policy forum.

Issues to be addressed

41. Industrial policy plays a key role in achieving ISID. While we witness the resurgence of industrial policy, the required levels of knowledge and capacities for its successful formulation and implementation in the twenty-first century have significantly risen.

42. There is an urgent need for the creation of a global industrial policy forum to facilitate multilateral industrial policy dialogue and knowledge-sharing to foster industrial development and achieve the SDGs, in particular in a world characterized by megatrends such as the impact of the COVID-19 pandemic, greening of industry, restructuring of global production and digitalization.

43. This side event will solicit initial feedback from Member States on the proposal to establish an annual industrial policy forum and will serve to guide the Secretariat in its implementation of the proposal.

(f) Accelerating climate impact for Member States through inclusive and sustainable industrial development (ISID)**Background**

44. Working at the intersection between governments, industry and innovation, UNIDO is uniquely positioned to drive change in industrial development and industrial practices towards climate-neutral and climate-resilient development pathways. Over the years, UNIDO's ISID expertise and experience has evolved in the design and delivery of climate programmes across the Organization's various functions, further positioning its work to advance climate solutions related to the role of industry and industrial development policy as vital to delivering on Member States' nationally determined contributions (NDCs) and meeting the objectives of the Paris Agreement, the 2030 Agenda for Sustainable Development and associated mid-century net-zero objectives.

45. In this context, establishing a strategic framework for these actions and mainstreaming climate action in UNIDO will minimize the climate impact of the Organization's operations while maximizing the efficiency and reach of its activities to tackle and mitigate climate change by enhancing programmatic approaches, creating synergies and achieving transformation.

46. The objective of this side event is to introduce the strategic framework and explain how the different functions of UNIDO synergistically work to deliver climate-related impacts in the context of its work on advancing ISID.

Issued to be addressed

47. The findings of the Intergovernmental Panel on Climate Change's Sixth Assessment Report are unequivocally urgent and stark: a fundamental transformation of the global economy is required towards eco-friendly, resource-conserving and climate-neutral development, if we are to remain within the internationally agreed 1.5°C warming threshold. We must also build resilience against climate impacts and ensure a just transition towards a low-carbon society.

48. Industry is directly responsible for more than one third of global primary energy consumption and energy-related carbon dioxide emissions, including hard-to-mitigate sectors, such as chemicals, steel and cement. As such, the industrial sector will play a vital role in determining whether climate action, in line with internationally agreed targets, will be achieved.

49. Featured panellists in this session will discuss meeting the global climate challenge in the context of a post-COVID-19 recovery, the path forward after the twenty-sixth United Nations Climate Change Conference in Glasgow in November 2021 and the role of the industrial sector in contributing to a just transition towards a climate-resilient, net-zero society.

50. This discussion will provide context for the consideration of a climate framework to guide UNIDO's priorities related to climate-compatible industrial development. Many of UNIDO's current portfolio of ISID-focused projects have meaningful climate impact and are helping Member States to achieve the adaptation and mitigation objectives in their NDCs. UNIDO will develop a framework that allows it to engage on ISID more systematically and strategically with Member States and external partners, and coordinate more effectively on climate-related activities across the Organization. The framework will also identify those areas where its activities produce climate co-benefits, develop more robust internal metrics to track its impact and strengthen engagement with Member States and partner agencies.

IV. Action required of the Conference

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