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UNIDO strategy in response to climate change

A strategic framework for UNIDO climate action

Report by the Director General

This report provides a brief overview of the proposed strategic framework (GC.19/CRP.5) to integrate climate change considerations into the operations and activities of UNIDO with a view towards advancing climate-neutral industrialization and supporting the adaptation and mitigation objectives of Member States.

I. Introduction

1. Climate change impacts ecosystems, human health, infrastructure and economies, contributes to increased environmental degradation as well as to considerable economic and social challenges and costs, and is one of the defining challenges of our time. Climate change, biodiversity loss and pollution interact in ways that multiply risk and are impeding progress towards the objectives of the 2030 Agenda for Sustainable Development – and jeopardizing hard-won progress in advancing the development priorities of Member States. The Sustainable Development Goals Report 2020 further shows that the COVID-19 pandemic has made the SDGs even more challenging to achieve and underscores the need for stimulus funding that is both low-carbon and resilient to the impacts of climate change.
2. The findings of the Sixth Assessment Report of the Intergovernmental Panel on Climate Change are clear and emphatic. Increased incidence of heat waves, drought, forest fires, flooding and sea level rise driven by increasing levels of anthropogenic greenhouse gas emissions will persist, with attendant and potentially devastating consequences to global society.
3. UNIDO needs to position itself to respond to this global challenge and to leverage its considerable expertise in support of the climate objectives of Member States. Accelerated action is urgently required to address multiple overlapping crises compounded by climate change, and countries are taking action – including through commitments from nearly 150 countries to achieve the goal of net-zero emissions by

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mid-century. However, fundamental transformation of the global economy is required towards eco-friendly, resource-conserving and greenhouse gas-neutral development if we are to build resilience against climate impacts and ensure a just transition towards a low-carbon society.

4. The role of industry and industrial development policy is vital to this transformation. 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. Industry is also the engine that drives increased efficiency and the development of innovative approaches that can support action on adaptation and mitigation. As such, the industrial sector – the core of UNIDO’s mandate – will play a vital role in determining whether climate action in line with agreed targets will be achievable.

5. UNIDO is the agency most closely linked to industry within the United Nations system, mandated to promote inclusive and sustainable industrial development (ISID) for poverty eradication, shared prosperity and environmental sustainability. UNIDO’s activities address each of these priorities while enabling sustained economic growth and job creation, improved working conditions, economic empowerment of women and youth, and the development and deployment of innovative green technologies and circular approaches.

6. A systematic approach to addressing climate change will better position UNIDO to support the climate priorities of its core partners and stakeholders. UNIDO Member States are in the process of or have already submitted revised nationally determined contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC) that detail the actions they will undertake to address climate change. These actions cover the full breadth of their economic, social and environmental developmental priorities, and many of the higher-potential steps identified fall within UNIDO’s mandate and would benefit from its ISID expertise.

II. Rationale for a strategic framework

7. UNIDO’s work to advance climate solutions related to the role of industry and industrial development policy is vital to delivering on Member State NDCs and meeting the objectives of the Paris Agreement, the 2030 Agenda and associated mid-century net-zero objectives.

8. UNIDO proposes to establish a strategic framework to guide these solutions and mainstream climate action across the operations and activities of the Organization. It will align with and support parallel UNIDO-wide strategies, programmes and objectives, including for middle income countries, small island developing States (SIDS), post-conflict/crisis situations, gender and the fourth industrial revolution.

9. The framework will underline UNIDO’s commitment to adopting a comprehensive and coordinated approach to mainstream climate considerations across the Organization and raise the level of urgency with which technologies and approaches vital to societal decarbonisation are deployed. The proposed UNIDO climate framework will strengthen coordination across the Organization in areas that support the identified adaptation and priorities of Member States. The framework will enable UNIDO to implement best practice and to better capture climate impact across the Organization; focus on areas where its expertise adds the most value in mitigation; scale up support in areas of adaptation and climate-proofing industrial infrastructure; better integrate its work on digitalization and the Fourth Industrial Revolution; strengthen engagement with external funding partners; better capture and highlight climate and related co-benefits of UNIDO’s ISID mandate and activities; support alignment with Programmes for Country Partnership and country programmes; and engage more systematically and strategically with Member States and external partners in a manner that better showcases the climate impact of its activities.

10. The framework will also align with the country-driven nature of UNIDO's ISID interventions by highlighting the role of its field and regional offices in delivering impactful and effective services, forging partnerships and mobilizing resources for inclusive and sustainable industrialization in developing countries, in particular least developed countries and SIDS.

III. Promoting ambitious outcomes

11. The ambition of this coordinated approach is to advance inclusive and sustainable industrialization that supports country action towards the climate mitigation and adaptation targets agreed by the international community. The framework will guide the development of a climate strategy in consultation with Member States. The strategy will set its objectives and areas of focus for climate-compatible industrial development in line with emission reduction pathways that support the objectives of the Paris Agreement. It will be tailored to match the priorities of Member States and protect the lives and livelihoods of those most vulnerable to the climate crisis.

12. Aligning with these international commitments will deliver a future where:

(a) Patterns of industrialization and related physical infrastructure deliver prosperity and contribute to reduced vulnerability to the impacts of climate change;

(b) Industry is a leading force in the transition to net-zero emission economies by mid-century;

(c) Both men and women, young and old, actively participate in and benefit from the entrepreneurial opportunities and green jobs created by the transformation to climate-compatible industrial development.

13. Collaboration between countries, industrial sectors and actors, and civil society will be vital to realize the transformational change needed to achieve climate-compatible industrial development. Well-integrated approaches are crucial: technology transfer and deployment at scale are essential for cleaner and more efficient industrial production; innovation and entrepreneurship are vital to the development of new industrial capacities for wealth creation; and strong partnerships with State and non-State actors to attract investment and implement industrial best practice is fundamental. These building blocks apply to all of UNIDO's fields of work in the promotion of climate-resilient industry to ensure economic growth in a socially inclusive and environmentally sustainable manner and contribute to the result areas identified in UNIDO's medium-term programme framework (MTPF) 2022–2025.

14. This work is reflected in the series of key outcomes UNIDO will seek to influence alongside its partners and stakeholders to realize its vision for climate-compatible industrial development. These high-level outcomes are:

(a) Member States reflect the diverse contributions that can be made by industry towards climate-related challenges in their country planning documents and long-term strategies, including NDCs and national adaptation programmes of action;

(b) Firms adopt and benefit from industrial practices and technologies that enhance climate mitigation and adaptation;

(c) Innovative industrial climate solutions are commercialized and funded at scale.

15. These outcomes are strongly interconnected and in alignment with UNIDO's mandate to accelerate the deployment of ISID solutions: Supported by UNIDO's services, the increased adoption of technologies, policies and approaches to promote low-carbon and climate-resilient industrial development will play a larger role in the climate adaptation and mitigation plans of Member States. Success in this regard will depend on the financial community directing adequate resources towards climate-smart approaches to development and economic growth, and the accelerated

development of innovation ecosystems that stimulate entrepreneurship and provide key benefits and co-benefits to economies and across the Sustainable Development Goals.

16. Priority action areas as well as a detailed theory of change are contained in document “A strategic framework to deliver climate impacts across UNIDO’s operations and activities. Note by the Secretariat” (GC.19/CRP.5).

IV. Action required by the Conference

17. The Conference may wish to take note of the information provided in the present document.
