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Addendum

Item 23: UNIDO activities related to the Abu Dhabi Ministerial Declaration for the Least Developed Countries

Vienna Ministerial Declaration for the Least Developed Countries

The General Conference:

Taking note of the ninth Ministerial Conference of the Least Developed Countries convened in Vienna on 25 and 26 November 2021,

Recognizing the importance of the Vienna Ministerial Declaration for the Least Developed Countries, adopted by the ninth Ministerial Conference of the Least Developed Countries and contained in the annex of the present resolution,

1. *Invites* the Director General to take special account of the needs of the LDCs in accelerating inclusive and sustainable industrial development, in cooperation with relevant partners and stakeholders during the next Decade of Action, and to contribute to the sessions of the Fifth United Nations Conference on Least Developed Countries (UN LDC5) and the draft Doha Programme of Action for LDCs for 2022–2031, building on the deliberations and outcomes of the ninth Ministerial Conference of the Least Developed Countries;

2. *Requests* UNIDO to develop the next operational strategy and implementation plan for LDCs 2022–2031, based on the convened position paper, while ensuring alignment with the forthcoming Doha Programme of Action for LDCs for 2022–2031 and relevant UNIDO strategic frameworks and policies, and to mainstream the new strategy into the Organization's overall work;

3. *Invites* UNIDO to duly implement the operational strategy and implementation plan for LDCs 2022–2031, within regular budget and extrabudgetary resources, and *encourages* its Member States and partners to support this endeavour, including through mobilization of adequate additional resources for normative leadership, policy and advisory services, as well as technical projects and programmes conforming to the priorities outlined in the operational strategy and capitalizing on the previous good practices and innovative cooperation models, including the UNIDO Programmes for Country Partnerships (PCP);

4. *Invites* UNIDO to continue its contribution to the work of the Inter-agency Task Force on the LDC Graduation Support, led by the United Nations Office of the



High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, *inter alia* by providing necessary inputs on the role of industrialization in the graduation of LDCs;

5. *Requests* the Director General to report on related UNIDO activities to the Industrial Development Board at its next session and the General Conference at its twentieth session and to continue reporting annually to the United Nations Secretary General on its work in the LDCs.

Annex

Ministerial Declaration:

“The next decade of action: Accelerating Inclusive and Sustainable Industrial Development (ISID) in LDCs”

Vienna, 26 November 2021

We, the Ministers of Industry, Economy, Trade and/or Commerce, and Heads of Delegation of the least developed countries (LDCs) *participating* in Vienna, on 25 and 26 November 2021 at the ninth United Nations Industrial Development Organization (UNIDO) Ministerial Conference of the Least Developed Countries,

Gathered to deliberate on “The next decade of action: Accelerating sustainable industrialization in LDCs” and share strategic guidance, through joint efforts with relevant stakeholders, for the acceleration of inclusive and sustainable industrial development (ISID) in LDCs,

Recognizing the need of a new ministerial declaration on the aforementioned topic in light of the continued, unprecedented global crisis caused by the COVID-19 pandemic and its social and economic consequences,

Recalling the frameworks of the 2030 Agenda for Sustainable Development and its acceleration within the Decade of Action, the 2015 Addis Ababa Action Agenda of the Third International Conference on Financing for Development, which is an integral part of the 2030 Agenda, the 2020 United Nations Quadrennial Comprehensive Policy Review (QCPR), which will guide the United Nations development system over the period 2021–2024, the United Nations Framework Convention on Climate Change and the 2015 Paris Agreement on Climate Change, the Sendai Framework for Disaster Risk Reduction 2015–2030, the 1994 United Nations Convention to Combat Desertification, the 2016 New Urban Agenda and the Bridgetown Covenant adopted at the fifteenth session of the United Nations Conference on Trade and Development (UNCTAD 15), as well as the Istanbul Programme of Action the IPOA, the outcome of the 4th United Nations Conference on the LDCs held in Istanbul in 2011,

Recalling also other relevant frameworks, such as the LDC 2050 Vision: towards a climate-resilient future, the United Nations system-wide strategy on South-South and triangular cooperation for sustainable development (2020–2024), the Small Island Developing States Accelerated Modalities of Action (SAMOA) Pathway, the Vienna Programme of Action for the Landlocked Developing Countries for the Decade 2014–2024, the African Union’s Agenda 2063: The Africa We Want, the Agreement Establishing the African Continental Free Trade Area (AfCFTA), the General Assembly resolution A/RES/70/293 proclaiming the Third Industrial Development Decade for Africa (IDDA III) (2016–2025), as well as the ASEAN Community Vision 2025 and the ASEAN Trade in Goods Agreement (ATIGA),

Noting the General Assembly resolutions A/RES/74/232 and A/RES/74/232B deciding to convene the Fifth United Nations Conference on the LDCs (LDC5) from 23 to 27 January 2022, in Doha, Qatar, with the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) as focal point of the Conference,

Looking forward to the UN LDC5, to be hosted by the Government of the State of Qatar, and to be held at the highest possible level, including Heads of State and Government,

Emphasizing the importance of the outcomes of the UNIDO Operational Strategy for the LDCs 2012-2020 as one of the engines of inclusive growth for LDCs, and the relevance of the Organization's mandate as enshrined in the Lima (2013) and Abu Dhabi (2019) Declarations as well as the Ministerial Declaration adopted at UNIDO's eighth Ministerial Conference of the LDCs and the related General Conference resolution GC.18/Res.8, which also served as a document during the sessions of the Intergovernmental Preparatory Committee for LDC5,

Acknowledging the strategic guidance for the Organization's work contained in the UNIDO medium-term programme framework 2022–2025 and its initiatives in support of global efforts to build back better from the COVID-19 pandemic,

Do hereby:

1. *Congratulate* LDCs that, despite the various socioeconomic challenges encountered at the national, regional and international levels, including human-made and natural crises and hazardous contexts, achieved progress towards higher productivity, which has in turn enabled the steady fundamental transformation of their economies;

2. *Also congratulate* those countries that have met the criteria for graduation from the LDC category and invite UNIDO to continue providing assistance to those countries through its four core functions, notably (i) technical cooperation, (ii) analytical and research and policy advisory services, (iii) normative functions and standards-related activities, and (iv) convening and partnerships for knowledge transfer, networking and industrial cooperation towards their sustainable economic transformation after graduation;

3. *Recognize* that graduating countries face major challenges in addressing the social and economic consequences of the COVID-19 pandemic and disasters and encourage the integration of disaster risk reduction into the smooth transition strategies of graduating countries to promote sustainability of development progress, including the impact assessment of the likely consequences of graduation and the vulnerability profiles. We thus *acknowledge* the need for enhanced support to countries before and after graduation, through appropriate predictable and additional incentives and support measures;

4. *Further commend* UNIDO's contribution to the preparatory process at the national, sub-regional, regional and global levels for the LDC5, including the co-organization of the ninth Ministerial Conference of the LDCs together with UN-OHRLS and the Organisation of African, Caribbean and Pacific States (OACPS), as the last global pre-event leading towards the LDC5;

5. *Reiterate* the call made, through the General Conference resolution GC.18/Res.8, for the international community, including the United Nations system, to come together for the successful organization of the LDC5 and the preparation of its action-oriented outcome document the Doha Programme of Action, that will be adopted in January 2021;

6. *Request* UNIDO to align, plan and intensify its support to LDCs through the promotion of ISID as a means to reach the targets of the forthcoming Doha Programme of Action for LDCs (DPoA), including through immediate dedicated support during the biennium 2022–2023, as follows;

I. Investing in people in LDCs: Eradicating poverty and building capacity to leave no one behind

7. *We call upon* UNIDO to continue developing and supporting ISID norms and processes that benefit all people. We welcome UNIDO's efforts to involve and

support women, youth and vulnerable groups and encourage the Organization to align its work with the needs of these groups and with the relevant DPoA action areas and targets, particularly around technical and vocational education and training, apprenticeships, support in production and processing for a finished product with greater added value to the profits of localities, entrepreneurship promotion and decent work opportunities;

8. Accordingly, *we commit* to ensuring shared industrialization benefits in our countries, in line with the principle of leaving no one behind. By promoting sustainable industrialization, LDCs aim to support value addition across industrial and productive sectors, and particularly in agricultural processes, through agribusiness development, reduction of post-harvest losses and increased resource and operational efficiency in order to increase food security, food safety and nutrition, as well as generate job opportunities and promote local production, in particular for rural communities. Within industrial zones at a local community level, we will train and support producers, cooperatives, and small industrialists in production and processing, for a finished product with greater added value and as a precondition to create decent jobs, empower communities, and fight against adverse effects of rural-urban migration;

9. *We invite* the international community and the private sector to further recognize the vital roles of women, youth and vulnerable groups in LDCs and to promote their full participation in industrial activities, including through enhanced capacity-building, for their employment and for increased opportunities for decent work and access to financial services. *We commit* to promote micro-, small-, and medium-sized enterprises, including those run and owned by women entrepreneurs, by supporting full and equal access to financial services and products strengthening the legal framework, especially for micro-enterprises, facilitating their entry into national, regional and global value chains and their uptake of digitalization, thus tapping into the opportunities for enhanced competitiveness in the global digital economy offered by e-commerce. We will devise a rural, agri-commodity based value chain upgrade through affordable finance, with participation of private enterprises, thereby unleashing entrepreneurship among rural communities, at the farm level;

II. Leveraging the power of science, technology and innovation (STI) to fight against multidimensional vulnerabilities and to achieve the Sustainable Development Goals

10. *We recognize* that UNIDO is well-positioned and has established strong partnerships with relevant stakeholders to leverage sufficient support and ensure that LDCs benefit from the Fourth Industrial Revolution, supporting transfer of knowledge as well as appropriate and environmentally sound technologies, contributing to the upscaling of capacities with respect to digital transformation, innovation ecosystems, firm-level competitiveness, partnerships, investment, infrastructure and governance;

11. *We request* UNIDO to reinforce its support for LDCs that are transitioning away from low value-added economies based on natural resources and low-technology products towards higher value-added manufacturing-based economies, as well as high-technology products and services. In support of those processes, we also request UNIDO to uphold LDCs' efforts to access, apply and maintain modern technologies that can help accelerate ISID;

12. *We call upon* UNIDO to continue to upscale its existing services to Member States in the area of digital transformation, inclusive of its technical cooperation, programmatic, normative, policy, partnership and convening functions. *We welcome* the elaboration of a Strategic Framework for the consideration of UNIDO Member States, guiding its actions with respect to interventions addressing digital manufacturing, and the possibility of dedicated national, regional and global programmes in the future;

13. *We call upon* Member States and the United Nations development system, and encourage other stakeholders to facilitate improved level of participation of

scientists and engineers from LDCs in international collaborative research, STI projects; and to strengthen their support for the different STI partnerships with LDCs in primary, secondary and higher education, vocational education and continuing education; and to promote business opportunities for the private sector and the STI infrastructure;

14. *We call upon* the international community and the private sector to increase investment in STI within LDCs. This should include increased financial investment in industrial sectors but also focus on technology transfer and building the necessary human and institutional capacities required to sustain the digital transition and develop emerging industrial sectors;

III. Structural transformation as a driver of prosperity

15. *We recognize* UNIDO's leading international role in the promotion and support of ISID as a driver of prosperity. Much of UNIDO's core work is directly relevant to several DPoA action areas and targets, including labour productivity, economic diversification, value-added manufacturing, private sector development, energy access and strengthened participation within global and regional value chains, all driving structural transformation of the LDCs;

16. *We also recognize* that the LDCs face significant infrastructure gaps, including in the areas of transport, energy, water, sanitation and information and communications technology, and *reaffirm* the need to promote quality, reliable, sustainable and resilient infrastructure, including through establishment of new and improvement of existing industrial zones, and to enhance infrastructure connectivity with concrete actions, maximizing synergies in infrastructure planning and development;

17. *We will continue* to identify priorities for transforming LDCs' domestic productive sectors, focusing in particular on opportunities to diversify their economies, enhance value chains and all other local industrial potentialities, build productive capacities and develop cleaner, more energy-efficient and environmentally friendly infrastructure, especially for renewable energy, and circular economy practices; while we also commit to sharing extensive experience and knowledge accumulated on sustainable industrialization with all actors that are supporting LDCs in their development efforts while recognizing the need to attract higher levels of international investments and impact investments into our economies;

18. *We urge* the international community and the private sector to align their work and investments with LDCs' priorities for structural transformation of existing industrial sectors and for the promotion of new industrial zones, at a local community level. The United Nations system, academia and research institutions, among other relevant stakeholders, should continually raise awareness of sustainable industrialization and facilitate technical cooperation among LDCs, public and private investors, and other relevant partners;

IV. Enhancing international trade of least developed countries and regional integration

19. *We request* UNIDO to support LDCs' efforts to diversify and increase their exports, specifically through the development of comprehensive national quality assurance systems that enable domestic producers to fully participate in international markets;

20. *We underline* the necessity of LDCs to identify and integrate into the most promising potential export markets for domestically manufactured products, including through enhanced policies and trade strategies, and strengthened national quality infrastructure, which could facilitate access to regional and international markets;

21. *We call upon* the international community and the private sector to support and invest in LDC sectors and businesses that aim to access regional and international

markets, in particular through the development of industrial processes and value-added products and services capable of meeting relevant international quality standards;

V. Addressing climate change, recovering from COVID-19 pandemic and building resilience against future shocks

22. *We recognize* UNIDO's extensive experience of supporting the mobilization of investment for and facilitating the delivery of LDCs' nationally determined contributions and national adaptation plans. On this basis, we further urge UNIDO to carry forward its support of LDC-led and LDC-owned initiatives for delivering innovative climate-resilient adaptation solutions and participating in global mitigation efforts. *We also call upon* UNIDO to support international and LDC-led efforts to strengthen national health systems and pandemic preparedness by promoting health industry development, and more specifically to improve access to locally produced healthcare goods such as essential medicines and related services;

23. *We emphasize* the need for LDCs to increase their experience involving technology transfer and investments, including through South-South and triangular industrial cooperation and collaboration with regional research institutes and centres of excellence through the relevant regional economic communities, as well as to further develop associated human and institutional capacities; Our determination to continue investing in human and financial resources addressing and mitigating national, regional and global economic shocks should be enhanced;

24. *We highlight* the need for the international community and its partners to continue deploying investments for addressing economic shocks and building resilience in LDCs, reiterating the expected multiplying benefits at the global level;

VI. Mobilizing international solidarity, reinvigorated global partnerships and innovative tools for risk-informed sustainable development - A march towards sustainable graduation

25. *Recognizing* UNIDO's track record of building partnerships and increasing investment for ISID, we urge the Organization to support LDCs' efforts to strengthen their national, regional and global partnerships, their enabling environments and their investment promotion regimes for advancing national industrial development priorities and sustained prosperity. In particular, we reaffirm the need for UNIDO to deliver support to LDCs through the Organization's global forum activities and established and proven multi-stakeholder approaches, most notably the Programme for Country Partnership, the Industrial Upgrading and Modernization Programme, and industrial parks programme, as well as its capacity to stimulate innovation and promote investment, among other UNIDO services;

26. *We commit* to accelerate the implementation of resource mobilization strategies to reinvigorate global partnerships and accommodate the participation of a multitude of stakeholders, including the private sector, when designing programmes and projects for sustainable development; As an example, we note with appreciation the multi-stakeholder partnership that was established in the area of LDC investment promotion agencies' capacity building, including UN-OHRLLS, UNIDO, UNCTAD, ILO, EIF and WAIPA and reiterate our desire that this task group be endowed with commensurate financial resources to augment its combined technical cooperation impact;

27. *We call upon* developed countries, United Nations agencies and other development partners to ensure appropriate financial support for these priorities and upon the larger international community and all relevant stakeholders to revive their partnership modalities in alignment with the multi-stakeholder approach for development. The march towards sustainable graduation from LDC status should be inclusive, leaving no one behind. The loss of access to a range of international support measures, including some significant trade-related special and differential treatment and exemptions, after graduating from the least developed country category calls for

mitigating and support measures to ensure a smooth transition. In this regard it is important to continue supporting these countries, commensurate with their needs and capacity constraints, to ensure their smooth transition after graduation;

In light of the above, we:

Acknowledge UNIDO's strategic position paper contained in the Appendix I to bear response to the specific needs and priorities of the LDCs in the next decade 2022–2031;

Request UNIDO to develop the next Operational Strategy and Implementation Plan for LDCs 2022–2031, while ensuring alignment with the forthcoming Doha Programme of Action for LDCs for 2022–2031 and relevant UNIDO strategic frameworks and policies, and to mainstream the new Strategy into the Organization's overall work;

Invite UNIDO to support the implementation of the upcoming Operational Strategy and Implementation Plan for LDCs 2022–2031, when finalized and endorsed by the appropriate policy making organ(s) within regular budget and extrabudgetary resources, and *encourage* the mobilization of adequate additional resources for normative leadership, policy and advisory services, as well as technical projects and programmes supporting its implementation;

Invite UNIDO to continue its contribution to the work of the Inter-agency Task Force on LDC Graduation Support, which is led by UN-OHRLLS, providing necessary inputs on the role of industrialization in the graduation of LDCs;

Also invite the international community, including the United Nations system agencies, to join efforts through joint programming and cooperate in a spirit of partnership through various selected frameworks for the accelerated implementation of the upcoming UNIDO Operational Strategy and Implementation Plan for LDCs 2022–2031, when finalized;

Request UNIDO to regularly report to Member States on the implementation of the upcoming Operational Strategy and Implementation Plan for LDCs 2022–2031 after its finalization and endorsement through established practices.

Appendix I

Position paper for the formulation of the next UNIDO Strategy and Implementation Plan for LDCs 2022–2031¹

Accelerating Sustainable Industrialisation in LDCs

and the role of UNIDO in

the Fifth United Nations Conference on the Least Developed Countries in Doha (UN LDC5)

Introduction

Inclusive and sustainable industrial development (ISID) is a crucial component of the global development goals, in particular for the Least Development Countries (LDCs). UNIDO's mandate provides a solid strategic foundation to support LDCs to achieve the global goals through ISID. It has a track record in a range of technical services that improve competitiveness, promote shared prosperity from industrialisation and ensure environmentally sustainable industrial development. This experience informs a strong role for UNIDO in the run-up to and implementation of the Fifth United

¹ The UNIDO Strategy and Implementation Plan for LDCs 2022-2031 will become operational after the adoption of the Doha Programme of Action 2022-2031 to stem from the Fifth United Nations Conference on LDCs (UN LDC5) in January 2022, in Doha, Qatar as per UNGA Resolution: A/RES/74/232 B.

Nations Conference on the Least Developed Countries (UN LDC5) and its Doha Programme of Action for Least Developed Countries (DPoA) covering the decade 2022–2031.

A range of documents, statements and declarations provide the global context for UNIDO's role in supporting developing countries:

- The 2030 Agenda for Sustainable Development includes goals and targets that are directly linked to UNIDO's mandates,
- The 2015 Addis Ababa Action Agenda of the Third International Conference on Financing for Development is an integral part of the 2030 Agenda,
- The 2021–2024 United Nations Quadrennial Comprehensive Policy Review (QCPR) lays out how the UN system should be helping countries implement the 2030 Agenda and respond to COVID-19,
- A range of environment related conferences such as the United Nations Framework Convention on Climate Change and the 2015 Paris Agreement on Climate Change, the Sendai Framework for Disaster Risk Reduction 2015–2030, the 1994 United Nations Convention to Combat Desertification, and the 2016 New Urban Agenda.

A number of other documents provide a clearer focus to support the poorest and most vulnerable countries such as LDCs, LLDCs, Africa, and SIDS.

- The previous UN conference (LDC4) that led to the Istanbul Programme of Action (IPoA)
- LDC, SIDS and LLDC statements such as the LDC 2050 Vision: Towards a Climate-Resilient Future, the SAMOA Pathway for Small Island Developing States (SIDS), and the Vienna Programme of Action for the Landlocked Developing Countries (LLDCs),
- Regional specific agenda such as Africa Union's Agenda 2063: The Africa We Want, the African Continental Free Trade Area (AfCFTA) Agreement and the mandate of the Third Industrial Development Decade for Africa IDDA III (2016–2025)

According to the 2022–2025 Medium Term Programme Framework, UNIDO's activities target three impact dimensions: (i) advancing economic competitiveness; (ii) creating shared prosperity from industry; and (iii) safeguarding environmentally sustainable industry. These three dimensions of ISID have many direct links to the achievement of Sustainable Development Goals (SDGs). UNIDO's operations have been guided by a number of documents and strategies some of which are focused on supporting LDCs:

- UNIDO Medium-term programme framework 2022–2025 and its initiatives in support of global efforts to “build back better” from COVID-19 pandemic,
- UNIDO Operational Strategy for the LDCs 2012–2020 as the engine of inclusive growth for many LDCs,
- UNIDO's mandate as enshrined in the UNIDO 2013 Lima Declaration and the UNIDO 2019 Abu Dhabi Ministerial Declaration,
- Previous UNIDO Ministerial Declarations for the LDCs which inform the Intergovernmental Preparatory Committee for UN LDC5

UNIDO provides assistance through four core functions, including: (i) technical cooperation; (ii) analytical and research and policy advisory services; (iii) normative functions and standards-related activities; and (iv) convening function and partnerships, for the development and implementation of industrial transition strategies. UNIDO's interconnected areas of expertise include: structural transformation and sectoral expertise, Digital transformation and innovation, and carbon neutral industry and circular economy.

More than a third of UNIDO's projects are implemented in LDCs. Some 460 national projects (34 per cent of all UNIDO projects) were implemented in LDCs during 2012–2019 supporting industrial and economic development in LDCs. The total value of UNIDO projects in LDCs during 2012–2019 was of \$306m (28 per cent of all UNIDO projects). This position paper examines the role of UNIDO in each of the tentative expected focal areas of action of UN LDC5 (according to DPoA (Rev1)):

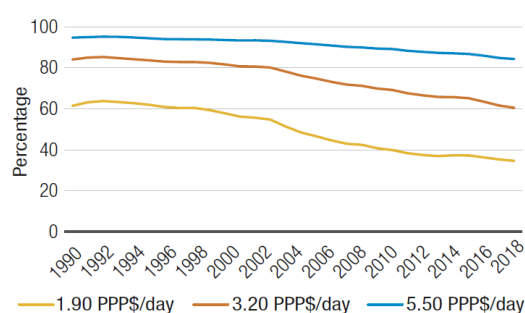
1. Investing in people in LDCs: Eradicating poverty and building capacity to leave no one behind
2. Leveraging the power of science, technology, and innovation to fight against multidimensional vulnerabilities and to achieve the Sustainable Development Goals
3. Structural transformation as a driver of prosperity
4. Enhancing international trade of least developed countries and regional integration
5. Addressing climate change, recovering from COVID-19 pandemic, and building resilience against future shocks
6. Mobilizing international solidarity, reinvigorated global partnerships and innovative tools for risk-informed sustainable development - A march towards sustainable graduation

For each of the 6 focal areas, the paper first sets the brief context using aggregated data for the LDC group, and then provides pathways from ISID to the outcome area, followed by a discussion on how UNIDO activities can contribute to UN LDC5 targets and actions through its support for ISID. The position paper concludes with a summary table.

Priority Area 1: Investing in people in LDCs: Eradicating poverty and building capacity to leave no one behind

Context: Poverty in LDCs decreased between 2000 to and 2019, but at a slower pace between 2010–2019. The COVID-19 crisis increased poverty rates for the first time in decades, with some estimating that 35 million additional people lived in poverty in LDCs, equivalent to an increase of 3.3 percentage points in the poverty headcount in 2020. The pandemic has hit the young, women and informal workers the hardest. Low-income countries and LDCs have been hit as at least as hard as high income countries in 2020, but the recovery will take much longer because of lack of access to vaccine and lower fiscal stimulus packages. LDCs have lower systemic resilience, fragile governance, and face considerable risks that their weaker economic and industrial foundations around ISID result in a slower response, which in turn exacerbates the gap between LDCs and richer countries, weakening convergence and exacerbating divides between LDCs and other countries which could entrench poverty further.

Figure 1
Poverty head count ratio in LDCs (1990–2018)



Source: UNCTAD LDC report 2021.

Pathways. Inclusive and sustainable industrialisation reduces poverty through supply (e.g. more jobs for vulnerable and low income groupings directly or indirectly), demand (high quality and cheaper products and services) and other routes (e.g. government services or investing in people). On the supply side, industrialisation and promotion of export-intensive manufacturing has led to employment which has raised incomes of poorer workers. On the demand side, more developed industrial sectors provide more and better quality products consumed directly by the poorest and will help their food security and health, making LDCs more resilient and speeding up their economic recovery from or with fewer post-harvest losses could increase food security and nutrition by providing more and cheaper food for example. Many Asian countries have reduced poverty by promoting employment and export intensive manufacturing. Increased production of COVID-19 vaccines will aid the recovery in many LDCs by speeding up the economic recovery.

Role of UNIDO. An important focus area for UNIDO is increasing industrial job opportunities for all groups, including women and youth, and reducing vulnerability, especially in post-crisis settings and in fragile contexts. UNIDO is well positioned to ensure the skills provided to the industrial workforce match the rapidly evolving demand from industrial sectors, including for green and digital competences. One factor that helps is to ensure the workforce has relevant and good quality skills fit for a new economy. This includes promoting digital literacy as well technical and vocational education and training, apprenticeships, entrepreneurship and decent work opportunities.

A well-known challenge of training is that it is often insufficiently relevant to the needs of industry. However, UNIDO has an excellent track record in providing relevant training, including to address climate change, equip the young with skills and attaining tangible benefits. For example, the Learning and Knowledge Development Facility (LKDF) has been working to bridge the industrial skills gap since 2012, the Facility cooperates with business partners to establish or improve local industrial training academies and centres that prepare young people to fill the jobs available in enterprises locally. At the meso level UNIDO ensures that vocational schools and training centres offer relevant and certified skills and that banks are capable of assessing investment proposals submitted by young people. At the macro level UNIDO promotes the adoption of youth-responsive policies such as national vocational curricula or entrepreneurship policies. Aiming to safeguard the environment, UNIDO successfully demonstrated technologies that reduced GHG emissions and scaled up programmes through training in the Gambia, Guinea-Bissau, Mozambique, and Sierra Leone. In a project on building vocational capacities for displaced groups in Sudan, more than half of the 672 trainees reported increased income as a result of improved work opportunities.

An additional general role for UNIDO under this priority area relates to the opportunity to develop industrial sectors so they provide from more and cheaper products, such as food or vaccines, which are essential for the poorest to benefit directly from industrialisation through consumption.

Priority Area 2: Leveraging the power of science, technology, and innovation (STI) to fight against multidimensional vulnerabilities and to achieve the Sustainable Development Goals

Context: Many new technologies are likely to be used for manufacturing, financial services and energy access in which developing countries, in particular LDCs, lag far behind. LDCs have adopted far fewer new technologies than other countries, but adoption is increasing. The score on UNCTAD's readiness for frontier technologies index in 2020 was 0.12 compared to a world average of 0.44. LDCs score lower on STI inputs (such as technical education and training) and outputs (e.g. patents).

Indicators around digital infrastructure provide further challenging context for ISID in LDCs. Fixed broadband subscriptions increased from 0.1 per 100 people in 2010 to 1.4 in 2019. The share of individuals using the internet in LDCs has increase rapidly

from 3.8 per cent in 2010 to 21.1 per cent in 2019, but this is much lower in absolute terms than the world average which increased from 28.9 to 56.7 over that period. Women in particular face challenges access the internet (13.9 for women compared to 24.4 per cent for men). In LDCs, the average cost of 1GB of internet access is 14.8 per cent of Gross National Income (GNI) per capita, making a 1GB mobile broadband plan unaffordable for most individuals in LDCs.

Pathways. STI and national innovation systems are crucial dimensions of a country's transformation path including successful industrialization. They allow a country to follow more complex production processes, helping to transition a country away from low value-added economy based on natural resources and low-technology products towards higher value-added manufacturing-based economy and high-technology products and services. The development and strengthening of industrial sectors, including through opportunities provided by digital industrialization, will increase the resilience of businesses and countries to natural and socioeconomic challenges and crises, including shocks and pandemics. Firms and countries with better access to digital technologies and e-commerce opportunities have been more resilient during the pandemic. More developed technologies will help LDC firms to access expert markets and participate more fully in regional and global value chains.

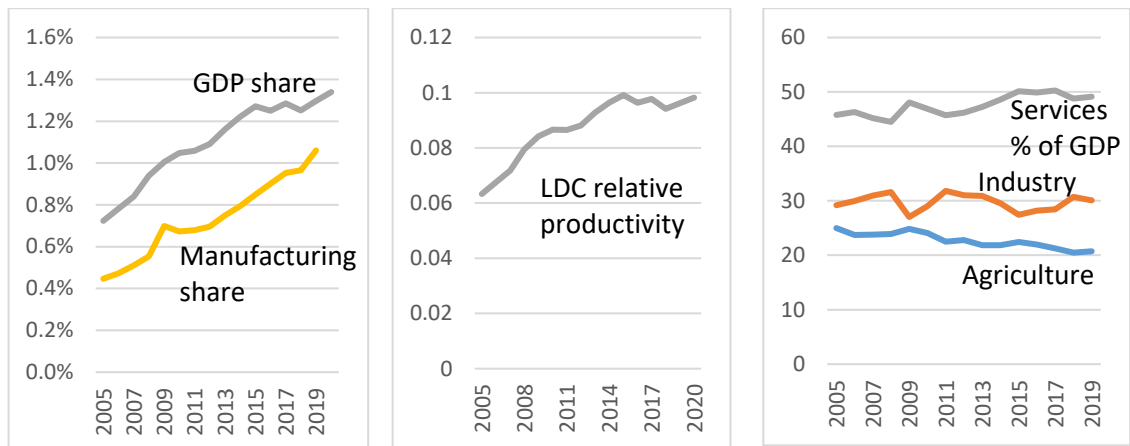
Role of UNIDO. An important aim of UNIDO is to leverage support to ensure that LDCs benefit from the transfer of knowledge and use of appropriate and environmentally sound technologies, contributing to enhanced development of human and institutional capacities, especially through training.

More specifically around the use of digital technology, UNIDO can use its global awareness functions to help prepare countries for a new digital economy. It launched the 2020 Industrial Development Report (IDR) which was designed to understand the emergence and diffusion of advanced digital production (ADP) technologies of the fourth industrial revolution. UNIDO further helps countries to boost innovation ecosystems, and drive a digital, gender-responsive and sustainable transformation of industries. This includes mainstreaming digital infrastructure, digital education and skills, innovation, and digital cooperation and partnerships. It brings together cross-sectoral expertise, to accelerate innovative and digital solutions not only in smart manufacturing and agro-food sectors, but also smart energy, and circular economy, through applications such as e-mobility, renewable smart grids, urban-industrial synergies, enhanced management of material flows and waste, among many others.

Priority Area 3: Structural transformation as a driver of prosperity

Context: LDCs have not structurally transformed their economies and their catch-up in productivity (as measured relative to the world's GDP per capita) has stalled. LDC productivity is a tenth of that in the world as a whole. Using UNIDO data, LDC manufacturing productivity, as measured by MVA per capita was \$132 (at constant 2015 prices) in 2019, compared to \$5,469 in industrialized economies. The share of industry (wider than manufacturing) in GDP has not increased (and that of manufacturing increased from 11.0 per cent in 2010 to 11.2 per cent in 2019) taken over the past decade, but the share of agriculture decreased and that of services increased. The share of employment in industry has increased from 11.2 per cent in 2010 to 12.6 per cent in 2019.

Figure 2
Share LDCs in world GDP, manufacturing (left), relative productivity LDC to world (middle), share of sector in GDP in LDC countries (right)



Source: WDI, productivity measured by GDP (current dollars) per capita.

Pathways. Industrialization and structural transformation are crucial means to increase living standards. Structural transformation, the move of factors of production from low to high productivity activities, both within and between sectors, depends to a large extent on attracting private investment in clean, energy efficient and high productive manufacturing and services. The promotion of manufacturing is particularly important at low-income levels. Whilst the average job intensity of manufacturing is declining globally, it can still help employment growth both directly and indirectly. A more diversified and higher productivity production and export base increases the quality of growth and resilience to shocks. A more transformed production bases relates to appropriate energy infrastructure and good quality connections to global value chains.

The development of national quality assurance systems would enable domestic producers to contribute to structural transformation and fully participate in international markets. Enhanced policies and trade strategies and strengthen national quality infrastructure which further facilitate access to regional and international markets.

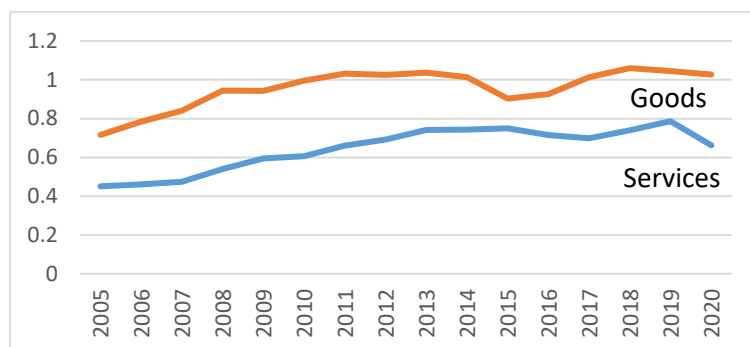
Role of UNIDO. This part of the DPoA – structural transformation – represents the focus area that is most clearly and directly aligned with UNIDO’s mandate, and hence is the DPoA focus area that UNIDO can and will make a substantial contribution to. UNIDO combines industrial policy analysis, statistical analysis and practical experience supporting industrial firms of all sizes and across different sectors and context: from agro-industrial to textile, from automotive to creative, from heavy industry to construction material, and across rural, urban and peri-urban settings. This unrivalled mix of experience and knowledge can be applied in different context to support effective strategies for ISID, and help developing countries upgrade their agro-industries and value chains and enhance competitiveness of micro-, small and medium-sized agribusinesses.

UNIDO can deploy all its knowledge and tools to support LDCs to promote energy efficient manufacturing and energy access, circular economy approaches, FDI promotion and value chain development, building SEZs, and moves towards a knowledge economy. UNIDO’s role in ensuring better energy infrastructure, a transition to cleaner energy and connecting better to global value chains is essential. Support includes ensuring produce and process quality and safety, applying innovation and digitalization, integrating smallholder farmers to global value chains, strengthening linkages between agriculture, industry, and markets, strengthening agro-industrial park infrastructure, and developing strategies at the nexus between agriculture, water, and energy.

Priority Area 4: Enhancing international trade of least developed countries and regional integration

Context. LDCs have had a consistently small share in world trade (UN data), both in goods exports (1.03 per cent in 2020, compared to 1.00 per cent in 2010) and services exports (0.67 per cent in 2020, and 0.61 per cent in 2010). The trade shares are much lower than the population share (13.6 per cent in 2020, 12.1 per cent in 2010, WDI data). They are also lower than the GDP share (1.34 per cent in 2010, 1.05 per cent in 2010, WDI data), reported in Figure 2. With few exceptions, their export basket is often unsophisticated or dependent on a single or few unprocessed commodities. LDCs struggle to take part effectively in global and regional value chains. The share of exports in GDP in LDCs has declined from 26.8 per cent in 2010 to 22.5 per cent in 2019, see Figure 3.

Figure 3
Share of LDCs in world good and services exports



Source: UNCTAD Stat.

Pathways. Trade increases incomes through higher allocative efficiency and specialisation, increases productivity and supports GDP growth through learning, and helps to diversify economies. Unfortunately, LDCs have not been able to benefit from trade to the full. This is because LDCs face a range of constraints to trade relating to lack of good quality trade-related infrastructure, inefficient customs procedures, low quality products, and weak support services for exporters.

Role of UNIDO. Most of the work here relates to ensuring international trade regimes and rules help LDCs which is relevant for the work of other; yet there is also a related role for UNIDO to build up standards to link firms to global value chains discussed in the previous DPoA area. In this related area, UNIDO can support LDC trade in the areas in which it has built up expertise, including promoting quality control, development of standards, and export promotion and GVCs. In certain projects, UNIDO aims to improve industrial competitiveness in LDCs through strengthened value chains compliance standards to improve food safety and quality for enhanced trade and market access. In other projects, it tries to link local clusters with global automobile clusters. One project focused on global quality and standards to allow the use of block chain in the cacao sector.

Priority Area 5: Addressing climate change, recovering from COVID-19 pandemic, and building resilience against future shocks

Context. LDCs will be affected most by climate change, but contributed the least. Over the past 50 years, only 18 per cent of climate-related disasters occurred in LDCs, but 69 per cent of worldwide deaths caused by such disasters were in LDCs, even though LDCs only have 13 per cent of the world's population. The poorest and most vulnerable countries also face a longer recovery, especially because access to vaccines is limited (e.g. by mid-2021, only 2 per cent of population in LDCs has been vaccinated, compared to 41 per cent in developed countries).

Pathways. ISID is very important to addressing climate change, recovering from COVID-19 and building resilience. It does this by making production cleaner (climate

change mitigation) and by providing a more diversified and resilient pathway out of activities affected by climate change (adaptation). This will enhance a green recovery and could support LDCs' Nationally Determined Contributions (NDC) and National Adaptation Plans (NAP). Support for ISID will also enhance pharmaceutical manufacturing capabilities to produce vaccines and PPE.

Role of UNIDO. Whilst the most directly relevant activities for this DPoA area are projects that directly and explicitly deliver or contribute to a country's NDC or NAP, there are many relevant UNIDO activities that we mention here but which also fit under DPoA II and III. One key UNIDO outcome area is around environmentally sustainable industry. More than half of projects by number and value of UNIDO's technical assistance is focused on this. For example, in recent years it has focused on resource efficient and low carbon industrial production, advising on industrial pollution regulation, establishing UNIDO Resource-efficient and Cleaner Production (RECP) as well as circular economy approaches, successfully demonstrating technologies that reduce GHG emissions and training, using internet of things platforms to enhance efficiency of geothermal energy production, promoting production and use of electric vehicles, assisting countries in transition to meet global agreements to reduce human-made environmental degradation, and promoting circular value chains for a greener and more competitive textile industry. Many other interventions fall under the framework of multilateral funds such as the Global Environment Facility and growingly in the future, the Green Climate Fund following UNIDO's accreditation in 2020.

UNIDO has a track record in delivering tangible results on environmental outcomes, around the transfer of environmentally sound technologies in Cambodia; a rural electrification project in Chad; a renewable energy based mini-grid project in The Gambia, an environmentally sound management of Polychlorinated biphenyls (PCBs) in Nepal and hydropower projects in Madagascar and Tanzania among others. UNIDO has also delivered a COVID-19-response programme consisting of activities such as (i) production and testing of PPE; (ii) dealing with Medical waste; and (iii) focusing on industrial recovery. For example, one project focused on developing and adopting new standards for masks and hydro-alcoholic hand products.

Priority Area 6: Mobilizing international solidarity, reinvigorated global partnerships and innovative tools for risk-informed sustainable development - A march towards sustainable graduation

Context. The SDGs and respective POAs have included support measures for LDCs around aid, trade and finance, such as trade preferences, Aid for Trade and access to climate finance. Such measures are important for LDCs including those that are expected to graduate out. There are now 46 LDCs. Angola, Bhutan, São Tomé and Príncipe, Solomon Islands are scheduled to graduate in coming years, while Bangladesh, Lao People's Democratic Republic and Nepal were recommended to graduate in in 2021 but provided with a 5 year extension.

Pathways. Support measures can help LDCs to develop their economies, by investing in their economies, facilitating and providing access to their exports and supporting their resilience against shocks. A particular focus will be to prepare LDC for graduation and to ensure no one is left behind in the process of graduation.

Role of UNIDO. SDG target 17.5 is relevant for the current DPoA priorities: "adopt and implement investment promotion regimes for LDCs". This links well to the theme "Foreign Direct Investment" and UNIDO's work on promoting investment (and partnerships) for industrialization. Further, UNIDO has a track record in building partnerships for LDCs, through multi-stakeholder approaches, for example through the integrated Programmes for Country Partnership (PCPs) aligned with national priorities. Under one PCP, UNIDO worked with the Ethiopian government to identify national industrial development priority sectors, areas and actions, building multi-stakeholder partnerships around those priorities. This helped to secure over \$788m in support of priority sectors and cross-cutting domains.

Summary and next steps

Summary Table 1 maps UNIDO's role and activities into DPoA areas as highlighted in this position paper. It focuses on key examples to facilitate discussions, but in practice there are more detailed linkages.

Table 1 Mapping UNIDO activities onto DPoA areas (targets and actions)

UNIDO role:		<i>Analytical and research and policy advisory services</i>	<i>Normative functions and standards-related activities</i>	<i>Convening function and partnerships</i>
DPoA area:	<i>Technical cooperation</i>			
<i>Investing in people in LDCs: Eradicating poverty and building capacity to leave no one behind</i>	Training including for LNOB (young, women)			
<i>Leveraging the power of science, technology, and innovation to fight against multidimensional vulnerabilities and to achieve the Sustainable Development Goals</i>	Developing innovation ecosystems	Technology Facilitation Mechanism / Technology Bank IDR2020		
<i>Structural transformation as a driver of prosperity</i>	Promoting energy efficient manufacturing and energy access, circular economy approaches, FDI promotion and value chain development, building SEZs, and moves towards a knowledge economy.	Industrial Policy Advice and Research Statistical work on SDG9		Adopt and implement investment promotion regimes
<i>Enhancing international trade of least developed countries and regional integration</i>	Promoting quality control, and export promotion and GVCs.	Industrial Policy Advice and Research	Development of standards,	
<i>Addressing climate change, recovering from COVID-19 pandemic, and building resilience against future shocks</i>	Resource efficient and low carbon industrial production, advising on industrial pollution regulation, establishing cleaner production approaches.			

<p><i>Mobilizing international solidarity, reinvigorated global partnerships and innovative tools for risk-informed sustainable development - A march towards sustainable graduation</i></p>				<p>PCPs</p>
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Following the drafting of this position paper, UNIDO plans to:

- Consult with LDCs on the position paper and refine it accordingly;
- Undertake a detailed mapping and planning exercise to identify how each UNIDO department and programme aligns with the DPoA, clarifying which pipeline projects are already aligned, what needs to be done to improve alignment;
- Develop a UNIDO strategy to promote DPoA;
- Develop a results framework for UNIDO’s support to the DPoA; and
- Strengthen UNIDO management and monitoring systems to support delivery of UNIDO’s DPoA-focused work.
