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PRS NEWSLETTER

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Dear Readers,

As the Managing Director of the Directorate of External Relations and Policy Research (EPR), I would like to welcome you to the 6th edition of the PRS e-newsletter!

We live in a dynamically changing and increasingly unpredictable world. Over the last decade, we have witnessed significant changes at the technological, economic, environmental, political and societal levels. If we want to move forward, we have to embrace these changes and pursue directed and cross-cutting policy responses and transformative strategies to achieve our sustainability objectives.

PRS's work aims to contribute to solutions to the global challenges and the profound changes we face today. Building on the notion that change and transition also open up opportunities for growth and advancement, our work focuses on how these opportunities can be effectively harnessed. In that vein, this edition of the PRS newsletter covers a wide range of topical issues, such as the influence of three megatrends—digitalization, the shift in economic power and industrial greening—on industrial development; considerations on disaster risk management in industrial policy design; available options for accelerating the green hydrogen transition; and innovation eco-systems in sub-Saharan Africa, to name just a few.

I hope you enjoy reading the latest PRS newsletter and that you will gain valuable insights into its activities.

Fatou Haidara

Managing Director of the Directorate of External Relations and Policy Research

Our newsletter mailings are a convenient way to stay connected and keep readers up to date on PRS's latest news. Previous editions of the newsletter are available [here](#).

We welcome any feedback, comments and suggestions for further improvements at prsnewsletter@unido.org.

PUBLICATIONS

IAP Articles

[COVID-19 and the megatrends shaping the future of industrial development](#)

By T. Altenburg and N. Haraguchi (UNIDO)

Megatrends are major movements that last several decades and have a profound effect on social, economic and political spheres. As COVID-19 moves from a crisis to becoming an ongoing public health management issue, a clearer picture emerges of how the pandemic has influenced the speed of these megatrends. In the sphere of industrial development, the three megatrends that deserve particular attention are (i) digitalization and automation of production, which encapsulates a range of technological changes, from the emergence of powerful online platforms to the diffusion of smartphones, 3D printing, factory automation and blockchain technology in production; (ii) global economic power shifts, especially towards East and Southeast Asia; and (iii) industrial greening. These megatrends offer new avenues for industrial development, but their potential for success depends on a number of country-specific conditions. In this context, strategies for developing an inclusive and sustainable industrial sector should continue along the path of building digital capabilities and absorptive capacities, fostering economic resilience through diversification and investing in technologies that decouple industrial and economic development from environmental harm.

[Does disaster risk management matter for industrial policy design?](#)

By C. López-Gómez and F. Santiago (UNIDO)

In times of crisis, the manufacturing sector becomes even more critical to national and global socioeconomic resilience. Managing the multitude of risks the managing sector faces calls for a new approach to industrial policy design which explicitly accounts for disaster management and enables firms to turn crises into a source of increased competitiveness and growth. The authors propose an industrial policy framework that embeds four components of disaster resilience (prevention, preparedness, response and recovery) within policy goals and links them to specific interventions. The diversity of risks and the complexity of disaster risk management requires the mobilization and channeling of the full range of resources available to firms and countries, and the coordination of multiple actors to anticipate risks and plan effective responses. Understanding the full range of risks and vulnerabilities across supply chains will need to be supported by data analytics capabilities and insights into industrial and technology trends. These should be complemented by governance structures to leverage domestic research, design, engineering and re-engineering capabilities, and the technical and financial capacity to deliver business advisory services.

[Industrial and innovation policy can speed up the Green Hydrogen transition](#)

By E. Bianco, M. Albaladejo (UNIDO), S. Fokeer (UNIDO), N. Wenck (UNIDO) and P. Schwager (UNIDO)

A multi-faceted industrial policy is needed to facilitate the emergence of GH₂ as a breakthrough technology in a world that is heavily locked into fossil fuel-based

technologies. The biggest challenges GH₂ currently faces is the lack of clear demand for GH₂, which impedes investment, while policymakers are wary of supporting a technology without a clear understanding of the cost benefit and business model. GH₂'s high production costs are also hampering its industrial application. Without environmentally-conscious consumers and adequate market policies, green product manufacturers will continue to struggle to recover their production costs and remain competitive. Market policies such as regulation, knowledge brokerage, innovation promotion and public procurement could facilitate the uptake of GH₂. Innovation and industrial policies can address market failures through a range of interventions that could make GH₂ production viable. Such a policy would help bridge the gap between market requirements, sustainability/ climate requirements and hydrogen technology development. Blacklisting certain technologies within a climate-consistent timeframe could open up space for decarbonized solutions. Alternatively, a whitelist of decarbonized technologies could achieve a similar result.

[Policies to support global food industries impacted by the Ukraine crisis](#)

By F. Hartwich (UNIDO), S. Fokeer (UNIDO), C. Hammer (UNIDO) and N. Haraguchi (UNIDO)

Food manufacturers around the world are facing rising production costs due to price increases for both food commodities and energy. Nonetheless, opportunities are opening up for developing countries' local food industries to modify the composition of their food products towards higher nutritious values and more sustainable production with higher local content. This, however, can only be achieved with substantial investment, public support and assistance from the international community. In the medium- to long-term, government support will have to focus on re-directing production in line with the country's food security policy. This implies a refocusing of production to become less dependent on international markets and more resilient to market shocks. Consumers and industries will need to be sensitized about the need to focus more strongly on local food sourcing with high nutritional values. Food industries need to be supported to increase local content in foods, which could include tax reductions on locally produced primary foods and the development of fundable business models.

RECENT EVENTS

[Policy analysts training in Guinea, 24–28th May](#)

This workshop sought to equip 40 key policy analysts from Guinean' ministries and public entities on outcome-based industrial policy design. The 1-week training at the Ministry of Trade, Industry and SME (MCIPME) has paved the way to a writing workshop during which a subset of selected participants will draft the country's first formal industrial policy. This writing exercise will benefit from key inputs from a high-level meeting, reflecting an all-encompassing participatory approach. During the first phase of the training, policy analysts learned about (i) policy cycles and processes; (ii) industrial policy objectives; (iii) policy interventions, and (iv) policy instruments. They were then introduced to key concepts and analytical elements for both industrial policy diagnostic and policy design. The workshop included sessions on structural change,

competitiveness, diversification, upgrading, import substitution and exports promotion. The final session focused on data access and data manipulation with the aim of teaching participants how to independently compute and analyse relevant indicators for industrial policy design.

[Policy training workshop in Zanzibar](#), 30 May to 3 June

PRS's Christoph Hammer and Frank Hartwich organized this virtual policy training workshop in collaboration with Zanzibar's Ministry of Industry as part of the Data, Industrial Policies and Strategies (DIPS) Component of the Programme for Inclusive and Sustainable Industrial Development in Tanzania. It focused on the main indicators for industrial policy-making based on the latest revisions of the EQUIP tool. The workshop sought to enhance the analytical capacity of a team of experts from the Zanzibar Ministry of Trade and Industrial Development and other local stakeholders. This team will be responsible for monitoring the implementation of the Zanzibar Industrial Policy 2019-2029. The EQUIP toolbox was used as the basis for training participants in analysing industrial data for Tanzania. Participants also learned how to analyse the manufacturing sector's and sub-sectors' development, the job creation potential and productivity development as well as the current composition and partners of manufacturing trade.

[Launch of the Industrial Development Report 2022 in Yaoundé, Cameroon](#), 22 June

A launch event of the [Industrial Development Report 2022](#) took place in Yaoundé, Cameroon, with the participation of HM of Mines, Industry and Technology, Mr. Dodo Ndoke, and key stakeholders from the public and private sectors in Cameroon, the Republic of Congo, Gabon and São Tomé and Príncipe. During the event, Nobuya Haraguchi and Raymond Tavares presented the report's key messages and findings and discussed their policy implications for Cameroon and other countries of the region. The event sparked a lively discussion among participants on several issues, including the role of public-private partnerships to design post-COVID-19 recovery strategies and the financial constraints that countries such as Cameroon face to support industrial development. The event also used as an opportunity to discuss the role UNIDO should play in supporting firms' readiness to respond and to help them become more resilient in the face of multifaceted crises that might arise in the future.

[Boosting Innovation Standards for SDGs – UNIDO – ISO/ TC 279 Working Session \(WG1 & WG3\)](#), 27 June to 1 July

The partnership between UNIDO and ISO focuses on responding to the increasingly important role international standards play for industry. The purpose of ISO/ TC 279 is to develop, maintain and promote standards in the realm of innovation management, particularly the standardization of terminology, innovation management systems, tools, methods and interactions between relevant parties to enable innovation. Within the TC279, each Working Group deals with a particular field of standards development. Working Group 1 focuses on innovation management systems, with specific attention on the future ISO 56001, while Working Group 3 seeks to develop tools and methods to use ISO 56002 / 56001 innovation management systems. At the special session "UNIDO-ISO Innovation Seminar" on 27 June, PRS's Fernando Santiago made a presentation on *UNIDO contributions to STI activities within the UN system and beyond* and among other

things, discussed the Partnership in Action on STI for SDGs Roadmaps (PiA), which will serve as a communication tool to connect dots such as STI finance and investment, and to incubate and scale-up international cooperation on STI for the SDGs.

Fernando Santiago also moderated Lab 1: *Digital Transformation and Innovation Ecosystem* on 30 June 2022, within the scope of the Innovation Labs. The lab brought together experts to discuss how to promote innovation and digital transformation as a driver for promoting inclusive and sustainable development. Innovation is not only a source of quality employment and the backbone of any knowledge-based economy, but also enables vulnerable groups (women, youth, MSMEs, LDCs, MICs and SIDs, among others) to increase their participation in productive activities and develop and implement innovative and more sustainable solutions to today's challenges.

[Formulation of an industrial policy for the Republic of Guinea, 29 June](#)

This high-level meeting, which took place in Conakry, was opened by Mamady Balla Camara, Director of Industry at the Ministry of Commerce, Industry and Small and Medium Enterprises, followed by an address by Ansoumane Berete, UNIDO country representative in Guinea. The Minister of Commerce, Industry and Small and Medium Enterprises, Bernard Gomou, also made a presentation. In a panel discussion moderated by international policy expert, Pierre Rialland, the Minister was joined by his two colleagues, the Minister of Economy and Finance, Lanciné Condé, and the Minister of Urbanism, Habitat and Territorial Management, Ousmane Gaoual Diallo, to discuss the objectives and vision of the Republic of Guinea's new industrial policy and the measures to be taken to ensure the policy's success. This paved the way to an open discussion among all 60 participants on the direction the country's industrial policy shall take.

[UN-IATT's perspectives on Capacity-Building in Science, Technology and Innovation for Achieving the SDGs, 6 July](#)

PRS's Fernando Santiago participated in this side event of the [High-level Political Forum 2022](#), which took place from 5-15 July in New York. The side event was convened by the [Inter-Agency Task Team \(IATT\) – Work Stream 6 on STI Capacity Development](#). It discussed the global landscape of STI policy capacity-building initiatives and their transformative value for the SDGs; how the IATT has framed its programme within the broader landscape; the comprehensive capacity development programme prepared by the IATT-WS6 and ongoing partnerships and how they help cater to the needs of policymakers at distinct levels of government across developing regions. The side event also featured a soft launch of the manual [UN-IATT and UNIDO Booklet – Science, Technology and Innovation for Achieving the SDGs: Guidelines for Policy Formulation](#) published by UNIDO with support from the Government of the Republic of Korea ([Project 190131](#) – Development of a strategic framework for UNIDO's approach to science, technology and innovation for the achievement of Sustainable Development Goal 9).

[Innovation ecosystems in sub-Saharan Africa: the path towards localised STI for SDGs roadmaps, 12 July](#)

PRS's Fernando Santiago contributed to this virtual side event of the [High-level Political Forum \(HLPF\) 2022](#). An overview of STI performance in sub-Saharan Africa was presented in the first session. The second session focused on STI development within the scope of the SDGs Roadmaps in the context of the Global Pilot Programme. Countries engaged in

the process shared their experiences, achievements and expectations. The needs, challenges and expectations for the development of STI for SDGs Roadmaps with a specific focus on the African context, taking into account recovery plans to build back better from COVID-19 and the present risks of the energy and food crisis, were discussed. Participants provided insights on the next steps for further applications of STI for the SDGs Roadmaps and the development of the Partnership in Action, which is the scaling up phase of the Global Pilot Programme on STI for SDGs Roadmaps.

PROGRAMMES AND PROJECTS

UNIDO Global Industrial Policy Advice Facility

The UNIDO Global Industrial Policy Advice Facility, established with support from the German Federal Ministry for Economic Cooperation and Development (BMZ), conducted training activities in Nicaragua throughout June. UNIDO implemented four virtual training sessions with 29 participants from government institutions in Nicaragua. The sessions focused on how industrial policy can be more effectively designed and implemented. Topics included analysis of policy objectives, strategies, policy instruments, implementation modes and action planning. Participants had the opportunity to learn about relevant factors that can strengthen their national processes. During the month of July, UNIDO will implement training sessions to strengthen participants' knowledge of value chain analysis to bolster industrial policy processes.

A new strategy for industrial policy set-up in Guinea

The Ministry of Trade, Industry and Small and Medium Enterprises in Guinea has requested UNIDO's support in the process of developing the country's industrial policy. Four key activities are envisaged, namely (i) the development of a diagnostic report, which was presented to the government in December 2021; (ii) the building of capacities among policy analysts responsible for industrial development-related issues in the Ministry and a range of partner ministries and government agencies (40 participants were trained in May 2022 on the construction and interpretation of industrial development indicators; (iii) an "industrial policy write shop" targeted at policy analysts under the Ministry's leadership to actively collaborate in writing up various sections of the policy document (28 June – 2 July), and (iv) a high-level meeting between policymakers and private sector representatives to provide inputs to the revised industrial strategy (29 June). A first draft of the policy document is expected by the end of July.
