



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



LDC5
5TH UNITED NATIONS
CONFERENCE ON THE
LEAST DEVELOPED COUNTRIES



Building a better future in the Least Developed Countries with UNIDO

Fifth United Nations Conference on the LDCs (UN LDC5)

Foreword by the Director General



Since its establishment in 1966, UNIDO has paid special attention to the needs and development challenges of the world's most vulnerable countries, including the least developed countries (LDCs).

UNIDO supports LDCs through analytical and policy advisory services, institutional capacity building and technical cooperation activities to enhance the contribution of industry to national socio-economic progress, and to promote structural change and economic diversification.

Within the framework of the Fifth United Nations Conference on LDCs (UN LDC5), the international community and development

partners have the opportunity to renew partnerships to help LDCs overcome structural challenges, eradicate poverty, achieve internationally agreed development goals, including the agreed targets under the Doha Programme of Action (DPOA) for LDCs 2022-2031, and facilitate sustainable and irreversible graduation from the LDC category.

In this regard, UNIDO is participating in the UN LDC5 official meetings and focused tracks events. This includes statement delivery at the General Debate, the selected High-Level Thematic Roundtables, and the Ministerial Meeting on South-South Cooperation. Furthermore, UNIDO joined forces with the Food and Agriculture Organization (FAO) to co-lead the Private Sector Forum session 2 on Agriculture and Rural Development, and to launch the joint UNIDO-FAO Agrifood Systems Transformation Accelerator (ASTA) initiative at the conference margins. Similarly, UNIDO is collaborating with the Ministry of Sports and Youth of Qatar and the International Trade Centre (ITC) to co-organize the Youth Forum session 4 on Fostering youth economic inclusiveness and entrepreneurial skills. Lastly, the UNIDO exhibition and several side events aim to showcase UNIDO services and stimulate dialogue on how to accelerate inclusive and sustainable industrialization in LDCs, in line with the DPOA framework.

"My goal is that UNIDO provides concrete and practical solutions to pressing global challenges. Sustainable industrial development can deliver a world without hunger, using sustainable energy, and creating jobs, particularly for young people."

Gerd Müller
Director General, UNIDO

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UNIDO's contribution to the DPoA

UNIDO's multi-faceted approach includes a variety of highly specialized and differentiated services that promote social inclusion and economic competitiveness, as well as cross-cutting activities such as knowledge networks, institutional partnerships, youth and women's empowerment.

Enhancing technical and vocational skills, developing digital innovation, increasing productive capacities and competitiveness in the manufacturing sector, generating quality employment opportunities for all, enhancing access to clean and affordable energy for productive use, promoting circular economy and developing clean technology solutions for climate change, enhancing international cooperation and trade partnerships are among key UNIDO services that can contribute to the DPoA implementation.

All these services, and their underlying aims, are aligned with the DPoA and mainstreamed into UNIDO's four enabling functions: (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.

*"South-South
cooperation leads to
greater innovation as it
provides opportunities
for developing
countries to learn from
each other and to share
best practices"*

*Gerd Müller, UNIDO
Director General*

UNIDO value addition is based on its needs driven, tailored solutions. In cooperation with the United Nations development system at the global, regional and country levels, UNIDO prioritizes evidence-based programming, prominently in the context of the Programme for Country Partnerships (PCPs). Thought leadership and convening of global partners remain vital approaches to boost cooperation for ISID, with a special focus on expanding collaboration with the private sector as a key player to catalyse transformative solutions.

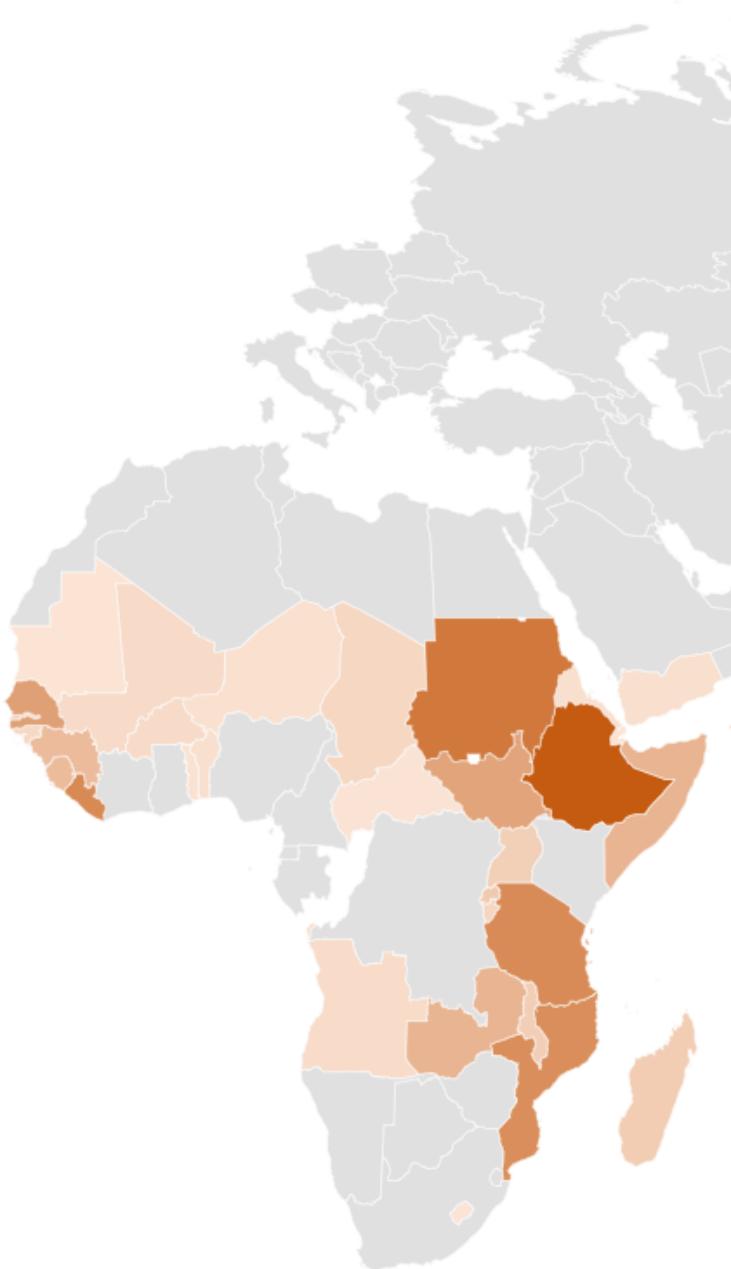
UNIDO has different ways of partnering with the business sector. The PCP is an innovative model that brings together relevant development partners, including financial institutions and the business sector, under the leadership of the host

government to accelerate the achievement of inclusive and sustainable industrial development. Multi-stakeholder platforms offer another modality of engagement with the business sector. They are a place to discuss, share information and come up with new solutions on a particular theme or issue. Examples of UNIDO's multi-stakeholder platforms include the global network of Resource Efficient and Cleaner Production Centres, Chemical Leasing and the Learning and Knowledge Development Facility (LKDF).

South-South and Triangular Industrial Cooperation (SSTIC)

UNIDO utilizes the South-South and triangular industrial cooperation (SSTIC) as one of the key modalities to foster technical cooperation among developing countries.

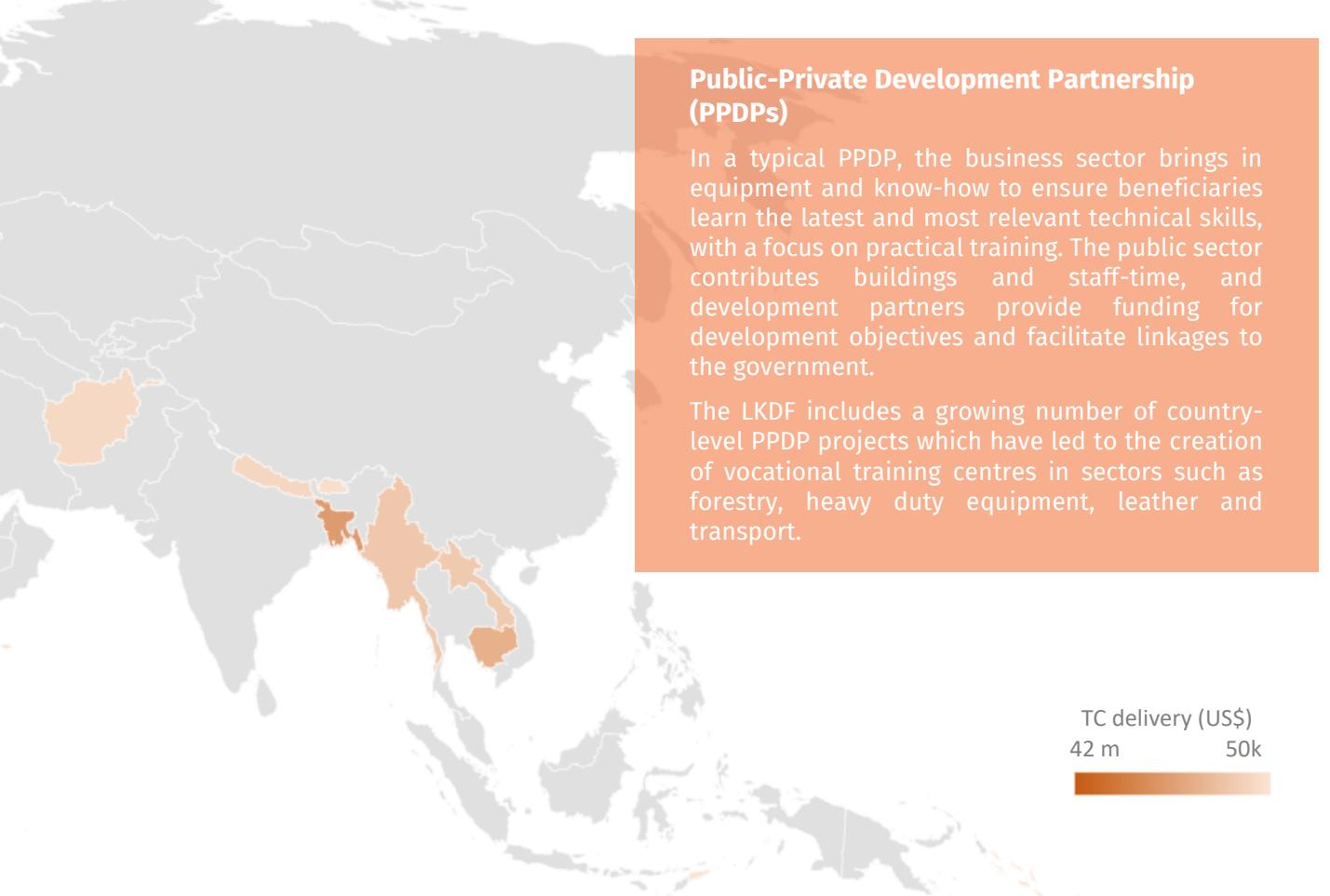
Currently, there are 28 UNIDO projects in LDCs that apply the SSTIC approach. UNIDO plans to expand the SSTIC in LDCs further, in support of the DPoA implementation.



UNIDO's response to the Istanbul Programme of Action (IPoA) for LDCs 2011-2021

UNIDO's assistance to the LDCs in the last decade was guided by the Organization's Operational Strategy for the LDCs 2012-2021, adopted in 2011, at the Fourth UNIDO Ministerial Conference of the LDCs. Its overarching goal was to enable the LDCs to promote sustainable sources of income and employment through productive capacities leading to inclusive growth, development and graduation.

The technical cooperation (TC) delivery to the LDCs included over 700 projects and amounted to US\$ 395 million, with majority of projects implemented in East Africa. In addition, LDCs benefitted from regional initiatives delivering US\$ 109 million in Africa and US\$ 25 million in Asia and the Pacific region. The projects "Better Work and Standards Programme (BEST): Quality Infrastructure, Fisheries and Textiles" in Bangladesh and "Support to TVET for young people in Liberia" were the largest initiatives during the period. The European Union, Global Environment Facility (GEF), Italy, Norway and Japan were the main funding partners in the period.



UNIDO Operational Strategy and Implementation Plan for LDCs 2022–2031

In 2022, UNIDO has embarked upon the formulation process of the Operational Strategy for LDCs 2022–2031. In close alignment with the DPoA, and through comprehensive development dialogues with Member States and partners, the strategy will be finalized and launched at the 20th session of the UNIDO General Conference in November 2023. Further, the strategy will be operationalized through an implementation plan identifying targeted actions and innovative resource mobilization avenues.

The LDCs host about 40% of world's poor, while most are suffering from acute conflict or are recovering from one. The low level of socio-economic development in the LDCs is characterized by historically weak development capacity, low and unequally distributed income and scarcity of domestic financial resources.

The strategy thus places a special emphasis on strengthening agribusiness development and food security, increasing access to clean and affordable energy, bridging the digital gap and fair supply chains. It has been adopted the six DPoA focus areas as the main pillars, notably 1) Investing in people; 2) Leveraging the power of STI; 3) Structural transformation; 4) Trade and regional integration; 5) Climate change and resilience building; and 6) Reinvigorated partnerships.

In 2022, UNIDO had 192 different projects in LDCs, with a total budget of almost US\$ 300.8 million. The European Union is the leading donor covering one third of the total budget. In addition, top funding partners included the GEF, and bilateral partners such as Italy, Sweden, Japan, Norway and Germany. In the upcoming decade, UNIDO intends to strengthen its engagement with the Green Climate Fund, in an effort to assist LDCs in mobilizing climate finance.

1. Investing in people, eradicating poverty and building capacity



Inclusive and sustainable industrial development is the primary source of income generation and allows for rapid and sustained increases in living standards for all people.

Hence, UNIDO remains committed to enhancing industrial skills development through technical and vocation education and training, entrepreneurship promotion, women and youth empowerment, support to local health industries and good industrial governance in LDCs.

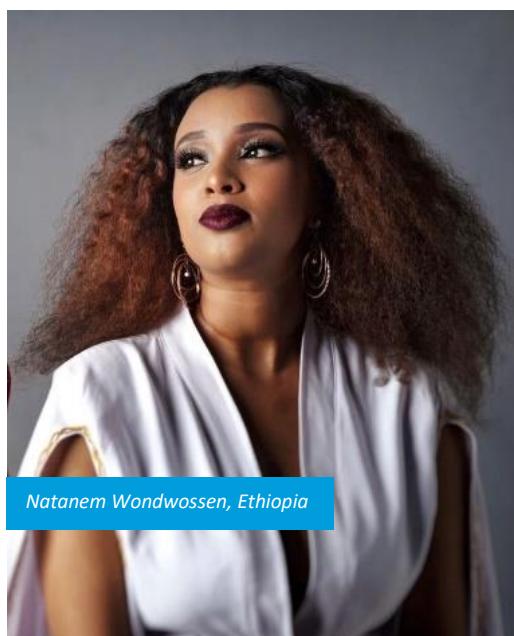
▪ Where is UNIDO making an impact?

To realize these commitments, UNIDO – with the support of various donors – implements a number of relevant projects at national, regional and global levels. A few examples include: 1) *Zambian Industrial Training Academy (ZAMITA)* aiming to enhance youth employability; 2) *Cambodian Industrial Policy* providing policy advice and recommendations for manufacturing and sectoral development; and 3) *Sustainable development of artisanal and semi-industrial fisheries* in Sudan.

▪ What results do UNIDO's projects have?

As part of the project *Technical Assistance for Upgrading of the Ethiopian Leather and Leather Products Industry*, UNIDO launched the Creative Hub Ethiopia. The Hub's current members are fashion designers (footwear, clothing, leather products, etc.), ICT professionals focused on digital solutions, and industrial and product designers, among others.

The creative hub offers a wide range of services through thematic seminars and workshops, trainings, prototyping initiatives, social events, and networking sessions. It provides a digital library, rapid prototyping services and 3D printing, mock-up labs, meeting rooms, space for exhibition and events, co-working spaces and a cafeteria.



Natanem Wondwossen, Ethiopia

So far, the Hub supported 183 enterprises, with 120 MSMEs acquiring specialized skills. Over 240 products have been developed, with average members' production increased for 8.7%. The Hub conducted 138 trainings and workshops and attracted an attendance of around 1,600 people from Ethiopia and neighboring countries.

"The services provided by the Hub and the space itself are fundamental for improving our creative mindset, technical and managerial skills and improve our capacity to work in cooperation with other people, to boost our mutual understanding."

*Natanem Wondwossen,
Fashion Designer, IT and Business Management graduate
Ethiopia*

2. Leveraging the power of science, technology and innovation

Science, technology and innovation (STI) are crucial dimensions for a successful and sustainable industrialization process. They play a key role in accelerating the pace of economic diversification and transformation, and improve productivity and competitiveness, in a way that maximizes benefits for people, planet and prosperity and enables the full participation of LDCs in the global economy. However, the use of advanced digital production technologies in manufacturing and agri-business sectors is highly limited in most of the LDCs. More often, barriers to the adoption of digitalization are due to insufficient awareness of technologies, their application and skills shortage.



▪ Where is UNIDO making an impact?

UNIDO is hence supporting LDCs to mainstream 4IR in their national development agendas and to increase institutional and private sector capacities for the uptake of new technologies, while fostering knowledge and technology transfer through various partnership models and South-South cooperation. To support STI at the national level, UNIDO works with SMEs as a driver of economic growth and a key to poverty eradication. It also advances policy environments conducive to spurring investment opportunities for SMEs, develops capacities for firms' increased competitiveness, and link-up with markets for acquisition of skills, technology, finance, and global partnerships, including through export consortia, SME clusters and innovation.

Some of the projects implemented by UNIDO include: 1) *Agro-technology development for economic growth in South and Central Somalia*, aiming to address local needs for mechanization, operation and maintenance of old agro-industrial equipment; 2) *Technical Assistance Project for Upgrading of the Ethiopian Leather and Leather Products industry* aiming to increase competitiveness of the sector; and 3) *Cleantech Innovation Programme* aiming to accelerate cleantech innovation and entrepreneurship in start-ups and SMEs in several LDCs, including Sierra Leone, Cambodia and Democratic Republic of Congo.

▪ What results do UNIDO's projects have?



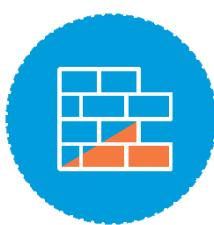
CAPFish project, funded by the European Union and implemented by UNIDO and Fisheries Administration (FiA) of Cambodia, has helped to upgrade post-harvest business operations, improve competitiveness and integrate fishery enterprises into regional and global markets.

The project assisted 39 lead enterprises and more than 400 associated partners. It trained over 123 representatives (89 of which women) on food safety, and over 20 enterprises on business practices. It further equipped over 27 enterprises, and upgraded the processing facilities of over 16 enterprises. Moreover, the project has conducted more than 15 studies on post-harvest fishery.

"I am finally going to fulfill my dream after experiencing many failures and challenges. With the support from UNIDO CAPFish project, we are committed to building our brand and providing good nutritious fish."

*Ms. Lim Ponny,
Cambodia*

3. Supporting structural transformation as a driver of prosperity



Inclusive and sustainable structural transformation bears a great potential to increase productivity and growth, reducing disaster risk, exposure and vulnerabilities to existing and future external shocks. However, initiation of a sustained structural transformation remains a critical challenge for LDCs. Their economies are largely undiversified, highly dependent on commodities and external assistance and at the bottom of regional and global value chains. High productivity manufacturing and services make a minuscule contribution to GDP in LDCs. Enhancing diversification policies and strategies for employment creation, infrastructure development, particularly in the energy sector, and higher added-value manufacturing are therefore key for LDCs' structural transformation.

▪ Where is UNIDO making an impact?

The agricultural and agribusiness sectors present exceptional opportunities for structural transformation of LDCs. Through a range of technical cooperation services targeted at food and non-food sectors, UNIDO assists LDCs to add value to their agricultural output and generate off-farm employment opportunities in rural communities, thereby contributing to rural economic development and structural transformation. In Ethiopia and Senegal, several agro-industrial parks are being established with UNIDO's support, mobilizing large-scale resources and partnerships.

UNIDO also assists LDCs to increase access to clean and affordable energy to support productive activities and the income and employment opportunities they create. It is responsible for enhancing the use of renewable sources of energy and efficient use of energy by industry. In The Gambia, UNIDO partnered with GEF and local service providers to install solar power grids, thus reducing the country's dependence on traditional biomass fuels and imported fossil fuels for electricity generation. In Madagascar, UNIDO contributed to the establishment of small hydropower plants in rural areas of the country, enhancing the communities' productive capacities.

▪ What results do UNIDO's projects have?



The project *Support to the Industrialization and Free Trade in Comoros*, implemented by UNIDO and funded by the European Union, plays a crucial role in supporting structural transformation at the national and regional levels. Through productive capacity building, support for private sector development and entrepreneurship promotion, the project contributed to the diversification and industrialization of Comorian economy by

creating decent jobs for all.

Overall, 46 SMEs benefitted through the project activities. The project organized 3 workshops to strengthen their capacities and assist with business plans. It has also served as a regional platform for sharing of experiences and best practices with various countries including Ethiopia, Somalia, Angola and Madagascar.

For my part, what I got out of this training was learning how to draw up a business plan, which is an opportunity for the development of our enterprise. We expect the APILE program to support us in terms of adaption to improve our productivity".

*Ms. Soilha Ahmed Boustoine,
Comoros*

4. Enhancing international trade and regional integration

Despite the massive expansion of trade and investment in the past decades, LDCs still face considerable challenges in effective integration into global trading systems and in benefiting from the opportunities afforded by international trade and global value chains. Among other factors, a conducive environment on national, regional and international level is crucial to foster trade and of value chains development. With its objective to create a single continental market for goods and services, with free movement of business persons and investments, the AfCFTA bears an immense potential to significantly enhance competitiveness, support economic transformation and promote industrialization of African countries, including the LDCs.



Furthermore, there is a widespread consensus that ‘business as usual’ is no longer an option. Corporate actors must place environmental and social concerns to the fore in their business operations. The business community in LDCs should recognize the strategic value of CSR and align products and business relationships accordingly.

▪ Where is UNIDO making an impact?

UNIDO aims to improve the competitive supply capacities in LDCs, and enable their enterprises to meet international market requirements, including quality, safety, and corporate responsibility-related standards. It aims to strengthen the capacities of LDCs to participate in regional and international trade, and specifically to enable them to meet market requirements for quantity, quality and safety of products and services.

One of its success stories is the project *Increasing Sierra Leone’s competitiveness through enhanced productivity and trade compliance in selected value chains*. The initiative increased quality, productivity and value of exports from Sierra Leone. Similarly, *Building competitiveness for exports in Mozambique for the selected value chains* improved trade competitiveness and the business environment. At regional and national level, UNIDO supported the *West Africa Competitiveness Programme (WACOMP)*, implemented by local and global development partners in 16 Western African countries.

▪ What results do UNIDO’s projects have?



Therese Munchu Gomez, Gambia

As part of the WACOMP initiative, UNIDO is assisting The Gambia to increase its competitiveness through enhanced quality and compliance along the onion value chain. Funded by the EU, the project is increasing performance, market access and capacity of local SMEs to provide horticulture services.

Further, it contributed to the formulation of the Food Safety and Quality Policy, and capacities of

strengthened technical competencies quality infrastructure institutions and conformity assessment service providers in The Gambia, so that the system as a whole and its composite institutions respond better to agri-food sector needs of the markets.

“The trainings were well delivered and came at a time well needed. I wish to express my sincere thanks to UNIDO and the EU for making the trainings available to us.”

*Ms. Therese Munchu Gomez,
Gambia*

5. Tackling climate change, COVID-19 & building resilience



The LDCs are especially vulnerable to and disproportionately affected by the adverse effects of climate change. Meeting the climate challenge requires industries and institutions - both public and private - to be able to assess and understand climate change, design and implement adequate policies and to work towards resource efficient societies and low emission growth. Inclusive and sustainable industrialization helps to address the climate challenge, environmental degradation, mitigation and adaptation, and fossil fuel import dependency. For LDCs, increasing adaptation capacities and enhancing their ability to mobilize climate finance are among key areas for action.

Furthermore, the resilience to health related crises can be addressed by improving local pharmaceutical manufacturing and distribution hubs. The COVID-19 pandemic has highlighted the need to ensure access to pharmaceuticals for all. As the pandemic has had a disproportionate impact on the poor and most vulnerable populations, the lack of access to essential medicines further exacerbates the impact of the pandemic on development gains, hampering progress in the achievement of the Sustainable Development Goals.

▪ Where is UNIDO making an impact?

UNIDO provides technical cooperation and advisory services to advance local pharmaceutical production in developing countries and has been supporting PPE production as an immediate response to the COVID-19 crisis.

In addition, UNIDO provides support to governments and industries to develop low carbon growth and climate resilient industry through policy advice, vulnerability assessments, implementation of adaptation technologies that synergies mitigation efforts with low-carbon technologies as a paradigm for inclusive and sustainable industrial development. Especially, in the field of water management, UNIDO focuses on the sustainable use of water resources since scarcity of water becomes a critical issue as a climate change impact. For example, the project *Strengthening engagement and action by the LDCs Group on Climate Change* aims to strengthen institutional structures, enhance mitigation and access to climate finance for the LDCs. At national level, the *Sustainable Cities Management* initiative for Senegal assists with sustainable urban management practices. In Bangladesh, UNIDO is assisting the country with sustainable plastic use and marine litter prevention.

▪ What results do UNIDO's projects have?

The project *Promoting public health and social resilience against COVID-19 by strengthening the domestic supply chain of PPE* in Tanzania undertook several on-site and in-class capacity building activities. Furthermore, the initiative supported the government with the supply of N95 mask machines as well as PPE products' quality testing equipment.

Similarly, the MSME Resilience and Recovery Programme (P2R) in Senegal conducted 89 quick diagnostics of COVID-19 pandemic on MSMEs in the country and supported over 50 MSMEs to develop recovery and resilience plans. Also, three thematic workshops were organized to assist with recovery planning and guidance.

The training programme was exactly what we needed to spur changes in our mind-sets and working practices at both individual and organizational levels. I just wanted to let you know how much we appreciated the holistic and structured capacity-building approach covering a wide range of topics with fantastic takeaways which we can put into practice."

*Mr. Bhupinder Kumar,
Tanzania*

6. Mobilizing international partnerships for sustainable graduation

Partnerships with diverse development partners, including governments, other United Nations agencies, global environmental financing mechanisms, financial institutions and the business sector are of utmost importance to enable LDCs' graduation and achievement of the 2030 Agenda. Specifically, solid partnerships with the business sector actors, including multinational companies, SMEs, industry associations and chambers of commerce, are key, as these are the drivers of economic growth.



FDI flows to LDCs have been declining since 2015, reaching \$21 billion, or 1.4% of global FDI in 2019. In addition, the FDI to LDCs remains heavily concentrated in the extractive industries, exacerbating environmentally sustainable development and limiting economic diversification. Several LDCs have undertaken steps to facilitate investment, such as the acceleration of approval procedures, the increased use of digital tools, a reduction in fees and automatic renewal of permits. The process, however, needs upscale and expansion.

▪ Where is UNIDO making an impact?

UNIDO has been partnering with international financial and development financial institutions as well as the business sector actors to ensure a meaningful impact of its projects and initiatives. UNIDO's most common forms of working with the business sector are technical cooperation projects, procurement, events and platforms, collaboration on joint publications to disseminate knowledge and best practices. In addition, UNIDO has established the Programme for Country Partnership (PCP) model to leverage large-scale investments for industrial development at national level. UNIDO's network of Investment and Technology Promotion offices assists in matching the investors and technology suppliers from developed and developing countries, including the LDCs.

In Ethiopia, UNIDO has been implementing the *Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership* project, which increased productivity, quality and sustainability of coffee exports. It has also partnered with the World Bank and ITC to implement the ACP-Business Friendly Programme funded by the EU and the Organization of African, Caribbean and Pacific States. The programme helped a number of countries, including LDCs, to improve investment promotion strategies and capacities. Finally, the organization established the *Center for South-South Industrial Cooperation in China*, to share knowledge and transfer technologies.



Shamsiya Korte, Ethiopia

▪ What results do UNIDO's projects have?

Through the coffee value chain initiative in Ethiopia, UNIDO partnered with the Italian Agency for Development Cooperation (IADC), the Ethiopian Coffee and Tea Authority (ECTA) and the IllyCaffè. The project has enabled about 4 million smallholder farmers and their families, including women to benefit from increased production and coffee export revenue, trained 10,111 farmers, assisted 21 Farmer Cooperatives, supported 2 Unions in obtaining export licenses and established 12 Coffee Drying Centers.

"Thanks to UNIDO, we are aware that our coffee is worth much more and is more appreciated; now we can expand our opportunities as farmers, as a cooperative and as a community."

*Ms. Shamsiya Korte,
Ethiopia*



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