



## **Input into the Report of the Secretary-General on Implementation of the Third United Nations Decade for the Eradication of Poverty (2018-2027)**

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The United Nations Industrial Development Organization (UNIDO) primary mandate is to promote inclusive and sustainable industrial development (ISID). Inclusive and Sustainable Industrial Development (ISID) pursues the effective integration of the economic, social and environmental dimensions of sustainable development and therefore directly contributes to the achievement of all Sustainable Development Goals (SDGs) and the 2030 Agenda principle that “no one will be left behind”. SDG 9 on industry, innovation and infrastructure reiterates the relevance of ISID, the Lima Declaration<sup>1</sup> and UNIDO’s mandate.

UNIDO’s strategic priorities are (i) Creating shared prosperity; (ii) advancing economic competitiveness, (iii) safeguarding the environment, and (iv) strengthening knowledge and institutions. We aim to achieve these 4 strategic priorities through our 4 core functions of (i) technical cooperation; (ii) policy analysis and advice; (iii) norms and standards and (iv) convening and partnerships.

Out of the seven thematic policy areas in the United Nations System-wide Plan of Action for the Third United Nations Decade for the Eradication of Poverty (2018-2027), UNIDO is among the many agencies contributing to three specific thematic policy areas:

- a) Human capability development: addressing the non-income forms of poverty;
- b) Reducing inequalities;
- c) Fighting poverty in fragile and humanitarian contexts.

UNIDO interventions through the following contribute towards realizing the objectives of the Third United Nations Decade for the Eradication of Poverty (2018-2027).

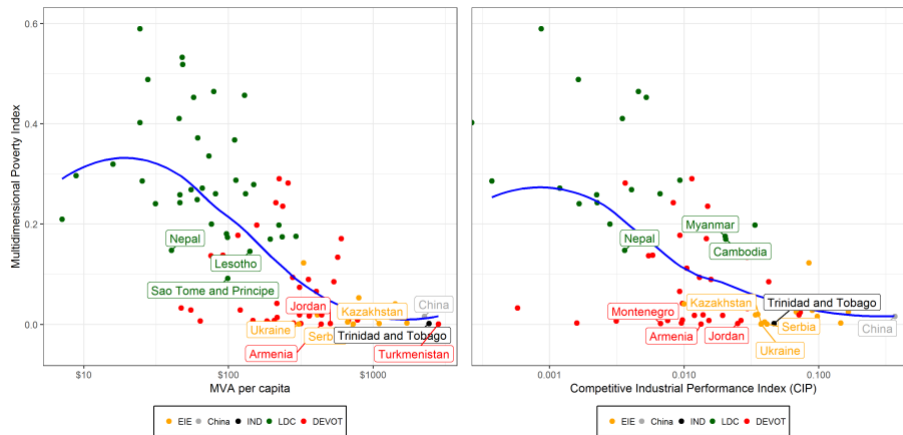
### **1) Industrial Development matters to the well-being of the population**

In February 2020, UNIDO released a report that provides statistical evidence on how closely industrial development is linked to people’s living conditions and the quality of their lives. The publication, “Industrial Development Matters to the well-being of the Population – Some Statistical Evidence” attempts to improve the understanding of the correlations between industrial development and human development, poverty and inequality, employment, education and health. Although the report does not draw on the causal analysis of the variables under study, it shows, for example, that the higher the industrial development as measured through manufacturing value added (MVA) and the competitive industrial performance index (CIP) variables, there is improvement in the Multidimensional Poverty Index (MPI).

<sup>1</sup> Resolution of the General Conference, 15<sup>th</sup> Session in Lima, Peru in 2013, GC.15/Res.1



## Synergies Generated Beyond GDP



Source: [UNIDO \(2020\). How industrial development matters to the well-being of the population: Some statistical evidence](#)

## 2) The Fourth Industrial Revolution

UNIDO also launched the Industrial Development Report 2020 (IDR 2020), “Industrializing in the digital age” in November 2019. The UNIDO flagship publication presents fresh analytical and empirical evidence on the future of industrialization in the context of the current technological paradigm shift.

It empirically examines the validity of some frequent claims, including that robots will replace factory workers, that advanced economies will backshore previously outsourced production, and that the minimum threshold of skills and capabilities to remain competitive in manufacturing will be so high that it will exclude most countries from the next phase of manufacturing production.

The report provides insights into these claims, and shows that industrialization continues to be the main avenue for successful development. The policy implications and responses arising from the IDR 2020 are highly contextual – one needs to look at the extent of industrialization, the penetration of digital infrastructure, the accumulation of technological and productive capacities. There is no one size fits all solution, and so one should not think that we can have ready-made models. Policy responses also depends on the relative position of economies. For example, frontrunners are already at the frontier when it comes to technologies. Their policy responses are likely to be oriented towards sustaining or regaining industrial leadership. For followers, the aspiration may be to close the technology gap with frontrunners which implies policies to continue fostering innovation driven development, building on the technological and industrial foundations that are already in place.

For latecomers and laggards, what the IDR has found is that it is important to set up the basic conditions of infrastructure and capabilities to be ready to absorb the new technology – policy implications important for least developed countries to avoid exacerbating the digital divide.



### **3) UNIDO Programmes for Country Partnership (PCPs) and Country Programmes (CPs)**

As highlighted in the last progress report, UNIDO supports its member countries in advancing inclusive and sustainable industrial development, inter alia, through its Programmes for Country Partnership (PCPs) and Country Programmes (CPs). The PCPs focus on priority industrial sectors or areas essential to the country's development agenda, in particular those with a strong potential for economic growth and job creation. Founded on the strong leadership of the host government and multi-stakeholder partnerships, the key features of PCPs are national ownership, multi-stakeholder partnership, priority industrial sectors and areas, facilitation of public and private investments, based on an analytical framework and driving programme level impact.

As of 2019, 4 countries are implementing the UNIDO PCP (Ethiopia, Senegal, Peru and Morocco), 2 countries are in the programme phase of its PCP (Cambodia and Kyrgyzstan) with another 4 in the early programming phase (Cote d'Ivoire, Egypt, Rwanda and Zambia).

For example, the Ethiopia PCP is helping to transform the country into a middle-income country by 2025. Agriculture remains central to the country's economy, contributing 44 per cent of gross domestic product (GDP). Smallholder farmers are the main producers, but their scattered plots are highly fragmented with little irrigation and mechanization, reducing efficiency and increasing post-harvest losses. The PCP is supporting the Government to improve the efficiency of its agro-industry with training in ways to conserve natural resources, improve irrigation systems and plant higher value products. The other growth opportunity in the country is industry, particularly the manufacturing sector, which only contributes 4 per cent to GDP. The PCP is promoting three light manufacturing sectors: agrifood processing, textiles and apparel, and leather and leather products.

In this regard, as part of the PCP programme and with support from the Government of Italy, a common footwear production unit inaugurated in April 2019 to allow the Ethio-International Footwear Cluster Cooperative Society (EIFCCOS) to increase and diversify its production. The five clusters supported by UNIDO employed more than 4,850 workers, 33 per cent more than the baseline of 2014. Of this number, 48 per cent were women and 90 per cent aged 24 or below. Technology upgrading efforts have directly benefited 273 SMEs participating in the cluster. Profit margins have increased by 12.5 per cent on average and export volumes by 8 per cent.

Through the PCP's textile and apparel sector intervention, employment opportunities have also been created for 369 young graduates, recruited in Mekelle Industrial Park since January 2019 in synergy with the European Union-funded SINCE Programme. In September 2019, the Mekelle Garment College Centre of Excellence was inaugurated with the aim to train and graduate about 200 people per month, and to create a potentially replicable model for the rest of the country.

#### *Technical Cooperation Programmes*

In 2019, UNIDO technical cooperation implementation reached USD 190.3 million. Technical cooperation programmes in UNIDO can be implemented through the PCP and CP frameworks



or as stand-alone projects and programmes. In 2019, net voluntary contribution for UNIDO was USD 154.7 million for project implementation, with a total portfolio of projects estimated at USD 586.6 million.

Examples of interventions contributing to the objectives of the Third UN Decade for the Eradication of Poverty include, amongst others:

#### Increasing food and labour security in Armenia

Through a project funded by United Nations Trust Fund for Human Security, the Government of Armenia is working with a consortium of United Nations organizations to address this issue. UNIDO is responsible for generating economic opportunities for the most vulnerable and building the capacity to sustain these incomes. In 2019, clusters and businesses with strong growth potential were identified in four communities. Producer groups were selected, and their technical and financial support needs identified. A special focus was given to women, since they are at higher risk of poverty, particularly when they are the head of the household. UNIDO is now providing training to the participants in environmentally-resilient practices, and teaching them to develop bankable business plans and funding applications.

Three vulnerable communities in the Shirak, Tavush and Lori regions are focusing on developing new business models for dairy products, fruits and berries, dried fruits and herbs, and high-value field crops, using renewable technologies such as solar heaters and small biogas units for agricultural processing and greenhouse operations. One project in the Tumanyan district is introducing sustainable waste management through separate collection and recycling of plastic waste to reduce the environmental risk to their agroprocessing industry.

These new income opportunities are empowering women and youth to take control of their livelihoods and their environment, reducing their risk of exploitation and helping boost their communities' economies.

#### Promoting youth employment in Liberia

UNIDO is implementing a large-scale programme aimed at revitalizing the technical vocational education and training sector in Liberia, with a particular focus on industrial skills relevant for high economic growth sectors. Specifically, the programme aims to promote youth employment in technical occupations linked to the mining, agriculture, agro-forestry and construction sectors. By creating jobs for youth, the programme also contributes to overall security and stability in Liberia.

The programme comprises several projects, funded by the European Union and the Governments of Japan and Sweden, totalling nearly \$40 million. It builds on the successful experience of UNIDO in supporting labour market-oriented training programmes in the country, specifically for careers in industrial mechanics as proven by the high employment rates of the training graduates.

#### Uganda banana production practices reduce deforestation and increase incomes

Uganda is among the top banana-producing countries, but unpredictable temperatures and rainfall due to climate change and pests and diseases are threatening this crop.



With funding from the Global Environment Facility (GEF), UNIDO is helping vulnerable farming communities adapt to climate change, reduce deforestation and increase their income. Biodigesters installed in eight districts now generate biogas from cow dung for lighting and cooking. The decomposed dung also fertilizes the banana fields, providing a dual benefit.

With this new clean energy, women and children no longer need to spend hours each day searching for firewood and making charcoal. This leaves children more time for schoolwork, and women are earning money in new processing plants built by UNIDO that meet international guidelines. Bananas that would have ripened before they reach the market are dried for banana chips or made into juice, providing income that would otherwise have been lost.

#### **4) Third Industrial Development Decade for Africa 2016-2025 (IDDA III)**

The General Assembly declared 2016–2025 the Third Industrial Development Decade for Africa (IDDA III), in recognition of the importance of industrialization to Africa’s future. UNIDO is charged with developing, operationalizing and leading the implementation of this framework.

It seeks to achieve this goal by fostering strong partnerships with other United Nations entities and public-private partnerships, mobilizing resources and providing technical assistance in Africa. In 2019, the new IDDA III Championship initiative, comprising seven African Heads of State and Government, continued to promote IDDA III during the high-level week of the General Assembly in September and at the UNIDO General Conference to leverage high-level political leadership and promote and increase the visibility of the mandate.

UNIDO worked with the IDDA III focal points, who represent 28 institutions including the AUC, regional economic communities, United Nations organizations, development finance institutions and business associations, to develop a joint roadmap to enhance coordination in the implementation and funds mobilization for programmes and projects.

UNIDO increased awareness and built support for IDDA III by co-organizing global events at the General Assembly and the seventh “Tokyo International Conference on African Development” (TICAD 7) in Yokohama, Japan. UNIDO also worked with the AU to organize the “Africa Industrialization Week”, and with stakeholders to commemorate “Africa Industrialization Day” under the theme “Positioning African industry to supply the AfCTA market”.

UNIDO memorandums of understanding with the AUC, AfDB and Afreximbank help utilize the synergies emanating from joint planning and support. This has increased access to finance and trade, and supported UNIDO country and regional projects to develop agro-industry and the circular economy, and establish eco-industrial parks.

#### **5) Responding to COVID-19**

UNIDO has released several analytical policy advisory and opinion pieces as part of its response to the current COVID-19 health pandemic. These include:

An opinion piece that establishes why rescuing industry is a good strategy. The key messages arising from this opinion piece are:



- Recent successful experiences in poverty reduction in developing countries will not be sustained and we might even witness setbacks in the fight against poverty, as well as increased income and wealth gaps vis-à-vis industrialized countries.
- Developing countries fare worse than their industrialized counterparts because of lower economic margins, weaker resilience and greater overall vulnerability.
- These conclusions are borne out of the strong relation between manufacturing, productivity and the social dimension of industrial development.
- Governments in developing countries, together with international organizations such as UNIDO, should immediately coordinate their efforts to support industry and its speedy recovery to avoid a regression to past levels of poverty.

Another useful analysis is on how to rescue industries and firms with the aim of minimizing the long-term negative impacts on economies and populations. In this opinion piece, the key messages are:

- The failure of industries and firms will inflict long-term irreversible damage on economies and populations, particularly vulnerable populations. Rescuing industries and firms now will help them recover quickly from the crisis and minimize economic costs in the long term.
- The COVID-19 crisis started as a microeconomic problem unlike the 2008 financial crisis. It should be contained at that level. A spillover to the financial sector will turn it into an aggregate macroeconomic problem, making recovery all the more difficult.
- Support households and people through existing employer-employee relationships by helping firms continue to pay wages and salaries despite reduced operations or temporally closures to reinforce both demand and the maintenance of supply capacity.

For more analytical and policy advisory work surrounding the COVID-19 crisis, please go to <https://www.unido.org/unidos-comprehensive-response-covid-19>