

Industrial Development Board of UNIDO Contribution to the High-level Political Forum on Sustainable Development

I. Assessment of the situation

1. **Realizing inclusiveness and poverty eradication** will depend on our collective actions to get (children into schools and) adults into decent work.
2. **Present global development situation is problematic:** there is significant unemployment, growing inequality (wealth distribution) and social and economic exclusion of societies and marginalized groups (women, youth, ethnic minorities, migrants and refugees). Lack of structural transformation and industrialization, and related strategies and policies are creating development gaps; urban-rural gaps; gender gaps; informal economy constraining the fiscal space; and lack of access to energy, water and information technology and modern infrastructure.
3. **Inclusive and sustainable industrialization and industrial development (ISID)** is an important source of decent work (accounting for 500 million jobs worldwide, or a fifth of the global workforce). Industry has a strong multiplier effect on all economic sectors and is key to expanding the formal economy and fiscal space needed for social investment.
4. **Key SDGs for UNIDO:** SDG 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation” acknowledges the importance of ISID for realizing inclusive and sustainable economic growth (as well as SDGs 7, 12 and 13) and decent work in productive activities, for poverty eradication everywhere (SDGs 8 and 1) and for building equitable societies where no one is left behind (SDGs 5 and 10).
5. **Inequality and vulnerable groups in society:** There are significant differences between those with or without access to wealth, jobs, energy, water, IT and other modern infrastructure. Women, youth, migrants and minorities face multiple challenges in accessing stable employment, decent work and education, up-skilling and training. The untapped potential of women and young people is essential for eradicating poverty, combatting inequalities, reducing social tensions, and contributing to wealth creation in society.
6. **Urban-rural gap:** 75 per cent of the world’s poor live in rural areas. UNIDO recognizes this urban-rural gap and targets agribusiness and agro-industries.
7. **Least developed countries (LDCs)** remain the weakest link in global economic development and have the largest numbers of people in poverty. With 12 per cent of the world’s population, they account for less than 2 per cent of world GDP and about 1 per cent of global trade in goods. They are characterized by weak human and institutional capacities, low levels of diversification, significant informal sectors, and low and unequally distributed income.
8. **Energy and the environment:** UNIDO works extensively on issues related to environmental sustainability and equitable access to energy, and promotes green industry solutions, smart cities, renewable energy, circular economy, low carbon transport, and green entrepreneurship.
9. **Informal sector:** Employment in the informal sector has significant downsides for individual workers and society. To ensure that the number of those facing poverty does

not increase, there is an urgent need to support the creation of decent work opportunities for those currently unemployed, inactive or outside formal training or education, as well as those entering the labour market.

II. The identification of gaps, areas requiring urgent attention, risks and challenges

10. **Resources:** Private investment, development finance and export earnings remain the biggest potential sources of funding for industrial development and economic growth. Increased domestic resource mobilization efforts, based on fostering favourable business environments for the private sector will be central for strengthening developing countries' financial capacity.
11. **Partnerships:** Multi-stakeholders partnerships, including development finance institutions (DFIs), the private sector, academia, civil society and government institutions, are a valuable source of knowledge, financing for development, training and skills.
12. **Official development assistance (ODA):** A key challenge will be to sustain ODA levels and maximize its development impact.
13. **Infrastructure:** Progress in economic development requires modern infrastructure, both physical, such as transport, energy, communications, and innovation systems, and institutions, regulations and mechanisms of enforcement.
14. **Inclusive and sustainable development** must minimise potential negative externalities resulting from technological changes such as the new industrial revolution (NIR), namely job losses, social and economic marginalization, and environmental degradation.
15. **Gender inequalities** and the disempowerment of women persist. Women need more and better access to decent work and entrepreneurship opportunities.
16. **Access to Global Value Chains:** Effective participation in global value chains requires substantial investments in human capital and specific skills, infrastructure (hard and soft), trade logistics and financial services.
17. **Technology transfer:** Technology should be transferred to all LDCs and other developing countries to avoid "the winner takes all".
18. **Natural crises or conflicts** cause social and economic dislocation. Policies and programmes to support social and economic inclusion of disadvantaged population groups should therefore be given more attention.

III. Valuable lessons learned by UNIDO on ensuring that no one is left behind

19. **ISID is possible everywhere:** Rarely has a country become developed without sustained structural transformation from an agrarian or resource-based economy towards higher productivity agriculture and a sophisticated industrial or service-based economy.
20. **Resources (including finance) are available and partners are interested:** Resources and partnerships can be successfully mobilised, both on a project by project basis (UNIDO manages a portfolio of projects with a total value of about USD 1.1 billion), and on the basis of country programming (UNIDO's pilot Programmes for Country

Partnership in three countries mobilised national and international private and public sector partners). UNIDO projects and programmes create decent work that helps to lift entire families out of poverty.

21. **Agribusiness:** Policies aimed at enhancing productivity of agro-industries, using modern technologies and training and skills upgrading for smallholders on cleaner production and material-resource management and energy efficiency, are crucial. UNIDO for instance upgraded industry in over 50 countries to help comply with global environmental standards.
22. **Small and medium sized enterprise (SMEs)** are crucial for addressing inequality and ensuring greater inclusiveness through employment creation and income generation. SMEs in developing countries need to compete effectively in global, regional, and domestic markets and to participate in regional and global value chains. SME-targeted policies should be a priority for broad-based growth and greater levels of social inclusion. UNIDO supports its Member States in formulating and implementing such policies.

IV. Emerging issues likely to affect the realization of this principle

23. **Clean industrial technologies,** promoting technology transfer and innovation, diversifying funding and facilitating partnerships for climate resilient development are key to the realization of industry-related SDGs.
24. **Urbanization:** By 2050, 66 per cent of the global population will be urban. This growth is mainly taking place in developing countries. Industry, as a decent work creator, has potential to promote inclusiveness in cities. Green industry solutions are needed to ensure both climate resilience and environmental sustainability of industrial development.
25. **Smart growth strategies** foster industrial agglomeration and diversification through using tools such as special economic and industrial zones, industrial cities and research and innovation hubs and allow for pooling of resources for economic growth while mitigating environmental degradation in urban settings.
26. **Disaster risk reduction:** Inclusive and sustainable industrial policies can strengthen economic and environmental resilience and human security; promote building institutions and providing sustainable energy for the poor.

V. Areas where political guidance by the High-level Political Forum is required

27. **Coordination:** How to ensure different actors coordinate activities, optimize impact and avoid duplication of work.
28. **Finance:** How to ensure ODA concentrates more on poverty reduction.
29. **Sustainability:** How to ensure sustainability of funding to support projects and programmes, and how to enhance the United Nations system's response capacity
30. **Measuring progress:** How to report on concrete progress on realizing the industry-related SDGs. The HLPF should urge governments to allocate sufficient resources for statistical capacity building, and call on the United Nations to complete the SDG indicator framework.
31. **Continuity:** How to maintain UNIDO's knowledge base/operational capacity on ISID.

VI. Policy recommendations to accelerate progress for those at risk of being left behind

32. **Investment and partnerships:** Promote multi-stakeholder partnerships for technological, entrepreneurial, and policymaking capacity building, policy dialogue and the promotion of private sector investment.
33. **Agri-business and SMEs:** Enhance support to SMEs through financing instruments, technology transfer, capacity building, and entrepreneurship development. Provide support to advance agro-industrial activities and linking local to global value chains.
34. **Strengthen global financing** efforts for the infrastructure-industrialization-innovation nexus to deepen national and regional economic integration in developing countries (particularly important for land-locked developing countries and for addressing geopolitical instability).
35. **Support cleaner production** methodologies and investments in green industries for reaping economic, environmental and social dividends.
36. **Industrial statistics:** Improve the availability and reliability of industrial statistics through capacity building worldwide to monitor progress towards realizing industry-related SDGs.
37. **Environmental and social sustainability:** Advancing regulatory and incentive frameworks that align the profit aspirations of industry with environmental and social sustainability standards, particular for least developed and middle-income countries.
38. **New Industrial Revolution (NIR):** Prepare for impact of NIR on SDGs and inclusiveness.