



Industrial Development Board

Forty-eighth session

Vienna, 23–25 November 2020

Item 11 of the provisional agenda

UNIDO's strategy for post-conflict/-crisis situations

UNIDO's strategy for post-conflict/-crisis situations

Report by the Director General

This document presents the UNIDO strategy for post-conflict and post-crisis situations. UNIDO's current approach to post-crisis industrial rehabilitation and reconstruction stems from resolution GC.10/Res.6 "UNIDO activities in countries emerging from crisis situations" adopted in 2003. Since then, UNIDO's portfolio of post-crisis interventions has grown considerably, particularly in post-conflict contexts. In 2015, an independent thematic evaluation of UNIDO's post-crisis interventions recommended developing a "strategy and related guidelines for UNIDO's post-crisis work". The present document outlines the scope and prospects for implementing UNIDO's programmatic activities in post-conflict/crisis contexts, based on internal and external consultations.

I. Introduction

1. Conflict and crisis situations share some obvious commonalities, but at the same time there are clear differences between them. A situation of conflict is typically characterized by a combination of opposing political, economic, social and related forces which eventually lead to violence. Therefore, in a situation of conflict there is commonly not one single event separating ordinary from extraordinary situations. In contrast, crisis situations are typically instigated by events such as natural disasters, including drastic climate change, floods, droughts, food and water shortages, epidemics, earthquakes, volcano eruptions, or rising sea levels. Economic crises might also be included in this category, even if they are present in all types of crisis situations, either as a trigger or as one of the consequences of situations of conflict and crisis.

2. Links between conflict and crisis have become more explicit over the last few years. In some cases, the inception of a conflict lies in political and economic instabilities in a context of institutional weakness, subsequently leading to conflict and destruction, and then requiring rebuilding and rehabilitation. The capacity to

For reasons of economy, this document has not been printed. Delegates are kindly requested to bring their copies of documents to meetings.



respond to such challenges depends on a combination of elements, including sound policies, core principles, operational approaches, and strong institutional frameworks.

3. Conflicts and crises often result in a substantial reduction in industrial development. Even after the ostensible end of a conflict or crisis, sporadic re-emergence of violence, or recurring crises such as periodic droughts, obstruct recovery and reconstruction efforts related to inclusive and sustainable industrial development (ISID) and, as a result, the return to pre-conflict/-crisis industrial output and employment levels. In this context, achieving inclusive and sustainable economic recovery is challenging. Careful consideration should be paid to the introduction of green industrial policy reforms early in the reconstruction and transition process, to be gradually adopted in a sequential step-by-step approach, depending on the specific context and circumstances.

4. Over the years, UNIDO has been devoting significant attention to situations of post-crisis, post-conflict and fragility, as reflected by General Conference resolution GC.10/Res.6 on “UNIDO activities in countries emerging from crisis situations”, and the subsequent Director General’s report to 28th session of the Board (IDB.28/5), collecting information on UNIDO’s activities related to the subject. Traditionally, UNIDO’s approach to post-conflict situations has been focused on mitigating human security risks, threats, and vulnerabilities by securing, restoring, and developing livelihoods and productive capacities for affected populations and geographical areas, also including support to small and medium-sized enterprises (SMEs), as well as national and international networks. UNIDO’s work in post-conflict situations has also been influenced by system-wide initiatives, such as the United Nations “Policy for Post-Conflict Employment Creation, Income Generation and Reintegration” (2009), the United Nations Guidance Notes on “Developing National Sustainable Development Strategies in Post-Conflict Countries” (2012) and other guidance documents, principally United Nations General Assembly (UNGA) Resolution 70/1, “Transforming our World: the 2030 Agenda for Sustainable Development”¹, which recognizes “the achievement of durable peace and sustainable development in countries in conflict and post-conflict situations”² as a major challenge.

II. UNIDO activities in conflict- and crisis-affected situations

5. As the specialized agency of the United Nations development system mandated to achieve ISID, UNIDO leverages its technical knowhow to restore livelihoods, strengthen employability, support environmental sustainability and build resilient communities out of ones that have been affected by crisis and conflicts.

6. Over the past decade, UNIDO’s work in post-conflict/-crisis settings has become increasingly relevant. UNIDO has been active in addressing the needs of vulnerable peoples and communities, including forcibly displaced persons. UNIDO has also supported post-crisis rehabilitation efforts by securing, restoring and developing livelihoods and productive capacities.

7. For example, in 2013, UNIDO launched the Reintegration for Liberian Returnees through the Skills Training and Job Creation Programme, with funding from the Government of Japan and in close cooperation with the Liberian Refugee Repatriation and Resettlement Commission and the Liberian Returnee Network. UNIDO implemented entrepreneurship development and vocational skills training programmes to help returning refugees to reintegrate into their country of origin, offering them 22 market-oriented specializations, including training for curtain-making, training on fault-finding, repairing, replacement and maintenance of auto-electricity, and other business management skills. As a result, more than

¹ UNGA Resolution available at the following link:
<https://sustainabledevelopment.un.org/post2015/transformingourworld>.

² Operational paragraph 42

1,000 returnees successfully completed the training and were able start a new life after the war.

8. Currently, UNIDO implements some 172 projects in 31 countries which are in fragile and conflict-affected situations³. Most of these countries are least developed countries (LDCs,) but an increasing number of projects are also implemented in middle-income countries. In these contexts, UNIDO rebuilds livelihoods for the affected host communities by providing quick-impact vocational and technical skills training, facilitating the transfer of toolkits, and boosting their entrepreneurship competencies. Additionally, as part of industrial reconstruction, UNIDO engages in rehabilitation and modernization of productive facilities and infrastructure, upgrading and promoting inclusive value chains, boosting local markets, or reviving and strengthening SMEs, particularly in the agro-industrial sector.

III. Rationale behind the strategy

9. UNIDO believes that integrated approaches to ISID can make a positive difference in post-conflict/-crisis settings. ISID strengthens the ability of individuals and underprivileged groups in post-conflict/-crisis situations by alleviating their risks, threats and vulnerabilities, and facilitating the reactivation of productive activities and livelihoods.

10. In this framework, UNIDO aims to build resilient societies in post-conflict/-crisis situations by integrating industrial priorities into national strategies and planning processes. UNIDO can make a difference based on the Organization's technical expertise and comparative advantage for the implementation of ISID. The development of a corporate strategy for post-conflict/-crisis situations should also serve to leverage existing potential and opportunities to facilitate industrial rehabilitation and economic recovery. The formulation and implementation of such a strategy will strengthen Member States' inclusive economic competitiveness by tackling inequalities, enhancing productivity, and reducing the incidence of poverty.

IV. Strategic approach

A. Post-conflict response

11. UNIDO's approach to post-conflict aligns itself with the Charter of the United Nations as well as with the fundamental norms of international human rights law, including the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights. It is founded on the following principles:

(a) *Promotion of participatory processes*: Following the logic that participation creates ownership and increases the efficiency of industrial strategies and policies by capitalizing on context-based knowledge and institutions, the approach applies UNIDO's convening power to bring relevant stakeholders together;

(b) *Opportunities for short-term successes in support of longer-term impact*: Overambitious objectives can hamper the achievement of development goals. While long-term thinking and vision at the industrial level is a core element of national industrial strategies also in post-conflict situations, delivering ISID quick wins in industrial rehabilitation and job creation facilitates a positive impact in the longer term for inclusive growth. UNIDO thereby aims to build bridges between industrial rehabilitation and development activities through a combination of quick interventions and longer-term support;

(c) *Integration and scale-up*: In light of the potential volatility of post-conflict environments, multi-disciplinary ISID approaches encompass: analysis; formulation

³ According to the revised Classification of Fragility and Conflict Situations for World Bank Group Engagement

of policies and action plans; and implementation, demand for replication and expansion of successful practices and policies.

12. UNIDO's approach to post-conflict situations can be categorized according to four priority areas, namely:

(a) **Livelihood stabilization:** Assessing capacities; facilitating quick impact training; providing toolkits for starting or expanding existing livelihood or business activities.

(b) **Industrial reconstruction and rehabilitation:** Facilitating rehabilitation and modernization of productive facilities and infrastructure; restoring/upgrading micro-, small and medium-sized enterprises (MSMEs) through training; upgrading identified local value chain and productive sectors through training and transfer of technologies; rehabilitating industrial parks and special economic zones.

(c) **Resilience-building:** Facilitating access to finance and markets for aspiring entrepreneurs; promoting entrepreneurship curriculum programmes. This includes a major focus on: strengthening institutions; building the capacity of vulnerable groups, particularly women and youth entrepreneurs; and enhancing the competitiveness of business led by youth and women.

(d) **Policy outreach:** Supporting policy dialogue to build resilience; engaging in knowledge generation activities/forums; bridging the gap in the humanitarian-development nexus through industrial policy solutions.

13. UNIDO promotes sustainable livelihoods and resilient territories during two phases of post-conflict recovery: (i) early recovery; and (ii) reconstruction and transition to development. UNIDO aims to strengthen the foundations for long-lasting peace and prosperity through sustainable economic growth in these settings. Overall, UNIDO's programmatic approach to post-conflict settings emphasizes the fact that technical activities implemented, and major actors involved and targeted through them, intend to assist post-conflict communities in moving from dependence on humanitarian support towards self-sustained, nationally owned, resilient recovery processes.

B. Post-crisis response

14. Crises and disasters pose a serious challenge to global security at all levels, affecting economic and industrial security and stability and, by extension, affecting our ability to end extreme poverty and achieve the 2030 Agenda for Sustainable Development. Crises such as the COVID-19 pandemic are indiscriminate, striking developed states with robust capacity for response as well as less-developed states, with dramatic results in both cases depending on the respective circumstances.

15. UNIDO has built a reputation in crisis-affected contexts based on its long-standing experience in rebuilding and strengthening the productive capacities of countries suffering crises at the national and local levels. At the institutional level, UNIDO established the Post-Crisis Unit in the year 2003. The unit was replaced in 2006 by a post-crisis coordination unit, the Special Programmes Group. This unit in turn was closed in 2010, but post-crisis interventions continued to be implemented by technical divisions and departments (mainly located in the current Department of Agri-Business).

16. UNIDO works in cooperation with its Member States, members of the United Nations development system, development partners, international financial institutions, the business sector, and others to mitigate the negative effects produced by emerging crises. UNIDO's approach is based on two mutually inclusive pillars: partnerships to accelerate effective responses and integrated service packages tailored to each Member State's individual situation. The UNIDO approach to post-crisis situations is structured around three major phases: (i) preparedness phase;

(ii) response phase; and (iii) recovery phase; and is articulated around the following priority areas:

(a) **Stabilize livelihoods and support resilience-building:** Providing contingency planning support; providing tailored assistance to MSMEs; providing short-cycle skills training for job seekers.

(b) **Coordination and knowledge sharing:** Engaging with the United Nations' central coordination mechanisms (Inter-Agency Standing Committee); strengthening linkages with humanitarian agencies (Office for the Coordination of Humanitarian Affairs, United Nations Relief and Works Agency for Palestine Refugees in the Near East, United Nations Office for Disaster Risk Reduction); promoting collaboration platforms including government and industry actors.

(c) **Analytical support:** Facilitating foresight information on supply chains; rapidly generating and disseminating industry-related basic data revealing ISID impact; preparing position papers on the industrial impact of the related crisis.

(d) **Good governance:** Providing continued support to governments by informing national policies, investments and decision-making processes; providing quality infrastructure services, particularly in relation to agro-food safety control systems; framing industrial policy in the recovery process.

V. Alignment with other UNIDO strategies

17. The strategy for post-conflict/-crisis situations is aligned with UNIDO's Medium-term Programme Framework 2018–2021 (IDB.45/8/Add.2) and UNIDO's separate strategies for Middle-Income Countries, Small Island Developing States and Least Developed Countries.

18. As in the case of those other strategies, UNIDO's approach to post-conflict/-crisis situations will particularly address the situation of affected vulnerable groups. In the case of post-conflict/-crisis situations these are:

- **IDPs and refugees:** UNIDO emphasizes harnessing the capacities of IDPs and refugees through entrepreneurship and upgrading of technical skills to achieve decent employability and better livelihoods for these vulnerable groups.
- **Women:** As guided by its Strategy for Gender Equality and the Empowerment of Women 2020–2023 (GC.18/5) UNIDO prioritizes areas such as: increasing women entrepreneurship participation; improving market access and socioeconomic conditions of female agricultural producers; or promoting women-led investments and increasing women's access to finance.
- **Youth:** UNIDO will capitalize on existing strengths in communities, mapping livelihoods, assets, and resources, enabling an environment conducive to the integration of young people in local and national development.

VI. Risk Management

19. UNIDO, as a specialized agency implementing a development and not a humanitarian mandate, understands the risks of undertaking rapid action in post-conflict/-crisis settings. Issues related to physical security, political stability, or social and economic crises might easily affect the development of activities whose implementation in principle might seem feasible at the formulation stage.

20. In this context, certain contextual pre-conditions need to be met, to allow for UNIDO's interventions:

- **Economic and political preconditions:** Policy commitment is a critical precondition for transformational change in a post-conflict/-crisis setting. Standard levels of core government functionality will be indispensable for

UNIDO to realistically articulate and implement technical activities. Conflict and crisis destroy national and local economies and reduce productive capacities and livelihoods. Socio-economic long-term changes might be outlined by policy reorientation aimed to redirect resources previously used for military purposes towards reconstruction at all levels, including industrial rehabilitation.

- **Infrastructure preconditions:** A basic level of hard and soft infrastructure is required to allow for UNIDO to successfully implement its technical services in post-conflict environments. Energy security, transportation or water and sanitation are amongst these priorities. In parallel, data availability, basic data production, and a certain level of macroeconomic statistics are important to facilitate UNIDO's engagement in post-conflict situations.

21. UNIDO is, therefore, a member of the Inter-Agency Security Management Network (IASMN), which coordinates and establishes security practices and policies across the United Nations system. IASMN supports the High-Level Committee on Management (HLCM) by providing recommendations in the area of security. The HLCM reviews these recommendations and either decides on them or recommends to the United Nations System Chief Executives Board for Coordination how they should be implemented. UNIDO works within existing system-wide mechanisms in close coordination with other United Nations agencies, funds and programmes, to ensure the safety and security of staff and other personnel delivering our services.

VII. Action required of the Board

22. The Board may wish to consider adopting the following draft decision:

“The Industrial Development Board:

(a) Recalls resolution GC.10/Res.6 on “UNIDO activities in countries emerging from crisis situations”, and the Director General’s subsequent report to the twenty-eighth session of the Board ([IDB.28/5](#)) on UNIDO activities in countries emerging from crisis situations;

(b) Takes note of the independent thematic evaluation of UNIDO’s post-crisis interventions conducted in 2015, which recommended developing a strategy and related guidelines for UNIDO’s post-crisis work;

(c) Underlines the importance of the consultative process conducted by the Secretariat with Member States, including through the regional groups, to ensure full ownership of UNIDO’s strategy for post-conflict/-crisis situations;

(d) Takes note of the report by the Director General (IDB.48/16/Rev.1);

(e) Takes note with appreciation of UNIDO’s strategy for post-conflict/-crisis situations, as included in IDB.48/CRP.13, and approves its implementation;

(f) Requests the Director General to report on the implementation of UNIDO’s strategy for post-conflict/-crisis situations to the General Conference at its nineteenth session.”