



Industrial Development Board

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Inclusive and sustainable development in middle-income countries

Inclusive and sustainable industrial development in middle-income countries

Report by the Director General

In resolution GC.18/Res.9 Member States requested the Director General to prepare a workplan for the implementation of the UNIDO Strategic Framework for Partnering with Middle-Income Countries (MICs). Through decision IDB.48/Dec.7, Member States requested the Director General to finalize the workplan for the operationalization of the Strategic Framework “ensuring the inclusion of recovery efforts in the context of the aftermath of the COVID-19 pandemic”. This document outlines this workplan for partnerships between UNIDO and MICs (IDB.49/CRP.8), within the Organization’s mandate and resources, and the overall strategy to operationalize the UNIDO Strategic Framework for Partnering with MICs.

I. Background

1. The General Conference adopted the UNIDO Strategic Framework for Partnering with Middle-Income Countries (MICs) at its eighteenth session through resolution GC.18/Res.9. In this resolution, Member States requested the Director General to prepare a workplan for its implementation. An initial proposal of the workplan was presented at the forty-eighth session of the Industrial Development Board in document IDB.48/15. Subsequently, the Board adopted decision IDB.48/Dec.7 requesting the Director General to finalize the workplan for the operationalization of the UNIDO Strategic Framework for Partnering with MICs through a consultation process with Member States and present the new version at its forty-ninth session.

2. As a response to this request, a new version of the workplan was prepared following an inclusive consultation process with Member States, incorporating their suggestions and comments, and ensuring a coherent alignment with the priority areas established by the Strategic Framework, namely: (i) technology advancement; (ii) human capital; and (iii) environmental sustainability. The workplan contains an approach based on the continued active engagement with MICs, identifying effective

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ways of working with relevant stakeholders, and leveraging UNIDO's flagship programmes and initiatives, as well as its technical cooperation portfolio of projects in this group of countries. To allow for the finalization of the consultation process with Member States and to adequately reflect their inputs, this workplan is presented to the Board as an in-session document (IDB.49/CRP.8).

3. With the Strategic Framework and its related workplan, UNIDO aims to ensure systematic engagement with MICs by facilitating the transfer of practices, technologies, investments, and supporting policies that are crucial for advancing inclusive and sustainable industrial development (ISID) in lower- and upper-MICs.

II. Operationalizing the Strategic Framework for Partnering with MICs

4. The operationalization of the UNIDO Strategic Framework for Partnering with MICs is articulated in and supported by a workplan which will facilitate regional partnerships, multi-disciplinary interventions, enhanced resource flows, and innovative approaches to MICs in the context of the recovery from the global COVID-19 pandemic.

5. UNIDO's approach to MICs will focus on areas where the Organization holds comparative advantages. UNIDO aims to develop its internal capacities, ensuring industrial assessments and diagnostics take into consideration MICs' distinctive characteristics as part of programme or project design. In parallel, UNIDO will pay special attention to MICs that are at high risk of falling into a middle-income trap.

6. UNIDO's comparative advantages in areas such as circular economy and digitalization become even more relevant in the context of the recovery from the COVID-19 pandemic. An innovative and sustainable industrialization paradigm for MICs adds value to the natural resources of many MICs through technological advancement, while taking advantage of emerging trends for safeguarding the environment, including through the adoption of circular perspectives for waste management and circular business models. In this vein, the UNIDO approach emphasizes the technical expertise of the Organization supporting the formulation and implementation of inclusive and sustainable industrial policies, strategies, visions, and plans in this group of countries.

7. With the operationalization of the Strategic Framework through the related workplan, UNIDO aims to ensure systematic engagement with MICs by aligning UNIDO's comparative advantages and added value to the ISID-related priorities of MICs as defined in their national plans.

III. UNIDO workplan for partnering with MICs

8. The UNIDO workplan for partnering with MICs is framed within the Organization's response to the COVID-19 pandemic, which consists of supporting governments through socioeconomic diagnostics and advisory services for inclusive economic growth and facilitating the transition to low-carbon economies through circular industrialization for building back better. The workplan also builds and is consistently aligned with the UNIDO respective regional strategic approaches.

9. The workplan emphasizes a phase of action which, in addition to traditional technical cooperation services, underlines UNIDO's role through its remaining core functions, namely: policy analysis and advisory services, its normative function, and its convening role and partnership development.

10. The UNIDO workplan for partnering with MICs also aims to align UNIDO's services with initiatives and actions undertaken in the area of South-South and triangular industrial cooperation (SSTIC) and enhance the Organization's capacities

to provide SSTIC services and leverage additional, complementary resources to support MICs in achieving ISID.

11. Through the implementation of the workplan, UNIDO will be able to formulate programmatic approaches and design projects and programmes which address sector-specific demands, thereby producing greater impact in MICs across the regions. It will enable the Organization to fine-tune its programmatic activities, mobilize adequate resources, and gather greater collaboration from local and national governments, as well as with regional and global institutions, development financial institutions, as well as other emerging bilateral and multilateral donors.

12. The workplan introduces an approach at three levels: global, regional, and country-level. At the global level, UNIDO aims to engage with the United Nations system in the global debate on MICs, highlighting UNIDO's value and comparative advantages for the acceleration and implementation of ISID, and the attainment of SDG 9. UNIDO's global approach further focuses on emphasizing its actions in three priority areas: technological upgrading; upskilling, training and capacity building; and environmental sustainability.

13. The regional dimension is becoming more and more relevant in the context of the socio-economic recovery from the negative impact of the COVID-19 pandemic. A major objective is therefore to promote regional integration through ISID in areas such as trade and competitiveness. The regional dimension is also relevant for increasing UNIDO's support to MICs at the programmatic level based on a greater emphasis on UNIDO's major functions of policy advice, normative support, and convening and partnerships.

14. At the country-level, UNIDO field offices will ensure proper strategic and programmatic consistency in-country in the development of strategies and approaches designed at UNIDO headquarters and increase their involvement in technical cooperation delivery and policy services.

15. A roadmap for action is included in the workplan to add the necessary focus on results in alignment with the new UNIDO results-based budget approach and the upcoming medium-term programme framework, 2022–2025.

IV. Action required by the Board

16. The Board may wish to take note of the information contained in the present document.
