



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

This document reports on UNIDO's activities and strategic approach related to cooperation with middle-income countries (MICs) and outlines the scope and major initiatives for programmatic engagement between the Organization and MICs.

I. Background

1. According to the World Bank, 104 UNIDO Member States are currently classified as middle-income countries (MICs).¹ Against this background, UNIDO prepared a strategic framework for partnering with MICs that was adopted in 2019 at the eighteenth session of the General Conference through resolution GC.18/Res.9.
2. UNIDO's strategy for MICs has a dual approach. While the strategic framework for partnering with MICs aligns the Organization's strengths and expertise with the specific needs of MICs, the workplan for partnering with MICs aims at operationalizing the strategic framework through practical actions and initiatives.
3. In this context, and considering the new organizational structure established in 2022, the UNIDO strategic approach for MICs will be gradually adjusted to the emerging priorities of the Organization to ensure consistency and coherence with the new UNIDO vision of progress by innovation.

¹ Number as at 1 October 2022. The World Bank classification of countries by income is available at: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

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II. UNIDO workplan for partnering with MICs

4. An updated workplan for the implementation of the strategic framework will be submitted to the fiftieth session of the Board as a conference room paper (IDB.50/CRP.7) for consideration. The updated version collects inputs received from Member States and reflects the aforementioned alignment with UNIDO's new vision of progress by innovation.

5. In addition, the updated workplan considers emerging industrial development challenges for MICs, including priorities emanating from the report of the Secretary-General to the seventy-sixth session of the United Nations General Assembly on development cooperation with middle-income countries ([A/76/375](#)).

III. Emerging UNIDO initiatives

6. The UNIDO strategic framework for partnering with MICs and its related workplan highlight UNIDO's added value for MICs, underlining the technical expertise of the Organization in the context of the socio-economic and environmental recovery from COVID-19 by supporting the formulation and implementation of sustainable industrial policies, strategies, visions and plans. Through this strategic approach, UNIDO identifies thematic areas and functions with potential for strengthening engagement with MICs beyond traditional technical cooperation, namely: providing analytical and policy inputs to national agendas in the area of sustainable industrial development; providing technical advice for the development and implementation of industrial norms and standards; and organizing and facilitating global forums and seminars to raise awareness among policymakers and the private sector on areas such as the circular economy and industry 4.0.

A. Policy function

7. In December 2021, UNIDO established the Global Industrial Policy Advice Facility with the objective of providing Member States with sound policy advice and capacity development towards a sustainable and inclusive transformation of industry. During its first year, the Facility has delivered support to the following MICs: Argentina (policy design monitoring and evaluation); Ecuador (value chain diagnostics and competitiveness); Egypt (capacity development and training); India (training on industrial policy for industry 4.0 in the State of Gujarat and training on regional industrial policy for Northeast India); Mauritius (capacity development and training); Jamaica (training on the institutional capacity-building package Enhancing the Quality of Industrial Policies (EQuIP)); Mongolia (stakeholder facilitation); Nicaragua (policy review); Peru (policy studies and briefs); and Viet Nam (policy studies and briefs). These pilot experiences are expected to be expanded as the Facility consolidates its scope and activities.

8. UNIDO is in the process of establishing an annual Multilateral Industrial Policy Forum (MIPF). This initiative responds to a perceived demand from Member States for UNIDO to expand and scale up its provision of industrial policy advisory services, beyond existing technical cooperation activities. The MIPF will offer a peer-learning mechanism to discuss on and gain insights into novel approaches to industrial policy formulation, which is fully in line with the prioritization and promotion of knowledge transfer, and the strengthening of institutions for the achievement of inclusive and sustainable industrial development, as emphasized in the UNIDO workplan for partnering with MICs.

B. Normative role

9. To advance its normative role, UNIDO established an internal focal points network from across the organization. Through this, the Organization created a

repository and matrix of norms and standards used in UNIDO and, with the knowledge and support of experts, a definition of the Organization's normative role. The normative initiative acknowledges the specific characteristics of MICs in the development of a formal strategy to advance UNIDO's normative role and it is expected to provide specific solutions and industrial development responses to bottlenecks and challenges at the normative level.

C. Convening and partnerships

10. UNIDO's Global Programme for Green Hydrogen in Industry has already shown its potential to contribute to energy transition in many MICs. The Programme has two key pillars: the Global Partnership for Hydrogen in Industry and the Technical Cooperation Programme. The Partnership facilitates knowledge exchange and creates an enabling environment for green hydrogen industrial cluster development, while the Technical Cooperation Programme facilitates UNIDO's cooperation with relevant stakeholders to design and implement green hydrogen projects in industry. The Programme was launched in July 2021 and the convening role of UNIDO has been strengthened through activities implemented in 2022 to raise awareness and enable partnerships, such as the Development and Regional Dialogues, which helped to shape the Partnership development in line with Member States' needs and priorities.

11. A new UNIDO regional platform, the SDG 9 Accelerator, was launched in 2022 for the region of Latin America and the Caribbean, home to 25 MICs, and is available in Spanish. This digital platform invigorates regional integration efforts, boosts participation in technology upgrading, proposes sustainable economic models, widens cooperation, builds new capacity and mobilizes finance. Rooted in the UNIDO strategic approach for MICs that emphasizes the Organization's key role as a global convener, policy advisor and arbiter of standards and norms, the Accelerator is designed to build networks and partnerships that connect countries and donors, as well as a gateway to a plethora of ideas and opportunities for advancing SDG 9.

12. Following up on the San José Declaration, adopted at the High-Level Conference of MICs in 2013, UNIDO, in cooperation with Member States, plans to organize another MICs Conference in 2023 to review progress made since the adoption of the declaration, analyse the current development landscape for MICs and open tangible avenues to promote sustainable industrial development as a means to accelerate the achievement of SDG 9 in MICs.

D. Strengthening knowledge and coordination

13. At United Nations system-wide level, UNIDO is actively participating at the forefront of several streams of work focused on measuring progress beyond GDP-related indicators. These efforts include discussions at the level of the United Nations Economist Network (UNEN), and the High-Level Committee on Programmes (HLCP).

IV. Action required of the Board

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