



## **Industrial Development Board**

### **Fifty-second session**

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Item 11 of the provisional agenda

### **Strengthening capacities in developing productive, resilient and sustainable supply chains**

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### **Report by the Director General**

At its twentieth session, the General Conference adopted a resolution on strengthening Member States' capacities in developing productive, resilient and sustainable development (GC.20/Res.2). The Conference requested the Director General to report to the twenty-first session of the General Conference, through the intervening sessions of the Board, on up-to-date developments including the challenges encountered and achievements made regarding the implementation of the resolution. The present report summarizes UNIDO's activities and achievements since the adoption of the resolution.

## **I. Introduction**

1. In resolution GC.20/Res.2 on strengthening Member States' capacities in developing productive, resilient and sustainable supply chains,<sup>1</sup> the General Conference requested the Director General within the mandate and the budget of UNIDO to continue engaging and cooperating with the public and private sectors and all relevant stakeholders dealing with inclusive and sustainable industrial development, in consultation with concerned Member States, to foster an inclusive process that makes all voices heard to create productive, resilient and sustainable supply chains globally and regionally; to meaningfully enhance the transfer of technology, on mutually agreed terms, and the transfer of knowledge and related know-how, technical and financial support and tools including supply chains digitization to developing countries, and share experiences and best practices to promote actions conducive to trade liberalization and investments. The General Conference further requested the Director General to strengthen its programmatic work and develop a holistic proposal on supporting Member States, firms and workers

<sup>1</sup> Submitted by Bangladesh and co-sponsored by Finland.

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in further developing productive, resilient and sustainable supply chains, including targeted, sustainable and effective support measures for small and medium-sized enterprises (SMEs), women and youth in particular, to ensure that all actors can reap the benefits of global and regional supply chains, supporting the needed transition to a more equitable, inclusive, sustainable and economically viable future for all.

2. The Conference requested the Director General to report to the twenty-first session of the General Conference, through the intervening sessions of the Board, on up-to-date developments including the challenges encountered and achievements made regarding the implementation of the resolution. The present report provides information on the various activities undertaken by UNIDO in 2024 in that regard, with a focus on the areas of convening, programmatic development, technical cooperation, partnerships and advocacy.

## II. Activities in 2024

3. On 8 February 2024, the Secretariat convened a Development Dialogue on fostering productive resilient and sustainable supply chains to consult Member States on the Organization's envisioned goals in this area. The Development Dialogue was opened by H.E. Mr. Asad Alam Siam, Permanent Representative of Bangladesh to UNIDO, and Mr. Gunther Beger, Managing Director of UNIDO's Directorate of SDG Innovation and Economic Transformation. It featured an interactive panel discussion with the participation of Ms. Vidiya Amrit Khan, Managing Director, Desh Garments Ltd.; Mr. Michael Smetana, Managing Director, HP Austria; Mr. Daisuke Shamoto, Principal Deputy Director for Business and Human Rights Policy, Ministry of Economy, Trade and Industry of Japan; and Mr. Joerg Hofstetter, Associate Professor in Supply Chain Management, KEDGE Business School.

4. Based on inputs provided by Member States in the framework of the Development Dialogue, the Secretariat developed a holistic proposal and programmatic approach for fostering sustainable supply chains. This was further strengthened through an internal consultation process involving all technical divisions, resulting in an innovative vision for UNIDO's approach to make supply chains work for people, planet and prosperity. This approach is centred around the three main missions of creating better skills, better jobs; green(er) supply chains; and a fair value distribution. It also includes a cross-cutting focus area on enhancing transparency and resilience.

5. In response to the Member States' request, and to effectively implement this programmatic approach, UNIDO has initiated the development of various novel supply chain tools tailored for government actors, industry associations, investment promotion agencies and companies in supply chains. These are designed to highlight the relevance of new pieces of supply chain legislation for respective economies and sectors, as well as to inform about the requirements of existing and emerging supply chain legislation and relevant market entry regulations around the world. In the future, the toolset will expand to include other areas of interest, such as environmental, social and governance (ESG) readiness assessments. UNIDO has also developed a new ESG curricula, covering six areas in this field, including sustainable supply chain management; low carbon development; ESG data collection methods; due diligence; certification and standards; and circular economy and sustainable business models. These tools, to be collectively known as the Sustainable Supply Chain Rapid Scan Toolbox, will be at the disposal of Member States in due course.

6. To implement resolution GC.20/Res.2, UNIDO also continued its technical cooperation in the field of sustainable supply chains and engaged in various efforts to enlarge its portfolio to support Member States. The Organization has continued and strengthened its technical cooperation to create better skills, better jobs through its existing and growing portfolio on skills development. The flagship initiative, Skills for Sustainable Industrial Transformation in Africa, establishes skills centres to enhance lifelong learning systems in the region to drive industrial transformation and

a just transition, fostering sustainable and inclusive supply chains. Similarly, the Learning and Knowledge Development Facility is deepening its focus on skills for sustainable supply chains, building on its recent annual conference in November 2023, which centred on skills for sustainable supply chains.

7. UNIDO continued to strengthen its technical cooperation efforts towards green(er) supply chains through its work on circular economy, energy and resource efficiency, and decarbonization. For example, UNIDO remains committed to fostering a circular economy through its Switch to Circular Economy Value Chains programme with funding from the European Union. UNIDO has further expanded its portfolio towards a fair value distribution through the promotion of sustainable investments for local value addition and by fostering responsible business along the supply chain. Through an initiative funded by Germany, UNIDO is currently supporting the automotive supply chain in Morocco, helping both large multinational enterprises and SMEs to meet the new requirements of the European Union's Corporate Sustainability Due Diligence Directive.

8. UNIDO is partnering with various key stakeholders to scale up its support for Member States. The Organization is among others partnering with Fairtrade International to develop joint projects in support of smallholders in agro-industrial supply chains. UNIDO is also strengthening its cooperation with entities such as the International Social and Environmental Accreditation and Labelling Alliance (ISEAL Alliance), the Food Safety System Certification, the United Nations Forum on Sustainability Standards and the United Nations Global Compact. Additionally, UNIDO is partnering with various private sector actors.

9. To promote the topic of sustainable supply chains and solidify UNIDO's role as a leading United Nations agency in this area, the Organization also actively participates in and organizes various events, sessions and workshops. For example, two large upcoming UNIDO events, the Multilateral Industrial Policy Forum in October 2024, in Saudi Arabia, and the World Without Hunger Conference in November 2024, in Ethiopia, will feature dedicated sessions on sustainable supply chains, respectively on the automotive supply chains in Morocco and Serbia, and on the impact of sustainability-driven regulations for food security globally. Furthermore, the Sustainability osapiens Summit 2024 in Germany was held under the patronage of UNIDO and gathered approximately 2,000 participants from relevant companies to explore how to make supply chains more sustainable. UNIDO has also participated in large events, such as the Fairtrade Conference in June 2024, or organized targeted workshops for stakeholders, such as an ISEAL Alliance–UNIDO workshop in Colombia on human rights and environmental due diligence in supply chains.

10. Despite UNIDO's significant strides in implementing resolution GC.20/Res.2, challenges exist, particularly in mobilizing the necessary financial resources to support Member States in enhancing productive, resilient and sustainable supply chains. Accordingly, UNIDO has engaged in various strategies, such as fostering strong partnerships, to allow for the implementation and development of services at a lower cost. However, funds mobilization will remain crucial for achieving meaningful development impact in this field.

### **III. Action required of the Board**

11. The Board may wish to take note of the information contained in the present document and provide recommendations on how to enhance resource mobilization efforts in this area.