



## **Industrial Development Board**

### **Fifty-second session**

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### **UNIDO activities in support of the least developed countries**

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

In compliance with resolution GC.20/Res.3 on the Vienna Ministerial Declaration for the Least Developed Countries (LDCs), the present document provides information on the implementation of the resolution, the activities undertaken and the events organized in support of LDCs.

## **I. Introduction**

1. UNIDO recognizes the special status and vulnerability of the least developed countries (LDCs) and promotes inclusive and sustainable industrial development as one of the key drivers of structural transformation. UNIDO is committed to supporting LDCs in achieving sustainable and irreversible graduation from the LDC group through lasting industrial and economic development, in cooperation with relevant stakeholders and partners. UNIDO works to structurally transform LDCs, where low-emission, climate-resilient industries, thriving agribusinesses, strong institutions, a dynamic private sector and a skilled labour force all drive resilient, diversified and competitive economies. The aim is for these economies to be well integrated into regional and global value chains, ensuring fair and responsible resource use and long-lasting prosperity for the population.

2. UNIDO has continuously supported the industrialization efforts of LDCs. The Organization's medium-term programme framework for 2022–2025 focuses on meeting the needs of LDCs. Recognizing that 33 LDCs are in Africa and 12 are in the Asia-Pacific region, UNIDO's activities take into account the Agenda 2063 of the African Union, the Third Industrial Development Decade for Africa, the South-South and triangular industrial cooperation approach, and the global role of the United Nations development system reform.

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3. In line with resolution GC.19/Res.3, UNIDO developed an Operational Strategy and Implementation Plan for LDCs 2022–2031. This strategy was endorsed through the Vienna Ministerial Declaration of the Organization’s tenth Ministerial Conference of the LDCs and further welcomed by the twentieth session of the General Conference of UNIDO through resolution GC.20/Res.3.

4. The Operational Strategy and Implementation Plan for LDCs reaffirms the Organization’s commitment to supporting LDCs in achieving their development goals. This commitment is demonstrated through close collaboration with Member States, the United Nations system, including the United Nations Office of the High Representative for the LDCs, Landlocked Developing Countries and Small Island Developing States, as well as other development partners. These collaborations are crucial in the formulation and implementation of the Comprehensive Programmes of Action for LDCs. The strategy is closely aligned with the Doha Programme of Action for LDCs for 2022–2031 and is based on a comprehensive assessment of the previous operational strategy, incorporating identified best practices.

5. Through resolution GC.20/Res.3, the General Conference requested the development of an action plan for the implementation of the Operational Strategy. This plan is to be developed in close consultation with Member States, relevant partners and stakeholders, ensuring alignment with the Doha Programme of Action for LDCs for 2022–2031 and relevant UNIDO strategic frameworks and policies. The aim is to integrate the new Operational Strategy into the overall work of the Organization. Consequently, the development of an implementation plan has been initiated to outline targeted actions, explore innovative resource mobilization avenues, and provide a common guiding framework for UNIDO’s collective, integrated and scaled-up interventions to promote and accelerate inclusive and sustainable industrial development in Africa.

6. UNIDO launched a consultation process, including a development dialogue with Member States to provide essential guidance for shaping the implementation plan in the areas of coordination, partnership and resource mobilization, and monitoring and reporting mechanisms. The feedback collected before, during and after the session will benefit the further revision process of the implementation plan and is key to ensuring it effectively meets the unique challenges faced by LDCs. UNIDO plans to implement its Operational Strategy and Implementation Plan for LDCs in collaboration with all Member States, focusing on global solidarity and international cooperation. It will work closely with the members of the Inter-Agency Consultative Group on LDCs, development cooperation agencies, Regional Economic Communities and other partners to strengthen innovative partnership modalities and non-traditional funding avenues.

## **II. Contribution to the development of least developed countries**

7. The following analysis evaluates the cumulative contributions of 56 UNIDO LDC-related projects to the six priority areas outlined in the Doha Programme of Action. To systematically assess the impact across these priority areas, the methodology involved mapping each project to one or more corresponding Doha Programme of Action priorities. Many projects span multiple priority areas due to their classification under various subcategories, meaning a single project may contribute to more than one priority

### **(a) Investing in people**

8. In 2024, UNIDO has had 18 ongoing projects contributing to this priority, amounting to 32.14 per cent of its projects in LDCs. The project value for this priority is \$ 22.66 million, equivalent to 52.51 per cent of the total LDC portfolio size. This reflects a strong focus on human development and poverty alleviation with a substantial proportion of the LDC-related portfolio budget contributing to this area.

9. Inclusive and sustainable industrial development is one of the primary sources of income generation and allows for rapid and sustained increases in living standards for all people. UNIDO remains committed to enhancing industrial skills development through technical and vocational education and training, entrepreneurship promotion, women and youth empowerment, support to local health industries and good industrial governance in LDCs.

10. To realize these commitments, UNIDO, with the support of various donors, implements a number of relevant projects at the national, regional and global levels. A few examples include the Zambian Industrial Training Academy, aiming to enhance youth employability; industrial policy in Cambodia, providing policy advice and recommendations for manufacturing and sectoral development; and sustainable development of artisanal and semi-industrial fisheries in Sudan. Best practice examples include technical and vocational education and training projects in Liberia, Sierra Leone, Sudan and Zambia. The Creative Hub Ethiopia, launched by UNIDO, has supported 183 enterprises to date with 120 micro-, small and medium-sized enterprises (MSMEs) acquiring specialized skills and with over 240 products developed.

**(b) Leveraging the power of science, technology and innovation**

11. In 2024, UNIDO has had 18 LDC projects, representing 32.14 per cent of total projects in LDCs contributing to this priority. The project value for this priority is \$18.96 million, equivalent to 43.95 per cent of the total LDC portfolio size. This indicates a significant investment in advancing science and technology, with a notable share of the financial resources dedicated to this priority.

12. Guided by the slogan “Progress by Innovation”, UNIDO acknowledges the power of innovative solutions in building a prosperous future in LDCs. Through strengthened international partnerships, knowledge and technology transfer, UNIDO contributes to enhancing accessibility of advanced technologies; strengthening of national innovation systems; promoting digitalization; and enhancing global development assistance. UNIDO supports LDCs to mainstream the fourth industrial revolution in their national development agendas and to increase institutional and private sector capacities for the uptake of new technologies, while fostering knowledge and technology transfer through various partnership models and South-South cooperation.

13. UNIDO supports national science, technology and innovation by working with small and medium-sized enterprises (SMEs) to drive economic growth and combat poverty. It also fosters policy environments that encourage SME investments, enhances firms’ competitiveness, and connects them with markets for skills, technology, finance, and global partnerships through export consortia, SME clusters, and innovation initiatives. Some of the projects implemented by UNIDO include: (1) Agro-technology development for economic growth in south and central Somalia, aiming to address local needs for mechanization, operation and maintenance of old agro-industrial equipment; (2) the technical assistance project for the upgrading of the leather and leather products industry of Ethiopia, aiming to increase the competitiveness of the sector; and (3) the Global Cleantech Innovation Programme, aiming to accelerate cleantech innovation and entrepreneurship in startups and SMEs in several LDCs, including Sierra Leone, Cambodia and the Democratic Republic of the Congo.

**(c) Supporting structural transformation**

14. In 2024, UNIDO has had 31 projects, or 55.36 per cent of its total projects in LDCs contributing to this priority. The project value for this priority is \$36.66 million, which is equal to 84.96 per cent of the total expenditure on LDC projects. This highlights the critical emphasis on structural transformation, with a major portion of the budget allocated to this area.

15. UNIDO plays a crucial role in transforming LDCs through focused technical cooperation in agriculture and agribusiness. By promoting value addition in

agricultural outputs and creating off-farm employment opportunities in rural areas, UNIDO supports economic development and structural transformation. In Ethiopia and Senegal, several agro-industrial parks are being established with UNIDO's support, mobilizing large-scale resources and partnerships. Additionally, UNIDO enhances access to clean energy across LDCs, promoting renewable sources and energy efficiency. In the Gambia, UNIDO collaborated with the Global Environment Facility and local service providers to install solar power grids, thus reducing the country's dependence on traditional biomass fuels and imported fossil fuels for electricity generation. In Madagascar, UNIDO contributed to the establishment of small hydropower plants in rural areas of the country, enhancing communities' productive capacities.

**(d) Enhancing international trade of least developed countries and regional integration**

16. In 2024, UNIDO has had 50 LDC-related projects, making up 89.29 per cent of its total projects in LDCs, contributing to this priority. The project value for this priority is \$37.99 million, representing 87.82 per cent of the total expenditure. This reflects a strong focus on trade and regional integration, through both the largest number of projects and a significant share of the expenditure.

17. UNIDO enhances the competitive supply capacities of LDCs by helping enterprises meet international standards for quality, safety and corporate responsibility, enabling them to participate in regional and global trade. Some of the projects implemented by UNIDO include: Transfer of Environmentally Sound Technologies for the strengthening of industries environmental/social responsibility capacities in the Niger basin; championing policy changes for the sustainable growth of Liberia's cocoa sector; empowering MSMEs: QUALITAN's journey towards quality and standards compliance in the United Republic of Tanzania; PROMOVE Comércio, building competitiveness for exports projects; fostering sustainable production for market competitiveness and international trade in Mozambique; Increasing the competitiveness of Sierra Leone through enhanced productivity and trade compliance in selected value chains; and building trade competitiveness and the business environment in Mozambique.

**(e) Addressing climate change and environmental degradation, recovering from the COVID-19 pandemic and building resilience against future shocks**

18. In 2024, UNIDO has had 40 LDC-related projects, contributing 71.43 per cent of its total projects in LDCs to this priority. Despite having fewer projects than Priority 4, the project value is \$ 23.94 million, amounting to 55.48 per cent of the total LDC project portfolio value.

19. UNIDO prioritizes resilience-building against future shocks through various initiatives. These include sustainable and inclusive recovery from the coronavirus disease (COVID-19), bolstering pharmaceutical manufacturing and healthcare support, enhancing climate resilience and adaptation capacities, promoting sustainable natural resource management and improving accessibility to climate financing and technology. UNIDO also provides support to governments and industries in developing low-carbon, climate-resilient industries by providing policy advice, conducting vulnerability assessments and implementing adaptation technologies that align with mitigation efforts. Notably, UNIDO addresses water scarcity challenges exacerbated by climate change, exemplified by projects like Strengthening Engagement and Action by the LDCs Group on Climate Change. Additionally, the Sustainable Cities Management initiative in Senegal promotes sustainable urban management, while in Bangladesh, UNIDO assists in sustainable plastic use and marine litter prevention.

20. Some other projects that UNIDO implements in LDCs include: Enhancing the readiness of the private sector of Lesotho for a clean energy transition; promotion of climate adaptation-oriented technology and business model innovations and

entrepreneurship for resilience-building and job creation in Sierra Leone; reducing vulnerability and increasing resilience to climate change through promoting innovation, transfer and large-scale deployment of adaptation-oriented technologies in priority agriculture value-chains and creating jobs; building adaptation and resilience to climate change in the essential oil sector in Madagascar; a private investment facility for nature-based coastal climate resilience in LDCs; and strengthening engagement and action by LDCs on climate change.

**(f) Mobilizing international solidarity, reinvigorated global partnerships and innovative tools and instruments**

21. In 2024, UNIDO has had 27 projects, representing 48.21 per cent of the total projects in LDCs contributing to this priority. The expenditure for this priority is \$3.73 million, accounting for 8.64 per cent of the total expenditure.

22. To ensure a path towards sustainable and irreversible graduation for LDCs, UNIDO's work focuses on domestic resource mobilization, investment promotion (especially foreign direct investment), extends to international support measures and ensures data availability to track progress toward the Sustainable Development Goals and Doha Programme of Action goals and targets. UNIDO collaborates with international financial and development financial institutions as well as business sector actors to ensure a meaningful impact of its projects and initiatives. UNIDO's most common forms of working with the business sector are technical cooperation projects, procurement, events and platforms, collaboration on joint publications to disseminate knowledge and best practices. In addition, UNIDO has established the Programme for Country Partnership model to leverage large-scale investments for industrial development at the national level. UNIDO's network of Investment and Technology Promotion Offices assist in matching investors and technology suppliers from developed and developing countries, including LDCs.

23. In Ethiopia, UNIDO has been implementing the Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership project, which increased productivity, quality and sustainability of coffee exports. It has also partnered with the World Bank and International Trade Centre to implement the ACP-Business Friendly Programme funded by the European Union and the Organization of African, Caribbean and Pacific States. The programme helped several countries, including LDCs, to improve investment promotion strategies and capacities.

**(g) Global events in support of LDCs**

24. The Multilateral Industrial Policy Forum: Ministerial round table III: Industrial policy for LDCs graduation. The round table discussion on "Industrial Policy for LDCs Graduation" served as a critical platform for sharing insights, experiences and strategies that have enabled LDCs to successfully transition to middle-income countries. This event aimed at bringing together government ministers and key stakeholders from LDCs to present and discuss successful cases where industrial policy has played a pivotal role in fostering economic growth, enhancing productivity and driving structural transformation within their economies. By focusing on these successful examples, the round table aimed to inspire other LDCs to adopt and adapt similar strategies tailored to their unique contexts.

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

25. The Board may wish to take note of the information provided in the present document.