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Gain the competitive edge
By pursuing low emission development

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Key messages

- Low emission industrial development and resource efficiency offer excellent opportunities for increasing competitiveness of economies and companies.

- There is often a clear business case for switching to lower emission technologies, with payback periods ranging largely from 0.5–5 years, leveraging financial investment.

- Resource productivity has a huge potential in moving towards circular economies and zero carbon societies.

- Many green industry policies, tools, and means of implementation exist that can drive low carbon competitiveness as part of Nationally Determined Contributions (NDCs) or wider development strategies.

Green industry promotes sustainable patterns of production and consumption that are resource and energy efficient, low carbon and low waste, nonpolluting and safe, and which produce products that are responsibly managed throughout their life cycle. It includes greening existing industries and stimulating new green industries.

Circular economy refers to maintaining the value of products, materials, and resources in the economy for as long as possible and minimizing the generation of waste.

How can low emission development benefit competitiveness?

Industries are increasingly modifying their production models to more sustainable ones. By making more efficient use of materials and optimizing inputs, in particular energy and water, companies can reduce costs and improve their competitiveness. Now, with the digital and technological revolutions, investing in the future starts to pay off, in terms not only of public image, but also of economic competitiveness. Recent studies suggest that performing circular economy business models and optimizing resource productivity could generate potential savings of around US$3–4 trillion until 2030.

Climate resilient industrial development involves continued efforts to mitigate climate change while at the same time preparing industry to adapt to its impacts. Many opportunities to foster climate resilient industrial development and competitiveness are based on ‘green industry.’ This covers both the greening of existing industries to continuously improve their resource productivity, and the creation of green industries that deliver environmental...
goods and services. The greening of industries is key to economic competitiveness, since resource inputs represent an important production cost, and improving efficiency can create a competitive advantage. Research by the United Nations Industrial Development Organization (UNIDO) confirms that industrial energy efficiency could save 30% of today’s industrial energy consumption with competitive rates of return and high profitability for companies.³

How is low emission development linked to competitiveness?
Industrial development remains a top priority for governments around the world, particularly in developing countries. However, industry and energy related greenhouse gases produce 75% of global emissions,⁴ making it opportune and necessary to align industrial development and climate change strategies. Boosting local manufacturing that integrates renewables or green technologies favors local job creation, encourages exports, and facilitates integration into global value chains. New business and management models are emerging, such as chemical leasing and energy system optimization, which reduce or optimize the use of chemicals or energy for production and improve competitiveness. Other examples contributing to competitiveness are industrial symbiosis, where the waste of one company becomes the resource of another (including combined heat and power); and eco-industrial parks (Figure 1), where industries cluster to produce at economies of scale in a low emission manner.

Integrating competitiveness benefits into low emission policy and planning
Transforming industry and energy systems need to be included in countries’ NDCs if the latter are to spell out the low emission development pathways necessary to achieve the well below 2 degree goal agreed upon in Paris in 2015. Barriers such as lack of awareness of investment opportunities, limited access to finance, inadequate technical know how, and market failures still exist but can be overcome. The integration of green industry policies across government should take place both vertically—between the international, national, and local tiers of government; and horizontally—across sectors of government. International support projects such as UNIDO’s Programs for Country Partnership can assist governments to drive forward inclusive and
sustainable industrial development at all levels by demonstrating the benefits of greening industry. The Programs for Country Partnership were launched in countries with strong demand for low emission, resource efficient industrial processes, to drive competitiveness. As a result, steering committees have been established in respective prime ministerial offices to oversee the progress in key industrial sectors and to mainstream sustainability activities in cooperation with relevant stakeholders.

More generally, many tools are available to drive forward green industry policies. Governments can support skill development, technology diffusion, and access to finance mechanisms or development of eco-industrial parks. They can create incentives for industry through voluntary agreements; support greening of supply chains; set industry standards or create ecolabeling schemes; reward sustainable industry projects in public procurement; and penalize ‘dirty’ industrial practices via environmental taxes.

Case studies
MED-TEST and industrial symbiosis

Under the MED-TEST project in Egypt, Morocco, and Tunisia, green technology was transferred in 43 pilot industries (textiles, food and beverage, leather, ceramic, metal processing, petrochemical, pulp and paper) with overall results of US$17 million, 9.7 million m³ water and 263 GWh energy saved per year, and return of investment for companies of 54% within 0.5 years and 77% within 1.5 years. Moreover, the US$2 million project could leverage US$20 million investments by local companies. Under SWITCH-MED this approach is replicated to support 130–150 industries by 2017.

The Industrial Symbiosis project in the Tianjin Binhai New Area in China gathered 800 small and medium enterprises and created 99 synergies in which the waste of one company became the raw material for the other. As a result, 1.4 million tons of waste were diverted from landfill and 167,000 tons of CO₂ emissions avoided, with a cost saving of approximately US$9.5 million and an increase in revenues of US$14.6 million. Some examples of the materials recovered are sludge, reused as organic fertilizer and foaming agent; coal ash powder and desulfurized gypsum, used as building materials; and alumina red mud, turned into aluminum ingots.
Methodology and tools
A number of methodologies and tools exist to assess options for resource and energy efficiency, identify benefits and trade-offs, and determine associated costs and returns. UNIDO has developed a range of toolkits and materials to guide policy development and assess opportunities for cleaner production and phase out of emission intensive materials. The UNIDO Cleaner Production Toolkit, for instance, can be used for company training or within a company for a pathway to cleaner production, from introducing green concepts, through analyzing material and energy flow, fostering innovation, identifying options for green procurement, hazard analysis, developing indicators for environmental control and waste management, to auditing, networking, and implementing an environmental management system. The Institute for Industrial Productivity (IIP) maintains an industrial energy efficiency database on technologies, policies, supply chain initiatives, financing for efficiency options, and an overview of energy efficiency programs and energy management measures. The Sustainable Energy for All (SE4ALL) initiative tracks global energy targets and efforts. Such databases and tools assist policymakers and sector stakeholders to share successful technology, policy, and financing options to reap the benefits of energy and resource efficient industrial development options beyond emission reduction.

Resources

Sustainable development platforms
- Inclusive and Sustainable Industrial Development Operation Platform
- Green Industry Platform
- Sustainable Energy for All

Sustainable development networks
- Network for Resource Efficient and Cleaner Production
- Climate Technology Centre & Network
- Global Network of Regional Sustainable Energy Centres (GN-SEC)

UNIDO and its resources
- UNIDO publications on safeguarding the environment
- UNIDO statistical data

Tools and toolkits
- UNIDO green industry: Policies for supporting green industry
- UNIDO Cleaner Production (CP) Toolkit
- Preparing for HCFC phase-out: Fundamentals of uses, alternatives, implications and funding for Article 5 countries.
- IOMC Toolbox for decision making in chemicals management
- SE4ALL Global Tracking Framework
- IIP Industrial energy efficiency databases
Notes


5. UNIDO: ‘About Med Test.’

6. UNIDO and UNEP: ‘SwitchMed.’


9. UNIDO: ‘CP Toolkit (English).’


11. Sustainable Energy for All: ‘About us.’

The United Nations Industrial Development Organization (UNIDO) is the specialized agency of the UN that promotes industrial development for poverty reduction, inclusive globalization, and environmental sustainability. UNIDO’s aim is to promote and accelerate inclusive and sustainable industrial development in developing countries and economies in transition, as recognized by the ninth Sustainable Development Goal in particular: “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.” Accordingly, UNIDO’s programmatic focus is structured in three thematic priorities: creating shared prosperity, advancing economic competitiveness, and safeguarding the environment. www.unido.org

The LEDS GP Benefits Assessment and Communication Working Group focuses on identifying, communicating, and integrating social, economic, and environmental benefits associated with low emission pathways. The group works to advise on development impact assessment to provide tools and exchange knowledge and guidance on how to align development priorities with climate change policies and measures. Contact: benefits@ledsgp.org

The Low Emission Development Strategies Global Partnership (LEDS GP) was founded in 2011 to enhance coordination, information exchange, and cooperation among countries and international programs working to advance low emission, climate resilient growth. LEDS GP currently brings together LEDS leaders and practitioners from more than 160 countries and international institutions through innovative peer to peer learning and collaboration via forums and networks. www.ledsgp.org