



# United Nations Industrial Development Organization

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## Industrial Development Board

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**United Nations system-wide coherence: UNIDO's role**

## UNIDO initiative on the Millennium Development Goals

### Note by the Director-General

In the context of the Millennium Development Goals, provides information on proposals to introduce new or reformulated targets that focus on the contribution of productive sectors.

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## I. Introduction

1. Against the background of a series of escalating shocks to the international system during recent years arising from the food, fuel, financial and economic crises, the internationally agreed development goals embodied in the Millennium Declaration are becoming both more important and more challenging as the focus for multilateral development cooperation. Although largely caused by industrialized countries, some of the most serious repercussions of these crises are to be found in poor countries: global markets are shrinking, output is falling, unemployment is increasing, investments are drying up, commodity prices are coming down, food prices remain high, remittances are reduced and protectionism is re-emerging as a threat.

2. This has created a new focus on the role of the productive sectors in supporting the achievement of social goals. In 2006, the United Nations General Assembly resolution 61/215 reaffirmed that industrialization is an essential factor for sustained economic growth, sustainable development and the eradication of poverty in developing countries and countries with economies in transition. The resolution also stressed the critical role of productive capacity-building for the achievement of the Millennium Development Goals (MDGs).

3. These messages have been increasingly recognized in the international development debate. At the High-level Forum on Aid Effectiveness in Accra, Ghana, from 2 to 4 September 2008, the productive sectors were described as orphaned sectors. Similar observations were also made at a high-level event on the MDGs in New York on 25 September 2008.

4. The United Nations "Millennium Development Goals Report 2008" revealed the need to systematically address the economic slowdown, including the volatilities in the global food markets that severely impact efforts to reduce poverty in all its dimensions. However, the current structure of the MDG targets and indicators focus primarily on social, educational, health and environmental issues, with marginal representation of the productive sectors. This has resulted in limited reflection of the major contributions of several organizations in terms of their assistance to productive capacity development.

5. In light of these developments, UNIDO and the United Nations system Chief Executives Board (CEB) Inter-Agency Cluster on Trade and Productive Capacity<sup>1</sup> are proposing the introduction of new or reformulated MDG targets, including accompanying indicators, which capture the contribution of the productive sectors. A more systematic selection of targets and indicators would guide governments in their economic policymaking and priority setting. It would help foster the productive sectors in developing countries, thus providing a necessary resilient

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<sup>1</sup> The CEB Cluster on Trade and Productive Capacity, launched at UNCTAD XII in April 2008, is an inter-agency cluster that plays an important role in ensuring that issues related to trade and the productive sectors and their interface with the MDGs are adequately taken into account in the Delivering as One and the United Nations system-wide coherence process. The Cluster, which is chaired by the United Nations Conference on Trade and Development (UNCTAD), also includes representation from the United Nations Regional Commissions, United Nations Development Programme (UNDP), International Trade Centre (ITC), Food and Agricultural Organisation (FAO) of the United Nations, UNIDO, and World Trade Organization (WTO).

underpinning of pro-poor economic growth that can accelerate the achievement of the internationally agreed social goals.

## II. Current status

6. For UNIDO, the development objective as documented in the medium-term programme framework 2010-2013, is industrial development for poverty reduction, inclusive globalization and environmental sustainability. This provides the overall context in which UNIDO aims to deliver on the mandate provided by its Member States and continue to contribute to the achievement of MDGs.

7. As a result of the financial and economic crisis, protectionism, aggravated by isolated and uncoordinated government actions, is threatening the global economic system that has helped lift millions out of poverty. Against this background UNIDO and members of the CEB Cluster envisage additional targets and indicators that would capture the essential contributions of the productive sectors. Accordingly:

(a) Goal 1 (eradicate extreme poverty and hunger) could include a target and indicators that reflect the role of the productive sectors in achieving the stated objective of full and productive employment and decent work for all;

(b) Goal 3 (promote gender equality and empower women) could include a focus on the importance of economic empowerment of women through enterprise and private sector development;

(c) Goal 7 (ensure environmental sustainability) could develop targets and indicators that capture the contributions and responsibilities of the productive sectors in environmental protection and climate change mitigation. This would allow for a more systematic approach to private sector development, based on clear targets and indicators that could guide industry in its efforts to protect the environment and mitigate climate change; and

(d) Goal 8 (develop a global partnership for development) could make reference to the need to eliminate non-tariff barriers (NTBs) and to maintain and increase investments to complement the target on an open, rule-based, predictable and non-discriminatory trading and financial system.

## III. Next steps

8. The inclusion of targets and indicators that systematically capture the contributions of the productive sectors can greatly assist governments in sound economic policymaking and long-term achievement of the internationally agreed social goals. Based on these initial observations, the members of the CEB Cluster will work together to produce a limited number of new or reformulated targets and accompanying indicators, to be adopted at the High-level MDG Review Conference scheduled to take place in 2010. The Cluster will work with Member States and other United Nations programmes, funds and agencies to identify such targets and indicators that will systematize and enhance the understanding of what is required for developing countries to progress towards the MDGs. The Cluster organizations would themselves organize the collection and supply of data for the new indicators.

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

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