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UNIDO contributions to achieving the Millennium

Development Goals

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Report by the Director-General

In accordance with General Conference resolution GC.13/Res.6 and by way of updating the information contained in document IDB.37/4, this document presents the report of the Director-General on the crucial role of the productive sectors in supporting the achievement of the Millennium Development Goals (MDGs) and on how UNIDO is contributing further to this process.

I. Introduction

1. At its thirty-seventh session, the Industrial Development Board took note of document IDB.37/4 providing information on the specific means through which UNIDO can further contribute to the achievement of the MDGs. Member States expressed appreciation for the contributions that UNIDO makes to the achievement of the MDGs through its three thematic priorities comprising poverty reduction through productive activities (linked to Goals 1 and 3), trade capacity-building (linked to Goal 8) and environment and energy (linked to Goal 7). Furthermore, Member States welcomed the Organization's commitment to mainstreaming gender related commitments in all its programmes, projects and organizational practices and also encouraged UNIDO to continue building partnerships with other organizations in order to strengthen the impact of its activities.

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2. The present document updates the information contained in document IDB.37/4 taking into account the recent issuance of the United Nations *Millennium Development Goals Report 2010* (June 2010) and highlights the contributions that UNIDO continues to make in achieving the MDGs.

II. Recent developments and the UNIDO contributions to achieving the MDGs

3. UNIDO recognizes the MDGs as the overarching framework for its activities and believes that a competitive and environmentally sustainable industry is vital in order to accelerate economic growth, reduce poverty and help to achieve the MDGs. The Organization contributes to the achievement of the MDGs, in particular Goals 1, 3, 7 and 8, from a uniquely focused perspective, combining upstream activities and results-oriented technical cooperation to assist developing countries in building the strategies, know-how and institutional capacities needed to grow a diversified economy and to create wealth for their populations. The role that UNIDO plays as a partner for prosperity also supports the achievements of the other MDGs in a cross-cutting manner. Through intersectoral linkages, the development of trade and the productive sectors can lay the foundation for a more broadly-based economic development process. Industrialization and equitable growth can support the achievement of social development by creating employment opportunities and raising the incomes of the poor. A flourishing productive sector can thereby contribute to a well-nourished, well-educated, and healthy workforce, which in turn can increase productivity and pro-poor growth.

Goal 1: Eradicate extreme poverty and hunger

4. Five years from the target date for the achievement of the MDGs, many countries, including some of the poorest, have made remarkable strides forward, demonstrating that setting bold, collective goals can yield results. At the same time, it is clear that improvements in living standards have been unacceptably slow, and some hard-earned gains are being eroded by the food, fuel and financial crises, as well as climate change.

5. Notwithstanding the fact that developing countries have proved relatively resilient in the face of the financial and economic crisis, it is estimated that reduced inflows in foreign direct investment and workers' remittances, coupled with a slowdown in exports, left an additional 50 million people in extreme poverty in 2009. This is forecast to rise to 64 million people by the end of 2010, many of whom live in least developed countries (LDCs) in sub-Saharan Africa and South Asia.¹ Such countries tend to have non-diversified economies and often rely on commodity exports, which are subject to great volatility on global markets. Lack of employment opportunities as a result of the economic downturn is further exacerbating the situation. Moreover, the effects of the crisis are likely to persist: poverty rates are foreseen to be slightly higher by the MDG target year of 2015 than they would have been had the crisis not occurred.

¹ World Development Indicators 2010, World Bank.

6. Wealth creation is central to achieving the MDGs and other development goals, and empowerment of the poor through participation in productive activities and income generation is a proven means to move people out of poverty. In 2009, UNIDO issued its most recent *Industrial Development Report*, which was co-authored by Professor Paul Collier of Oxford University, and sought to provide solid research and analysis on the basis of which poor nations could arrive at their own, tailor-made solutions to successfully tackle poverty. The main activities that UNIDO undertakes in response to this priority include entrepreneurship development and the development of small and medium enterprise (SME) clusters, strengthening agro-industry and reducing post-harvest losses (thereby ending the reliance of many poor communities on trade in volatile primary agricultural commodities), promoting the economic empowerment of women, exchanging industrial knowledge and expertise, and promoting investment and technology.

7. UNIDO is currently undertaking a thematic evaluation of the impact and contribution of technical cooperation activities to poverty reduction and has identified a number of success stories. UNIDO programmes in areas such as entrepreneurship development, skills training and cleaner production demonstrate significant contributions to employment creation and increasing income among the poor. The same meta-evaluation has found that the UNIDO network of Investment and Technology Promotion Offices (ITPOs), which links businesses in developing countries with potential partners worldwide, adds value by achieving specific investment and technology-oriented results and contributing directly to employment generation.

Goal 3: Promote gender equality and empower women

8. According to the United Nations *Millennium Development Goals Report 2010*, progress on Goal 3 to promote gender equality and empower women has been slow. Globally, the share of women in paid employment outside the agricultural sector has continued to increase slowly and reached 41 per cent in 2008. But some regions are seriously lagging behind in providing opportunities for women. In South Asia, North Africa and West Asia, only 20 per cent of those employed outside the agricultural sector are women. Gender equality in the labour market is also a concern in sub-Saharan Africa, where women hold only one in three paid jobs outside the agricultural sector.² Close to two-thirds of all employed women in developing countries work as contributing family workers or as workers on their own account, typically in forms of employment that are extremely vulnerable and lack job security and benefits. A balanced agenda for gender equality and empowerment of women must therefore include a focus on the economic empowerment of women, expanding their access to resources, land, decent jobs and entrepreneurship opportunities.

9. For UNIDO, gender equality and the empowerment of women continue to be promoted mainly through the programme component of rural, women and youth entrepreneurship, with a focus on the provision of entrepreneurial training in order to help build a sustainable foundation for private sector development. The programme specifically targets women and youth entrepreneurs to enable them to

² The statistics and findings referred to are drawn from the United Nations *Millennium Development Goals Report 2010* unless otherwise stated.

graduate from the informal to the formal sector thus ensuring that the regulatory and administrative environment in which they operate is free from gender biases.

10. In addition to technical cooperation activities targeting the economic empowerment of women, UNIDO is also committed to full gender mainstreaming³ in all its programmes, projects and organizational practices. An updated policy on gender equality and the empowerment of women was adopted by the Organization in 2009 and as part of the implementation of this policy, an organization-wide gender mainstreaming training is currently taking place. The first phase, which is expected to be completed in November 2010, is focusing on the technical branches to develop staff capacity in designing and implementing projects and programmes in a gender-sensitive manner.

Goal 7: Ensure environmental sustainability

11. Climate change is a major threat to the poor and underscores the need to develop clean energy sources and safeguard the environment as outlined in Goal 7. The present trends in consumption and population growth are putting a significant strain on the planet's natural systems. Global CO₂ emissions have continued their upward trend in recent years, reaching 30 billion tons by the end of 2007. This represents a 35 per cent increase from the 1990 level. Per capita emissions remain highest in developed countries – about 12 tons of CO₂ per person compared to about 3 tons in the developing regions and 0.9 tons in sub-Saharan Africa. The most severe impact of climate change is being felt by vulnerable populations who have contributed least to the problem. The risk of death or disability and economic loss due to natural disasters is increasing globally and is concentrated in poorer countries due to their lack of capacity to deal with the resulting effects, for example on agricultural output, labour productivity, health and internal displacement.

12. Access to clean, affordable energy and a healthy environment are of fundamental importance to sustainable development. UNIDO tackles these issues against the background of industry's large share of global CO₂, greenhouse gas and ozone-depleting substance emissions, and assists developing countries in eliminating these while encouraging them to take advantage of the wealth creation opportunities of green industry and increased energy access. UNIDO promotes energy efficiency as an important means of saving energy and resources, as well as combating climate change. The Global Environment Facility (GEF) recognizes UNIDO as a key implementing partner for projects concerning the eradication of persistent organic pollutants under the Stockholm Convention, climate change, protection of international water systems and ozone depletion.

Goal 8: Develop a global partnership for development

13. Globalization and the interconnectedness of world markets have emerged as dominant features of the world economy and this is likely to remain so for the foreseeable future. It is no longer possible to think of a country's economic growth

³ The United Nations Economic and Social Council (document E/1997/66) defines the concept of gender mainstreaming as a strategy for making women's as well as men's concerns and experiences an integral dimension of design, implementation, monitoring, and evaluation of all policies and programmes in all political, economic and societal spheres.

as a purely internal process. Manufacturing and trade have become globally integrated, and this trend is shifting in the direction of developing countries at an increasing pace. However, not all developing countries and regions are growing together.

14. Goal 8, which seeks to develop a global partnership for development, contains at its core the aim to develop a trading system that is open, rule-based, predictable and non-discriminatory. However, experience has shown that globalization accompanied by market liberalization policies have so far not resulted in sufficiently great benefits for the developing world. True preferential trade status is reserved mainly for LDCs, 81 per cent of whose imports were admitted free of duty by industrialized countries in 2008. This preferential treatment has largely advanced on a unilateral basis, which is not an adequate substitute for the conclusion of the Doha Round of multilateral trade negotiations and its related development agenda. Even as tariffs fall away, technical barriers to trade remain, and developing countries will need to focus on developing strong supply capacities and fulfilling international conformity and standards requirements.

15. UNIDO recognizes two major impediments to the participation of poorer countries in international trade: inadequate support infrastructure for compliance with market requirements, and a lack of competitive supply capacity in productive sector enterprises. The Organization supports governments in establishing and improving the infrastructure necessary to ensure that exports conform with stringent product standards, including quality, safety, health and environmental requirements. In terms of supply capacity, UNIDO takes a systemic, value-chain oriented approach in working with Member States and the private sector to improve competitiveness, thus allowing them to benefit from new opportunities in regional and global markets. UNIDO also encourages corporate social responsibility as a means towards increased productivity and competitiveness, especially for SMEs. UNIDO is an implementing partner in both the Enhanced Integrated Framework (EIF) initiative for the LDCs and the Standards and Trade Development Facility (STDF). The Organization also holds the largest portfolio of trade-related capacity-building projects in the United Nations system and continues to work closely to seek out complementarities with other agencies.

Goal 6: Combat HIV/AIDS, malaria and other diseases

16. As outlined in the previous report to the Board on the MDGs (document IDB.37/4), the technical cooperation activities that UNIDO undertakes also indirectly contribute to the targets contained in Goal 6 on combating diseases and improving public health. The UNIDO approach in this regard continues to focus on two distinct fields of intervention related to global public health: (a) industrial risks that have an impact on public health either directly through industrial emissions and waste, contact with hazardous and toxic materials at the workplace, or indirectly through industry-related environmental effects and man-made disasters; and (b) industrial goods and skills that are needed for a functioning public health system, including affordable pharmaceuticals, industrial products for medical use, steady supplies of energy, as well as management and engineering skills.

III. The way forward

17. With only five years until the target date for the MDGs, UNIDO and the United Nations system, as well as all other stakeholders, including national governments and donor countries, the business community and civil society at large, must make every possible effort to ensure that the MDGs are met in a sustainable and equitable manner.

18. The United Nations High-level Plenary Meeting on the Millennium Development Goals (MDG Summit), which took place in New York from 20 to 22 September 2010, provided a unique opportunity to galvanize commitment, rally support and spur collective action in order to reach the MDGs by 2015. The summit focused on accelerating progress towards the achievement of all the MDGs, taking into account the progress made with regard to the internationally agreed development goals. Delegates undertook a comprehensive review of successes, best practices and lessons learned, obstacles and gaps, challenges and opportunities. The meeting resulted in the adoption of a concise and action-oriented outcome agreed by Member States.

19. UNIDO actively participated in the events and deliberations at the MDG Summit, especially focusing on the issues of climate change, energy efficiency and access, green economy and private sector development. Information on the outcome of the MDG Summit and the specific contributions of UNIDO will be provided to the Board in an addendum to the present document.

IV. Action required of the Board

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