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Operationalizing ISID for LDCs
THE PATH TO GRADUATION AND BEYOND



Session 2: SDG-9 and the path to graduation

Introduction

Over the past few years, the international community has made a quantum leap in advancing new approaches to accelerate progress and pave the way for a more ambitious, inclusive and universal development framework beyond 2015. While industrialization was not factored into the MDG framework, the issue of inclusive and sustainable industrialization now features strongly in the 2030 Development Agenda, as reflected in SDG 9.

Through SDG 9, United Nations Member States calls on the international community to “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”. Goal 9 acknowledges that industrialization is the main driver of sustained economic growth. This is based on the recognition that modern livelihoods have generally been built on and further developed by industrialization efforts. Industrial development is therefore a global objective that touches upon the economic, social and environmental aspirations of all and as such is intrinsically woven into the architecture of the post-2015 development agenda. The link to innovation and infrastructure further strengthens inclusive and sustainable industrialization as the locomotive of sustainable development, a dynamic process that entails entrepreneurship, continued diversification and industrial upgrading, technological innovation and growing trade relations.

The Istanbul Programme of Action (IPoA) is particularly key for the mobilization of local, regional and global actions to foster broad-based, inclusive and sustainable development in LDCs.

Given this context, the IPoA’s focus on productive capacities, agriculture, trade, commodities, social development, financial resources and good governance – all of them key areas for the implementation of inclusive and sustainable industrial development –aligns directly with the objectives included in SDG-9 Goal and its respective targets, namely:

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and

substantially increasing the number of research and development workers per one million people and public and private research and development spending

9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and Small Island developing States

9.b Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities

9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020

The role of industrial development

The adoption of a social policy framework to channel the income streams generated by economic growth is a crucial element of the industrialization process. Strategies leading to the achievement of Inclusive and Sustainable Industrial Development (ISID) therefore prioritize poverty reduction and the creation of decent employment and income opportunities for all segments of society, in particular vulnerable groups and rural populations, especially through the promotion of small and medium-sized enterprises and agribusiness, and the strengthening of national capacities for the development of industrial policies that pursue economic and social inclusion.

The industrial sector can serve as a primary engine not only of job creation and economic growth but also of technology transfer, investment flows and skills development. An industrial development that is inclusive and sustainable greatly contributes to addressing critical and systemic economic, social and environmental issues through a holistic approach based on (i) creating shared prosperity, (ii) advancing economic competitiveness, and (iii) safeguarding the environment.

However, a strategy for sustained growth must ensure a form of industrialization that makes opportunities accessible to all people and broadly distributes income and non-income gains from growing national prosperity across society. The inability developing countries to fully integrate social considerations into targeted industrial and economic policies undermines the developmental potential of industry, thus broadening income inequality gaps and weakening social cohesion within and between countries and regions.

Implementing SDG-9 within the IPoA framework

The overarching goal of the IPoA is “to overcome the structural challenges faced by the least developed countries in order to eradicate poverty, achieve internationally agreed development goals and enable graduation from the least developed country category”. Consequently,

successfully and effectively implementing the IPoA will require joint efforts and coordinated actions within the 2030 Development Agenda.

UNIDO's focus on assisting its Member States to meet SDG-9, along with all related SDGs and related targets supported by its mandate of ISID, can play a very important role in achieving the IPoA goal. In particular, by concentrating on ensuring that the benefits of industrial development can be made more inclusive, in terms of a more equitable distribution across groups, countries and regions. In this regard the positive relationship linking manufacturing value added (MVA) per capita and gross domestic product (GDP) in developing countries continues to attest to the importance of industrial transformation as the main engine of economic growth. However, the growth trend for developing industrial economies masks acute disparities between the various developing regions and countries

Realizing SDG-9 on inclusive and sustainable industrialization, together with innovation and infrastructure, will bring employment, economic diversification, enhanced value addition, technological change and innovation, and linkages within and across economies. Consequently, the implementation and operationalization of SDG-9 will require smart policies that channel national resources towards investments that are in line with the nationally devised path towards inclusive and sustainable industrial development.