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PRS NEWSLETTER

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Dear Readers,

Although there is reason for cautious optimism as COVID-19 cases around the world decline and vaccination rates increase, it is too soon to let down our guard and declare victory over the pandemic. The pandemic has taught us many lessons so far, in particular, that we are all in this together: COVID-19 is a stark reminder that global threats can only be effectively addressed through global stewardship and joint actions.

The pandemic has also emphasized the unequivocal role of technology, whether in health care delivery, in R&D (e.g. mRNA vaccine technology), in the way we work (tele-working) or study (online learning). It is undeniable that technological change and frontier technologies are crucial for accelerating and achieving inclusive and sustainable development, as envisaged in UNIDO's ISID mandate. We must therefore promote stronger global collaboration in science, technology and innovation (STI) and support developing and least developed countries in building capacities to ensure that they can successfully overcome the challenges on the path towards the 2030 Agenda for Sustainable Development and do not fall behind even further.

The contributions in this newsletter provide valuable insights into how we can move forward in a post-COVID world, and get the Sustainable Development Goals back on track. This can be achieved through various means, including through foreign direct investment, energy transformation, Industry 4.0 and global value chains, just to name a few. These and many other interesting topics are presented in this issue, and I hope you enjoy reading it.

Hiroshi Kuniyoshi

Deputy to the Director General and Director ad interim of the Department of Policy Research and Statistics, EPR/PRS

Our newsletter mailings are a convenient way to stay connected and keep readers up to date on PRS's latest news. Previous editions of the newsletter are available [here](#).

We welcome any feedback, comments and suggestions for further improvements at prsnewsletter@unido.org.

PUBLICATIONS

[Inclusive and sustainable industrial development: Measurement approaches for energy transformation](#)

By N. Cantore (PRS), H. Schlör, S. Voegelé, W. Kuckshinrichs, N. Haraguchi (PRS), P. Nussbaumer (UNIDO)

This editorial has been published in a special issue of the journal [Applied Energy](#), which has an impact factor of 8.8 and approximately 2 million downloads annually, builds on the workshop '[Green industry and ISID measurement to foster SDG9](#)' organized jointly by UNIDO and the Partnership for Action on Green Economy (PAGE) in May 2018. It is the outcome of a collaborative initiative of several UNIDO departments, and includes papers on indices that are now being used within the scope of the Programme for Country Partnership (PCP) diagnostic and in the [Industrial Analytics Platform](#) (IAP), among others. Other articles published in this special issue are the product of presentations held at the workshop. The special issue focuses on Inclusive and sustainable industrial development (ISID) measurement and methods for analysis and on methods to measure and analyse to what extent countries can industrialize by preserving a sustainable energy sector and by improving inclusiveness.

[World Manufacturing Production, Quarter 1 - 2021](#)

By UNIDO Statistics

After one year of COVID-19, global manufacturing production is on a path of recovery, with an annual output growth of 12.0 per cent in the first quarter of 2021. Global manufacturing output dropped by 6.8 per cent one year ago due to the early impacts of the pandemic. Many industrialized economies faced renewed lockdowns from October 2020 onwards, resulting in an initial year-over-year output growth of 1.5 per cent in the first quarter of 2021. China, the world's largest manufacturer, recovered quickly from the pandemic, its output increasing by an impressive 38.2 per cent in the first quarter of 2021 in a year-over-year comparison, in part due to last year's low base of comparison. Manufacturing production in developing and emerging industrial economies (excluding China) also registered a substantial recovery. Medium high- and high- as well as medium low-technology industries recovered faster than others, with increases of at least 10 per cent in the first quarter of 2021, while the output of low-technology industries registered a lower year-over-year growth rate of 5.8 per cent. Find the full report [here](#).

[IAP Articles](#)

[How foreign investments can drive efforts towards a green recovery](#)

By Ab. Saurav, P. Kusek, B. Viney and R. Kuo

The pandemic has had a severe impact on output and trade, and caused global foreign direct investment (FDI) flows to plummet by more than 40 per cent. Although the near-term outlook for investments is stabilizing, FDI will remain highly competitive. As FDI policies play a crucial role in shaping countries' attractiveness as investment destinations, countries should use the COVID-19 crisis as an opportunity to reform their trade and investment policies and boost investor confidence to attract the necessary foreign investment capital to underpin their recovery efforts. The major drivers of multinational enterprises' (MNEs) investment plans include, among others, countries that offer larger markets and faster growth opportunities as well as cost competitiveness.

[The case for a climate-smart update of the African mining vision](#)

By P. Toledano, M. Dietrich Brauch, K. Bhuwalka and K. Busia

The 2009 Africa Mining Vision (AMV) provides guidance for the industrialization of African countries by leveraging their mining sector, but does not include recommendations on how governments should incorporate the climate change agenda. Open acknowledgement of the impact of climate change on shifting global value chains (GVCs) for critical minerals and the emerging role of sustainability should form the foundation of a revised and consolidated AMV. A climate-smart update of the AMV requires research on four fronts: (i) determining how carbon cost increases, the COVID-19 crisis and rising investor pressure have reshaped GVCs; (ii) identifying how well-positioned Africa is to take advantage of trends towards the regionalization of minerals-based GVCs; (iii) providing policy recommendations to maximize benefits from climate policy trends and supporting African countries' participation in GVCs of critical minerals, and (iv) fostering a new governance framework that engages *all* stakeholders in a constructive dialogue to create sustainable supply chains.

[Foreign investment: How to make it work for developing countries](#)

By S. J. Evenett and J. Fritz

The debate on the contribution of international business to pressing global challenges needs to urgently be reset, particularly if there is no reversal in the deteriorating policy treatment of foreign direct investment (FDI), which has been further compounded by the ongoing pandemic. FDI cannot make a meaningful contribution to sustainable development and to the fight against climate change unless sufficient FDI can be mobilized in the first place. The commercial prospects of FDI in development-sensitive sectors can be improved by (i) identifying which policies and corporate practices need to be changed and what type of technical support is needed to effect such change; (ii) targeting state-provided financial support for FDI at priority sectors where sustainable development benefits are likely to be greatest, and (iii) "de-risking" FDI by reviewing and benchmarking existing regulatory policy and enforcement practices.

RECENT EVENTS

[The future of manufacturing in LDCs: First lessons for the post-pandemic era](#), 24 May

PRS's Frank Hartwich and Christoph Hammer organized a side event at the [first session of the Preparatory Committee \(PREPCOM1\) of the Fifth United Nations Conference on the Least Developed Countries \(LDC5\)](#). The panelists, industrial development experts from Ethiopia, Tanzania, the African Union and the private sector, discussed the impact of COVID-19 on their countries' manufacturing sector and provided anecdotal evidence of policy responses implemented to mitigate those impacts and whether they were effective or not. The participants contributed to the debate by providing insights into what can be done to build industries back better for a more prosperous future in LDCs. In response to the session, the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-

OHRLLS) has requested further inputs from PRS on LDC performance in industrial development in the COVID-19 era and related policy responses. Further information on this and other side events can be found [here](#).

Global value chains in the aftermath of the pandemic: What role for the G20?, 4 June

Can embedding inclusive and sustainable transformation at the core of multilateral efforts help ensure that countries benefit from integration in global value chains (GVCs)? This was the question addressed by a stellar line-up of speakers brought together for a webinar organized by UNIDO, together with the [International Affairs Institute \(IAI\)](#) and in cooperation with the [Kiel Institute for the World Economy](#) and the [German Institute for Global Area Studies](#). In the framework of the [T20](#) Spring Roundtables, the virtual event brought together more than 200 participants worldwide. The discussion focused on inclusiveness and sustainability in global value chains in the aftermath of the coronavirus disruptions, and served as a platform to develop ideas and recommendations for the G20.

Industry 4.0 in Egypt: Enhancing the readiness for the adoption of Industry 4.0, 8 June

Over 200 participants joined the webinar on “Industry 4.0 in Egypt: Enhancing the Readiness for the Adoption of Industry 4.0” organized by UNIDO. The event was linked to the newly signed [Programme for Country Partnership \(PCP\)](#) between H.E the Prime Minister of Egypt Dr. Mostafa Madbouly and UNIDO’s Director General Mr. Li Yong. The plenary session was moderated by Anders Isaksson (PRS) and Ahmed Rezk (UNIDO), which highlighted the positive and negative effects of the Fourth Industrial Revolution (4IR), including automation and data exchange in manufacturing technologies, cyber-physical systems, the Internet of Things and the improvement of competitiveness and economic growth. The next session which was moderated by Frank Hartwich (PRS) focused on agroindustry, and addressed the potentials and limitations of Industry 4.0 applications in agriculture/ agroindustry, providing concrete examples. The webinar recording is available [here](#).

PROGRAMMES AND PROJECTS

Science, Technology and Innovation (STI)

First Expert Group Meeting, 24 June within the scope of the project [“Development of a strategic programme for UNIDO’s approach to science, technology and innovation for the achievement of Sustainable Development Goal 9”](#)

The first Expert Group Meeting (EGM) within the scope of the project “Development of a strategic programme for UNIDO’s approach to science, technology and innovation for the achievement of Sustainable Development Goal 9”, co-funded by the Government of the

Republic of Korea, will take place to review the analytical framework to link science, technology and innovation (STI) policy and industrial development. Three external peer reviewers from [UNCTAD](#), ESCAP and Hanyang University will participate in the meeting. The project's objective is to assist UNIDO to more effectively participate in global debates and efforts to promote the contribution of STI and industrial development to the achievement of the sustainable development goals (SDGs), based on the underlying principle that STI and industrial development are powerful drivers of economic diversification and value addition, economic growth and sustainable development. The project will support the creation of a policy and research and engagement programme at UNIDO on how to leverage STI for the achievement of ISID and the SDGs.

Science, Technology, and Innovation (STI) Policy Training Framework

Through PRS's participation in the [Inter-Agency Task Team \(IATT\)](#) for the SDGs' Work Stream 6: UN capacity-building programme on technology facilitation for SDGs, PRS will contribute to the training of parliamentarians and high-ranking policymakers in member states of the Southern African Development Community (SADC). The training is being organized in collaboration with the SADC Secretariat, the UNESCO regional office, the Government of South Africa and the University of Sussex. The IATT team will deliver Module 7: Training sessions on STI policy and policy instruments for SDGs in November 2021. PRS will be part of SADC's institutional efforts to build capacities in STI policy towards achieving SADC regional integration and the cooperation agenda articulated in the Regional Indicative Strategic Development Plan (RISDP) 2020-2030. PRS will convene the module on innovative entrepreneurship.
