



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



PRS NEWSLETTER

Policy Research and Statistics Department

Issue No. 7/ September 2021

Dear Readers,

This edition of the PRS newsletter features the Progress Report on *Statistical Indicators of Inclusive and Sustainable Industrialization*. The report presents the progress countries have made towards achieving the industry-related targets of the 2030 Agenda. It explores the level and growth patterns of manufacturing activities and their impact on production, employment as well as on the environment and measures countries' progress towards SDG-9.

The good news is that most economies are showing signs of recovery, albeit with uneven intensity, following a severe economic slump induced by COVID-19 containment measures worldwide. The bad news, however, is that the gap between least developed countries' (LDCs) MVA per capita and that of other countries is clearly widening. Likewise, the report finds that industrialized countries performed best in all dimensions of the SDG-9 Industry Index, while LDCs are mostly concentrated in the lower ranks of the index.

Achieving ISID in LDCs implies introducing policies that are not exclusively focused on economic growth but on structural transformation to help generate jobs while limiting environmental harm. One potential avenue for job creation in developing countries according to the GGGI's latest technical report—which PRS contributed to—is renewable energy (RE) and forestry. Both offer significant opportunities for green job creation.

In this issue of the PRS newsletter, you can learn more about these policy recommendations and glean many other valuable insights about the challenges and opportunities our world faces today, and how UNIDO's work can contribute to building back better.

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

[Statistical Indicators of Inclusive and Sustainable Industrialization, Biennial Progress Report 2021](#)

The 2021 edition of the Statistical Indicators of Inclusive and Sustainable Industrialization provides an analysis of global progress made towards inclusive and sustainable industrial development (ISID) within the scope of the 2030 Agenda for Sustainable Development. The report is primarily based on the six SDG-9 indicators related to industrialization, for which UNIDO is the designated custodian agency. It presents the patterns of recent changes in different country groups. This edition of the SDG Report features two particularities: it connects the recent COVID-19 outbreak with SDG-9 industry-related targets and indicators, and introduces two supplementary tools to help countries track the progress they have made towards achieving SDG-9, namely 1) the SDG-9 Industry Index, which benchmarks countries' performance on SDG-9, and 2) the SDG-9 progress assessment, which evaluates countries' progress towards achieving SDG-9. The country data used for this publication can be accessed through the [UNIDO SDG-9 statistical portal](#). The SDG-9 Industry Tracker can be used to explore countries' performance and progress on SDG-9 industry-related targets and the relevant indicators are available through UNIDO's [Industrial Analytics Platform \(IAP\)](#).

[IAP Articles](#)

[Ethiopian firms' gains from infrastructure and trade liberalization](#)

By M. Fiorini, M. Sanfilippo and A. Sundaram

Road infrastructure plays a key role in ensuring that trade liberalization leads to increased productivity among firms, particularly in developing countries. A drop in input tariffs (i.e. import tariffs on intermediate inputs used by firms) is associated with a larger increase in productivity among Ethiopian manufacturing firms in areas with better roads. This is not only because input tariff reductions are magnified when the cost of transporting inputs to firms intra-nationally is lower, but also because firms thereby gain improved access to other domestic markets. Resulting changes in demand conditions and greater competition can incentivize firms to adopt new and higher quality inputs or superior technology, all of which can increase productivity.

[Trade, technology and a just circular transition](#)

By J. Barrie and P. Schröder

If current technology trends are used to reinforce the global economy's current power structure, they could serve to lock in and even accelerate the divide between the haves and the have nots. Just like the growing digital divide, we may witness the emergence of a circularity divide, with industrialized countries developing and using advanced technologies to gain a competitive advantage in supply chain resilience, productivity and trade efficiency, whilst leaving least developed countries (LDCs) behind, trapped in an

inefficient, uncompetitive and polluting linear economy. Concerted efforts are necessary to ensure a level playing field. To harness technological innovation for a just circular transition, an increase in targeted investments in capacity-building in LDCs is necessary, both in terms of infrastructure and skills. Moreover, environmental goods agreement (EGA) negotiations need to be revived to adopt a clear definition of environmental goods and services, and to ensure tariff-free trade. This would help accelerate the transfer and uptake of clean energy technologies in LDCs.

Other Publications

[Green recovery and climate action: Assessing green jobs from renewable energy and forestry investments for developing and emerging economies](#)

This Technical Report was produced by the [Global Green Growth Institute](#) (GGGI) in collaboration with the [International Renewable Energy Agency](#) (IRENA) and UNIDO. The study assesses the employment co-benefits of implementing targets related to renewable energy (RE) and forestry set in the Nationally Determined Contributions (NDCs) in GGGI Member developing and emerging economies. The study concludes that for the 27 GGGI Member emerging and developing economies with quantifiable RE targets in their NDCs, implementation of those commitments would lead to more than 10 million job-years until 2030. Likewise, for the 14 GGGI Member emerging and developing economies with quantifiable forest-related targets in their NDCs, implementation of those commitments would lead to around 30 million to 40 million job-years until 2030. Green recovery must clearly be prioritized, as both RE and forestry offer significant opportunities for green job creation in both developing and emerging economies.

[Getting back on track: The loosening of restrictions fires up post-pandemic recovery, according to the World Manufacturing Production Statistics for Quarter II 2021](#)

The COVID-19 pandemic wreaked havoc on the world economy and the global manufacturing sector. Following severe slumps in early to mid-2020, most world economies have bounced back and are reporting high growth rates. The manufacturing sector of China and of other developing and emerging industrial economies had already reached their pre-crisis production levels by the end of 2020, whereas industrialized economies only slightly exceeded their pre-pandemic levels in early 2021. Medium high- and high- as well as medium low-technology industries grew at a rapid pace in the second quarter of 2021, with a year-over-year increase of around 20 per cent, while the output of low-technology industries was comparably lower at 13 per cent. Though recovery has been subdued in these industries, their growth still represents a substantial acceleration compared to previous quarters. Motor vehicles reported the best global performance among all industries, with an increase of nearly 50 per cent in a year-over-year comparison, but the industry's pre-pandemic global production level has not yet been reached.

[Empowering Women in Industrial Development in Cambodia: Phearom's Journey](#)

This article features an interview with Phearom, who works for the Council for the Development of Cambodia (CDC), which has been tasked by the Royal Government of Cambodia (RGC) to oversee the implementation plans of the Industrial Development Policy (IDP) and to address any challenges that emerge in the industrial sector. She was

assigned as a team leader of one of the main task forces in charge of preparing the IDP mid-term review (see Section on *Programmes and Projects* below) and speaks of her experiences and growth as well as the challenges she has encountered along the way.

RECENT AND FUTURE EVENTS

Parallel Session 6.2 ‘The Future of Work’, 2021 WIDER Development Conference – COVID-19 and development – effects and new realities for the Global South, 6–8 September

The three-day virtual 2021 WIDER Development Conference (6–8 September) provided a platform to share knowledge on the effects of the pandemic in different regions across the Global South, with the aim of connecting research and policy communities around the world to discuss how to best move forward. Chief of Research and Policy Advice (RPA) Nobuya Haraguchi was a panelist in the Parallel Session on the ‘Future of Work’, which took place on 8 September. It focused on the pandemic’s longer-term implications for work and production in developed and developing economies and on identifying appropriate policy responses, given that the pandemic will lead to lasting disruptions of labour markets, with an increased need for reskilling and a higher number of employees switching occupations.

WTO Public Forum 2021 “Trade beyond COVID-19: Building resilience”, Working Session 46 ‘Structural Transformation in the Time of COVID-19’, 30 September

Chief of Research and Policy Advice (RPA) Nobuya Haraguchi participated as a panelist in Working Session 46 of the WTO Public Forum 2021, entitled ‘Structural Transformation in the Time of COVID-19’. Prior to the COVID-19 outbreak, several least developed countries (LDCs) were displaying initial signs of structural transformation with the strengthening of manufacturing and higher productivity services. The Working Session explored (i) how resilient this incipient process has been in the face of the COVID-19 pandemic, and (ii) whether COVID-19 has triggered instances of creative destruction. Building on concrete examples from selected LDCs, the discussion sought to highlight key coping strategies, to elaborate on related drivers and draw lessons for a resilient recovery.

United Nations World Data Forum 2021 (UNDWF 2021), 3–6 October

The UN World Data Forum brings together data and statistical experts and users from governments, civil society, the private sector, donor and philanthropic bodies, international and regional agencies, the geospatial community, the media and academia. Data experts and users convene to spur data innovation, mobilize high-level political and financial support for data, and to build a pathway to better data for sustainable development. The UN World Data Forum 2021 will be hosted by the Federal Statistical Office of Switzerland in Bern. UNIDO has been accepted as one of only two UN organizations to exhibit in-person at the UNWDF 2021. The theme of UNIDO’s exhibition is “Beyond the Data: Tracking SDGs Progress and Performance”, where EPR/PRS/RPA will present UNIDO’s Industrial Analytics Platform (IAP) and other statistical work in support of its mandate on ISID.

PROGRAMMES AND PROJECTS

[Programme for Country Partnership Rwanda](#)

UNIDO, in close collaboration with Rwandan stakeholders, launched an Industrial Diagnostic Study in August 2020 with the aim of narrowing down possible thematic areas, industrial priority sectors and the bottlenecks the country's firms face to initiate a more informed discussion on the design of specific projects related to industrialization. This was the first step for the kick-off of the PCP Rwanda, and the [Industrial Diagnostic Study](#) has now been validated by Rwandan stakeholders. The agreed thematic areas of intervention are the development of adequate skills for Industry 4.0, circular economy, sustainable energy, governance and integrated value chains. The food, textile wearing apparel, leather, paper, chemicals, non-metallic minerals, basic metals, motor vehicles and other transport equipment have been selected as industrial priority sectors. The Industrial Diagnostic Study sets the strategic foundations for the formulation of the programme document that will be discussed between the Government of Rwanda, relevant stakeholders and the UNIDO PCP Rwanda team over the coming months. The Industrial Diagnostic Study is available [here](#).

Support to the Royal Government of Cambodia in its Effective Implementation of Major Development Strategy and Policy through Institutional Capacity Building

The project *Support to the Royal Government of Cambodia in its Effective Implementation of Major Development Strategy and Policy through Institutional Capacity Building* is being carried out within the framework of the [Programme for Country Partnership \(PCP\) Cambodia](#). An inter-ministerial meeting took place on 28 September 2021 for a mid-term review of the Industrial Development Policy (IDP). The main purpose of the meeting was 1) to review and provide inputs on the draft IDP MTR report; 2) to better understand its implications for all ministries involved; and 3) to review and provide policy recommendations for the IDP's strategic direction over the next five years. The two key proposals that stand out are first, the need to strengthen policy recommendations focused on environmental sustainability within the IDP, and secondly, to better feature the ongoing work to promote science, technology and innovation in the country. The IDP report will be submitted to the Committee on Economic and Financial Policy (CEFP) on 19 October 2021 for comment and approval.
