



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

Progress by innovation



# UNIDO REGIONAL APPROACH FOR LATIN AMERICA AND THE CARIBBEAN

## Green industries driving competitive economies

### VISION AND STRATEGIC APPROACH

UNIDO envisions a LAC where low-emission industry drives resilient and competitive economies integrated in regional and global value chains. Out of LAC's 33 countries (all UNIDO members), 23 are middle-income countries (MICs), 16 small island developing States (SIDS), 2 Landlocked Developing Countries (LLDCs) and 1 Least Developed Country (LDC).

Economic development is challenging due to a mix of relatively developed economies (decline in ODA for MICs) in a poorly integrated region with increasing inequality (world's second-most unequal region), high informal employment (~50%) and poverty (~33%). LAC shows a trend of premature deindustrialization with a productivity gap, high commodity dependency, high indebtedness and persistent macro vulnerabilities.

LAC has tremendous comparative environmental advantages: 50% of the world's biodiversity, extensive arable land and freshwater, and rich natural resources (minerals, oil). It holds vast potential for renewable energy. It has the lowest carbon emissions compared to similar economies but it remains disproportionately affected by climate change, hosting 13 of the 50 most affected countries worldwide.

The LAC Approach builds on the priorities identified at the High-Level Regional Conference "SDG 9: progress by innovation in Latin America and the Caribbean" held in October 2022 in Panama:

- Strive for the adoption of industrial policies grounded in empirical evidence and reliable statistics.
- Support the transition to a circular economy leading to more sustainable production and consumption.
- Promote industrial decarbonization through the development of low-carbon technologies in and for the region.
- Support MSMEs and entrepreneurs for job creation.
- Harness renewable energy and energy efficiency for productive uses.
- Put people and SMEs at the centre of digital transformation.

Cutting across all priorities, the Approach strives to promote gender equality and empowerment of women and enhance exchange of knowledge and good practices, putting an emphasis on South-South cooperation and exploring regional synergies.

### UNIDO's OFFER

**Promoting green and inclusive growth as a window of opportunity for LAC:** LAC countries are suffering premature deindustrialization. The processing of rare materials for the energy transition (e.g. lithium) can offer new opportunities to accelerate industrialization and reverse this trend. LAC needs innovative industrial policies (e.g. for carbon trading for energy-intensive industries) to promote green industries and tackle the middle-income trap (eco-industrial parks, industrial deep decarbonisation initiative). UNIDO supports the transition to a circular economy for more sustainable production and consumption. To decouple growth from emissions, the energy mix is key; renewables play an important role in this (hydro, solar, bioenergy, green hydrogen).

**Pursuing fair, sustainable and formal jobs for the LAC workforce:** Employment can only be boosted on the basis of a strong manufacturing sector. Transforming the production structure for greater productivity, inclusion and sustainability requires policies that steer growth and investment opportunities. This means creating a conducive environment for entrepreneurs (policy, investment promotion), de-risking investments (blended finance, PPP), improving MSME competitiveness and productivity (digitalization, ESG standards) and upskilling, especially women and youth (TVET). This will create local value, leading to better integration into regional and global supply chains.

**Building up LAC's global relevance and connectedness:** LAC's voice needs to be heard at the global level. UNIDO will seek to exploit its unique position in the global development system to promote LAC's experts and offer a platform for South-South cooperation within and outside the region ('SDG 9 Accelerator', global forums). Through its Investment and Technology Promotion Office (ITPO) network, UNIDO facilitates investment partnerships in LAC and other regions. The Organization is also a platform for partnerships with Europe and will work with LAC's national development agencies to expand this to other regions (Africa, LDCs). UNIDO will leverage its longstanding partnerships (GEF, MP, EU) to bring more climate financing to the region (GCF).