



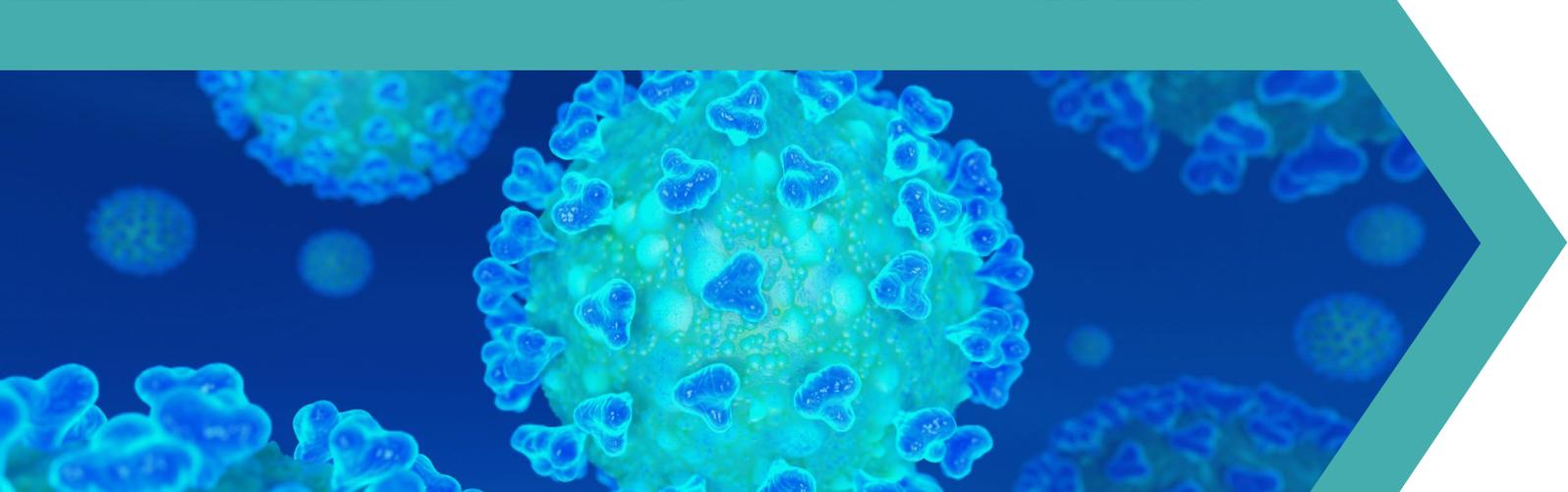
UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



COVID-19
RESPONSE

RESPONDING TO THE CRISIS

Building a better future





UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

© UNIDO, April 2020. All rights reserved.

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” or “developing” are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

Photos on page 4 and 5: World Bank Collection / Sambrian Mbaabu, licensed under CC-BY 2.0



RESPONDING TO THE CRISIS

Building a better future

COVID-19 – A THREAT TO HUMANITY OF GLOBAL PROPORTIONS

The global COVID-19 outbreak is putting an immense strain on societies and economies of countries around the globe. As the contagion is spreading globally and as the world is experiencing a tragic toll in terms of human suffering and casualties, national health care systems are under severe strain, facing shortages of medical equipment and personal protective equipment (PPE), and excessive medical waste on the other hand. Major disruptions are being felt across economic and social sectors, in an already fragile world economy.

IMPACT OF THE CURRENT CRISIS BEYOND THE HEALTH SECTOR



The global economy is expected to experience its **worst recession** since the Great Depression according to the International Monetary Fund ([IMF](#)). It has already contracted sharply by negative three percent, surpassing the deep economic slump following the global financial crisis a decade ago ([UNIDO](#)).

According to the Secretary-General's report ([UN](#)), "Shared Responsibility, Global Solidarity: Responding to the socio-economic impacts of COVID-19", many of the **achievements towards the Sustainable Development**

Goals (SDGs) stand to be wiped out, leading to a reversal of the progress made in fighting poverty and decreasing inequalities. At a time when the global community is determined to step-up action through the Decade for Action, the COVID-19 crisis threatens to deeply and adversely impact the implementation and achievement of the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change.

CHALLENGES OF COVID-19 OUTBREAK TO INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION

Industry is affected by this crisis from both the supply and demand side. The crisis will continue to **severely affect the development and industrialization prospects of low- and middle-income countries**. It will further weaken an already fragile macroeconomic picture, where debt accumulation has outpaced the growth of income, even before the crisis. The impact on economy and society are already weighing in heavily as a result of lockdowns, restricted movement of goods and people, closing of industries and disruptions in global supply chains. Operating in the unknown creates substantial risks to all sectors.

The containment measures in advanced economies have already started impacting less developed countries through decreased manufacturing production, trade volumes and investment flows. Supply chain disruptions halting the global manufacturing industry, compounded with falling commodity prices, in particular oil, have already resulted in a USD 50 billion decrease in manufacturing production as early as in February 2020. This is bound to negatively impact developing countries' export volumes. The United Nations Conference on Trade and Development ([UNCTAD](#)) projects that developing countries (excluding China) will

lose nearly USD 800 billion in terms of export revenue in 2020. These negative impacts are further exacerbated by the unprecedented capital outflows from developing countries, caused largely by the collapse of international financial markets and the tightened liquidity conditions across nations ([UNIDO](#)).

The International Labour Organization ([ILO](#)) estimates that the crisis has **severe impact on employment numbers in low- and middle-income countries**, where the share of self-employed, daily wage earners, as well as workers in the informal sectors and small and medium-sized enterprises (SMEs) is high. The global economy could lose between 5 million and 25 million jobs with losses in labour income in the range of USD 860 billion to USD 3.4 trillion. The estimated job losses among migrant workers are also expected to heavily impact the development of economies that depend highly on remittances. The response should prioritize the rescuing of existing firms and the industrial ecosystems as they drive the value creation of countries and generate employment and incomes for households ([UNIDO](#)).

The crisis also threatens to **push back the limited progress that has been made on gender equality** ([UN](#)) and exacerbate the feminization of poverty, vulnerability to violence, and women's equal participation in the labour force ([UN](#)).

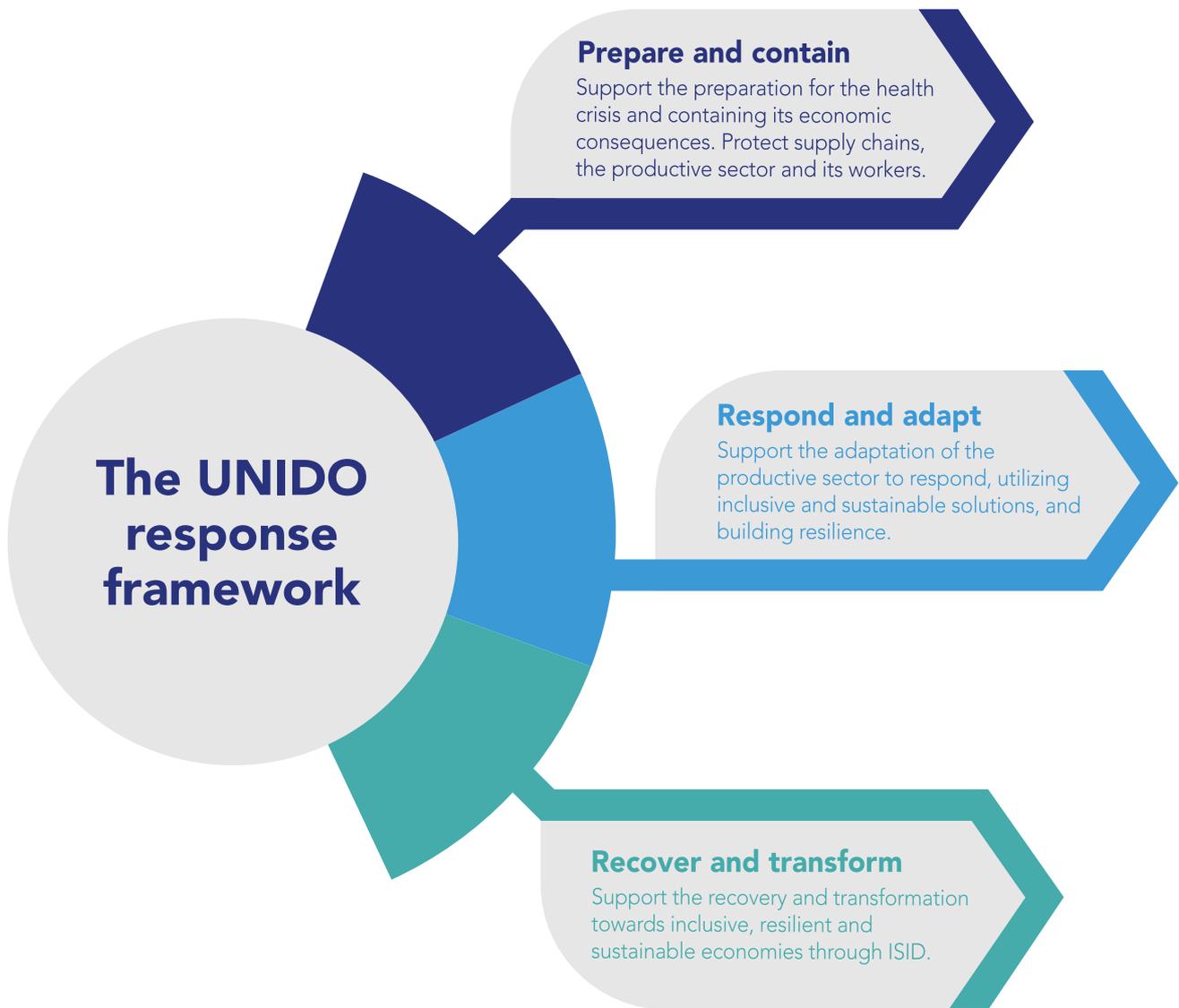
With its strong impact on jobs, the crisis is likely to worsen the marginalization of young people, exacerbating their economic vulnerability ([UN](#)).

Policy actions, including industrial policies, and technical cooperation coordination will be crucial in mitigating the impact of the crisis on industrial sectors, and ensuring inclusive and sustainable economic development during and at the end of the crisis. At the same time, stimulus responses in the recovery phase offer a unique opportunity to transform and future-proof productive sectors, and foster long-term socioeconomic resilience while tackling the climate and environmental emergency.

THE UNIDO RESPONSE TO THE CRISIS

UNIDO joins the response efforts of the international community, including the G20, and the United Nations system in particular. As a specialized agency of the UN system, UNIDO's mandate is to promote inclusive and sustainable industrial development. UNIDO's response framework is to **prepare and contain, respond and adapt, and recover and transform**, taking into account that we are not an organization mandated to provide humanitarian or emergency response.





Our vision is “Responding to the Crisis: Building a better future” ([UNIDO](#)).

Our approach over the next 12 to 18 months is based on mutually inclusive pillars, namely partnerships to accelerate the global response, integrated service packages tailored to each Member State’s particular situation and needs, capacity building and knowledge exchange based on lessons learned, best practices and best available technologies.

These packages aim at supporting countries with comprehensive socio-economic recovery approaches, geared towards ISID results at scale.

The UNIDO approach is strategically aligned and synergized with:

- A United Nations “Framework for the immediate socio-economic response to COVID-19” to implement the Secretary-General’s report “Shared responsibility, global solidarity: Responding to the Socio-economic impacts of COVID-19”
- The 2030 Agenda for Sustainable Development, and the UN Decade of Action calling for the acceleration of sustainable solutions to all the world’s biggest challenges
- The UN 75th Anniversary “The World Needs Solidarity”, prioritizing the human family and how we can build a better future for all

BUILDING A BETTER FUTURE IN PARTNERSHIP

Based on country needs

UNIDO will deliver its assistance in line with the Organization's four core functions of technical cooperation, policy analysis and advice, norms and standards and, convening and partnerships, in an integrated, programmatic approach, with scaled-up results.

Our support will prepare countries as they adjust to the "new normal", which could be characterised by, for example, structural shifts towards the Fourth Industrial Revolution (4IR), clean energy and low carbon solutions, transition towards circular economies, as well as adoption of integrated solutions for food systems. It will aim to contain the effects of the crisis, respond and adapt to the emergency and ultimately recover from the socioeconomic shock, taking the opportunity to transform into inclusive, resilient and sustainable economies.

As part of a strong United Nations system

On the operational level, UNIDO engages at the highest level with the Chief Executive Board (CEB) and with the UN development system as a member of the United Nations Sustainable Development Group (UNSDG). Our engagement with the UN development system ensures a harmonized response at the **global, regional and country levels**, as we focus on supporting industries, particularly in the retention and recovery of employment in industries, manufacturing and its associated productive sectors, restoring livelihoods in respective supply chains.

At the **global level**, UNIDO is also working with various UN platforms on a coordinated international response to the pandemic. UNIDO participates in the UN Private Sector Emergency Focal Point Group, an initiative chaired by the UN Global Compact and the Connecting Business Initiative to coordinate and exchange approaches on how the

private sector can join with the UN system to take collective action to stem the pandemic. Other UN networks, *inter alia*, that UNIDO is coordinating with include the UN Inter-Agency Network on Youth Development, the UN Inter-Agency Statistical Cooperation, the UN Department for Global Communications, the UN Enterprise Risk Management Group and the UN Finance and Budget Network.

At the **regional level** UNIDO is cooperating with the regional commissions, as well as with Regional Economic Communities (RECs) to empower countries in responding to the crisis through strengthening high-level regional dialogue and networking, as well as through the promotion of South-South and triangular cooperation.

At the **country level**, UNIDO is working with UN Resident Coordinators and coordinating within UN Country Teams (UNCTs).



Leveraging the business sector, IFIs, and funding partners

In line with its mandate, UNIDO is **engaging with a wide range of partners** (e.g. business sector entities including industry associations, supply chain actors, International Financial Institutions (IFIs), regional organizations, academia and civil society) to analyze the impact of this crisis on industrial sectors, identify country-specific needs and develop agile and innovative solutions.

As the industrial development arm of the United Nations, UNIDO has a unique and long-standing experience as a platform for business sector cooperation. UNIDO is thus in discussion with its business sector partners on potential joint engagements to help Governments address the immediate impact of the crisis through ongoing projects. Here, some programmes have been re-packaged to assist key sectors, particularly in light industries and selected value chains to convert their production to manufacture PPE (e.g. masks, plastic boots, medical outfits, hospital bed sheets). Moving forward, UNIDO will strive to extend existing and build new business sector partnerships, helping Governments to recover from the pandemic through inclusive and sustainable win-win solutions, including in relation to the 4IR.

In this context, UNIDO's funding partners play a key role. UNIDO is engaging, for example, in the various working groups of the Donor Committee for Enterprise Development (DCED) to find innovative ways to support developing country Governments utilizing targeted assistance packages during the different phases of the pandemic.

Based on government requests, UNIDO is also prepared to provide targeted technical assistance and expertise to assist national counterparts with the implementation of IFI-financed operations focused on helping economies and the private sector to overcome the negative impact of COVID-19.

UNIDO is actively engaged with the WHO and several other agencies in the formulation of interagency responses expected to be co-financed by the Secretary-General's "United Nations COVID-19 Response and Recovery Fund" (COVID-19 MPTF) and will pursue its active engagement in the implementation of this funding instrument which has been established for a period of two years (until April 2022).

To ensure that UNIDO can swiftly and effectively respond to requests for assistance in this time of crisis, programmable resources are more important than ever. Member States and partners are urged to support UNIDO's response capacities with flexible funding. Contributions to the Organization's thematic trust funds, in particular the Trust Fund for Food Security and the Partnership Trust Fund are encouraged.

INTEGRATED PACKAGES FOR SCALED-UP RESULTS

Prepare and contain

UNIDO is working with Governments by informing decision-making processes on national policy, investment and partnership formulation, to help them prepare appropriate actions to respond to and mitigate the impact of the health and economic shocks. This includes measures to support the protection of the productive sector and its workers, particularly the most vulnerable ones; by protecting healthy firms from bankruptcy, and workers from losing their jobs as an effect of the containment measures during the pandemic. It also means supporting our Member States and firms in the country to diversify their manufacturing capacity and to adapt related infrastructure to ensure access to critical supplies such as Personal Protective Equipment (PPEs) and pharmaceuticals, among others. This is implemented through an integrated service package that includes UNIDO analytical work, policy and normative support, mapping and partnership formulation.

Respond and adapt

UNIDO is working with Governments, the business sector, and other stakeholders along value chains to assess possibilities of re-purposing manufacturing capacities towards production of soft medical equipment, while promoting targeted solutions across a number of sectors to help respond to the crisis. In addition to the re-purposing of manufacturing, the UNIDO integrated service package will also promote targeted inclusive and environmentally sustainable solutions, particularly to help micro, small and medium-sized enterprises (MSMEs) and support continued learning through virtual outreach and innovative approaches. UNIDO will channel its analytical resources to provide answers needed by policymakers in these unprecedented times. Pressing questions include how to re-purpose capacities for greater resilience, how to protect firms and people in the immediate and medium term, how to finance recovery efforts, what sectors to prioritize in the short, medium and long term, and what policies will facilitate investments in a highly risky climate.

Recover and transform

UNIDO is working with Governments, MSMEs and stakeholders along value chains proposing smart solutions for manufacturing, energy and transport sectors to help them recover and transform in an inclusive and sustainable manner. While the actual scale of the economic downturn is unknown, early estimates and data suggest that the recovery challenge will be immense, particularly in developing countries. There is a high risk that countries will see their emerging industrial sector heavily affected by the crisis and will lack the financial availability to reactivate economic activities. Social exclusion from scarce resources may worsen already dire conditions. A quick rebound from the crisis appears unlikely. As the development community looks at transformative economic growth pathways to recover better from the crisis, UNIDO will aim to provide a holistic approach to ISID, and convene Member States and partners around clean, green transition into low carbon economies through circular industrialization plans and solutions for sustainable economic recovery.

Monitoring and reporting results

The UNIDO response is underpinned by a clear theory of change ([UNIDO](#)), within a systems framework of stakeholders that is engaged in the health, humanitarian and socio-economic dimensions of COVID-19. To track and provide evidence of progress, UNIDO will use a set of results indicators, aligned with UNIDO's integrated results and performance framework and the United Nations Framework for the immediate socio-economic response to COVID-19.

This will enable UNIDO to apply an evidence-based adaptive management and decision-making process, as well as to extract lessons and insights to support its core functions. A strong results framework will also demonstrate accountability and support effective reporting and communication with Member States, funding partners and stakeholders. Tracking results for vulnerable groups in particular will be crucial to ensure no one is left behind, with focus on disaggregated indicators, where possible, by sex, age and economic status.

Evaluation and internal oversight

As members of the UN Evaluation Group, UNIDO will participate in the Joint Evaluation efforts and processes of the COVID-19 Official Development Assistance Response. UNIDO will also be engaged in the evaluation of the United Nations COVID-19 Response and Recovery Multi-Partner Trust Fund (COVID-19 Fund). This evaluation focuses on a coherent UN system-wide approach to (a) evaluate and assess how the UN is contributing collectively to reversing the challenges brought by COVID-19 in the first year of the Decade of Action, and (b) provide credible evaluative evidence on progress, innovation, good practices and lessons learned.

In support of key risk areas, such as business continuity plans, controls and security in the IT infrastructure and processes, and to further strengthen enterprise risk management functions, the UNIDO internal oversight team are considering adaptive approaches to update internal audit and advisory plans.

CONCRETE ACTION UNDER THE RESPONSE FRAMEWORK

Prepare and contain

- Assess the impact of the outbreak on national ISID trajectories
- Assist with industrial risk management and emergency plans formulation
- Ensure resilience of food supply chains by informing policy and contingency planning through partnerships with food scientists and technologists
- Enable government and industry actors to share best practices resulting in coordinated and agile response through virtual collaboration platforms
- Manage country- and global-level data and supply chains foresight information, supplemented by market assessments for automotive, agro-food, textile & apparel, electronics and other sectors
- Map value chains, identify firms willing to diversify production into critical sectors (PPE, medical equipment), and support firm-level business plan formulation
- Provide investment analysis and tracking via investment opportunity portal with GIS mapping
- Share and manage information on innovative business sector initiatives and facilitate partnership formalization to address pandemic impacts through market-driven approaches

Respond and adapt

- Expand e-learning modules increasing virtual outreach
- Reduce negative impacts of local divestments by multinational corporations (MNEs) subsidiaries through engagement with investment promotion agencies (IPAs)
- Ensure business continuity by working with micro, small and medium-sized enterprises (MSMEs) across sectors and value chains to
 - Access financial assistance packages to cover operating costs
 - Introduce guidance and digitalization measures to minimize workforce interactions (e.g. for monitoring, supervision, quality control, storage and distribution functions)
 - Encourage business innovation through adoption of digital solutions (e.g. online collaboration tools; re-purposing manufacturing facilities; robot/drone delivery methods and remote payment solutions for customers in isolation)
 - Diversify food supply and distribution chains through access tools and training

- Help re-train catering, tourism and hospitality workforce towards food processing sector
- Help identify alternative local/regional raw material sources and reform product range
- Introduce renewable energy and water sanitation solutions in rural areas facing challenges with electrification
- Ensure adequate quality infrastructure services by revising food safety control systems and standards, and enforcing hygiene practices from farm to fork
- Convert manufacturing processes of light industries and selected value chains towards production of PPE (e.g. masks, plastic boots, medical outfits, hospital bed sheets)
- Help hospitals with medical waste management equipment installation and protocol integration
- Assist local pharmaceutical manufacturing sector move towards production of generic medicines through increased access to technology and investment
- Increase national pharmaceutical testing capacities, preventing counterfeit medicines, through work with national quality infrastructure bodies

Recover and transform

- Support Governments with socio-economic diagnostics and other related services underpinning the planning and execution of economic growth and structural transformation plans
- Establish manufacturing platforms for formal and informal sectors prioritizing actions towards industrial revitalization
- Conduct reviews of food systems emphasizing resilience and local/regional sourcing through reengineering of the supply chains and market systems
- Assist informal and MSME sector to revitalize activities and generate jobs for women and youth
- Enable manufacturing sector build resilience by forging partnerships on Fourth Industrial Revolution (4IR) initiatives, focusing on re-skilling labor and leveraging investments into digital infrastructure and innovative industrial solutions
- Promote innovation clusters adopting 4IR technologies and new business models resulting in accelerated development of products/treatment protocols in the biopharma and medical sectors, reduced clinical trial periods, and use of AI/Big data for product performance prediction
- Promote green and circular economic recovery



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Telephone: (+43-1) 26026-0 • Email: unido@unido.org
Internet: www.unido.org



COVID-19
RESPONSE

