United Nations E/2017/SR.29

Economic and Social Council

Distr.: General
13 July 2017

Original: English

2017 session
28 July 2016-27 July 2017
Special meeting on innovations for infrastructure development and promoting sustainable industrialization

Summary record of the 29th meeting
Held at Headquarters, New York, on Wednesday, 31 May 2017, at 10.45 a.m.

President: Mr. Shava .... (Zimbabwe)

Contents

The meeting was called to order at 11.a.m.

Opening of the special meeting

Statement by the President of the Economic and Social Council

1. **The President** said that innovations for infrastructure development and promoting sustainable industrialization had been identified as a priority issue since the start of his presidency and that Member States had agreed to an in-depth review of Sustainable Development Goal 9 on infrastructure, industrialization and innovation at the 2017 high-level political forum on sustainable development. In his travels across Africa, he had observed how a lack of access to reliable transportation, energy and communications could limit people's opportunities. Although some progress was being made, the absence of resilient infrastructure, sustainable industrialization and an enabling environment for innovation meant that a vast amount of potential was left unrealized. While recent history had seen unprecedented levels of scientific and technological achievement, some 770 million people worldwide still lived on less than $1.90 per day. The 2030 Agenda for Sustainable Development addressed that paradox by stressing an integrated approach to poverty eradication. Progress on infrastructure, industrialization and innovation was both a stand-alone goal and a cross-cutting objective that would have positive effects on numerous other Goals. The achievement of Goal 9, in view of its interlinked nature, would need to be prioritized in national, regional and global policymaking.

2. The purpose of the special meeting was to engage high-level stakeholders from key sectors and stakeholder groups in forging recommendations and proposing practical steps for the Council to support with respect to Goal 9. They were not however starting from scratch and could build on what already existed to make progress, as had been demonstrated at two events held in preparation for the current special meeting. The first had been a regional meeting on innovations for infrastructure development and promoting sustainable industrialization, held in Dakar in March 2017. The starting point of that meeting had been an understanding that employment creation was the foremost priority in Africa. Emerging economies outside Africa had demonstrated the importance of developing robust and sustainable industry to reduce poverty and increase prosperity. However, the investments required were enormous, with the Economic Commission for Africa estimating that around $93 billion would be needed over the coming three years.

3. The second preparatory event had been a meeting on agriculture and agro-industries development towards sustainable and resilient food systems, held in Victoria Falls, Zimbabwe, in April 2017. The discussions had addressed how gross domestic product (GDP) growth originating from value addition to agriculture could be more effective in reducing poverty than other kinds of growth in emerging and developing economies, in which up to two thirds of the working poor depended on agriculture for their livelihoods. Sustainable agriculture and the development of agricultural value chains could also be particularly beneficial for smallholder farmers, rural youth and women. The recommendations emerging from the Victoria Falls meeting called for creating better enabling environments for agro-industries and addressing the risks — and perceived risks — that deterred investors and development partners.

4. He wished to highlight two initiatives that would be elaborated on by subsequent speakers: the Programme for Country Partnerships and the African Agribusiness and Agro-industries Development Initiative Plus. Both were the product of consultations with key stakeholders guided by a commitment to make progress on industry, innovation and infrastructure, and reflected the best of what the United Nations and its partners could do when working in tandem.

Statement by the Under-Secretary-General for Economic and Social Affairs

5. **Mr. Wu** Hongbo (Under-Secretary-General for Economic and Social Affairs) said that infrastructure development and sustainable industrialization, as called for by Sustainable Development Goal 9, had catalytic and cross-cutting implications for the entire 2030 Agenda. With sufficient investment, and when innovatively and effectively planned and implemented, infrastructure and industrialization could have enormous benefits, including positive impacts on economic growth, reducing poverty and ensuring environmental sustainability. Access to infrastructure was therefore crucial for achieving poverty eradication and ensuring that development was inclusive. However, that would require new ways of thinking and working.

6. He wished to draw attention to three specific challenges. One was the infrastructure financing gap in developing countries, which was estimated to be over $1 trillion annually. In response, the Addis Ababa Action Agenda of the Third International Conference on Financing for Development had established the Global Infrastructure Forum with a view to closing that

gap in an inclusive manner that was also socially and environmentally sustainable. The large investments required for national infrastructure needed to be financed by a combination of domestic resource mobilization, official development assistance, private-sector investments and a range of other sources. The large number of actors involved would necessitate leadership, policy integration and coordination at all levels. A second challenge was urbanization. The number of people living in cities was expected to double by 2030, which would require substantial investments in sustainable urban infrastructure. The third challenge was developing effective technology for resilient infrastructure and industrialization in rural areas, which was crucial to the goal of leaving no one behind, given that three quarters of those in extreme poverty lived in rural areas.

7. It was time for the international community take action to live up to its commitments on infrastructure development and sustainable industrialization. That would entail, inter alia, integrated policy advice, capacity-building, partnerships and adequate data for follow-up and review. Engaging relevant stakeholders was also important, with particular emphasis on the involvement of banks and the private sector.

8. An evidence-based approach was instrumental to support policy evaluation. The indicators for which data were already available on Goal 9 would allow for a review of progress to begin. There was also a need for effective follow-up and review of the commitments and action items in the Addis Ababa Action Agenda.

9. The Department of Economic and Social Affairs stood ready to assist the Council in identifying trends, providing policy options and supporting follow-up, with a view to the institutionalization of resilient, sustainable, inclusive and equitable infrastructure and industrialization.

Keynote address by the Director General of the United Nations Industrial Development Organization

10. **Mr. Li** Yong (Director General, United Nations Industrial Development Organization (UNIDO)) said that UNIDO had been proud to provide assistance for the organization of the two preparatory meetings, which had successfully engaged various stakeholders, including Governments, United Nations agencies, regional organizations, non-governmental organizations and the private sector. At those meetings, a consensus had emerged that structural transformation through industrialization could be one of the most sustainable and inclusive pathways to poverty eradication.

11. That consensus was backed up by empirical evidence. Over the previous two decades, countries and regions that had successfully developed their manufacturing sectors had made spectacular progress in poverty reduction that, encouragingly, had been inclusive of women, youth and the poorest of the poor. Countries in East Asia and the Pacific that had focused on industrialization had registered dramatic decreases in poverty. On the other hand, in sub-Saharan Africa, which had seen little industrial transformation, the number of poor had increased. Recently, some African and other least developed countries, including Ethiopia, Rwanda and Cambodia, had begun to implement industrialization programmes that had increased exports and foreign direct investment.

12. Those success stories demonstrated that industrialization could be an engine of growth for developing countries. However, industrial capacity, technological capability, productivity and manufacturing employment were not growing as rapidly as called for to meet the 2030 Agenda targets. Least developed countries also lacked adequate capacity to provide for high-quality social and environmental standards in industry. Attracting investment in those countries would continue to be a challenge as long as the costs of doing business remained too high to be competitive. Infrastructure development was the missing piece of the puzzle, but estimates of the annual investments needed for power, transport, telecommunications, water and sanitation were in the trillions of dollars.

13. The international community, including the United Nations system, had a critical role to play in assisting countries to overcome infrastructure challenges. UNIDO was working with Governments to fill infrastructure gaps, notably through its Programme for Country Partnership, which helped countries identify industrial sectors with strong potential for creating jobs, increasing exports and attracting foreign investment, and had achieved successes with pilot projects in Ethiopia, Peru and Senegal. The African Agribusiness and Agro-industries Development Initiative Plus, which had been launched in partnership with the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development and other regional partners, was intended to accelerate the development of the agribusiness and agro-industries sectors in participating countries, and was being scaled up in response to a proposal at the preparatory meeting held in Victoria Falls. Expanding both initiatives would greatly improve the lives of millions of people by boosting infrastructure development and fostering

sustainable industrialization, both of which were critical to poverty eradication and the other Sustainable Development Goals.

Statement by the Director General of the Food and Agriculture Organization of the United Nations

14. **Mr. Graziano da Silva** (Director General, Food and Agriculture Organization of the United Nations (FAO)), speaking via video link, said that agro-industry development was fundamental for achieving several of the Sustainable Development Goals, in particular Goal 9. Agro-industrialization could, for instance, substantially reduce food loss because processed products could be stored easily for long periods.

15. At the preparatory meeting held in Victoria Falls, a number of critical constraints to the development of agro-industry had been identified, including inadequate market infrastructure, limited access to agricultural finance and risk management products, the poor skills of actors along the value chain, a lack of coordination of activities throughout the system and restricted access to export markets.

16. FAO would support the Council in taking forward the outcomes of that meeting, including the implementation of the African Agribusiness and Agro-industry Development Initiative Plus. The latter was intended to provide the technical know-how and capacity development needed to leverage coordinated public and private sector investment. It would strengthen the activities of FAO and enhance collaboration with key partners, in particular UNIDO and the International Fund for Agricultural Development.

Session I "The industrialization-infrastructure nexus in developing countries"

17. **Mr. Viera** (Observer for Ecuador), speaking on behalf of the Group of 77 and China, said that economic diversification and commodity value addition could allow developing countries to achieve inclusive and sustained economic growth, which was essential for eradicating poverty and promoting sustainable development. Industrialization and infrastructure development were interlinked, with the latter being an essential determinant of competitiveness, economic progress and diversification. Investment in sustainable and green infrastructure, particularly in emerging markets and developing countries, could support inclusive and sustainable growth.

18. Not only did developing countries lack adequate infrastructure, but they also faced serious financing challenges due to insufficient access to public and private sector resources. To bridge the growing global infrastructure gap, public resources must be mobilized and public and private investments leveraged, through such mechanisms as public-private partnerships and blended finance. There was an urgent need for effective and sustainable technical assistance and capacity-building tailored to the specific needs and constraints of developing countries, particularly in relation to infrastructure development and transport.

19. While infrastructure was important for economic diversification, the development trajectory of industrialized and developing countries alike depended on finance, investment, trade and innovation. Technology transfer to developing countries, including on concessionary and preferential terms, was important in order to enable them to shift to a more sustainable development path. The international community must take action to bridge the technological divide and promote endogenous technology development and innovation. Priorities included strengthening the international intellectual property regime, establishing technology transfer mechanisms and fully operationalizing the Technology Bank for the Least Developed Countries.

20. Promoting inclusive and sustainable industrial development could help developing countries to address major challenges related to growth, employment, natural resources, energy efficiency, pollution, climate change, knowledge-sharing, innovation and social inclusion. However, in order for developing countries to achieve inclusive and sustainable economic growth and development, they must have adequate policy space and an enabling global environment. In that connection, industrialized countries must not kick away the ladder which they had used to achieve industrialization themselves.

21. **Mr. Liu** Jieyi (China), speaking also on behalf of Brazil, the Russian Federation, India and South Africa, underlined the importance of innovation, infrastructure and industrialization and said that the international community should support mass entrepreneurship, innovation-driven development and micro, small and medium-sized enterprises, with a view to increasing employment in all sectors. Infrastructure building was essential for development as it helped to advance interconnectivity and economic integration, while industrialization and cooperation on production capacity could improve people's lives and accelerate economic growth.

22. The international community should work together to help developing countries to implement the Sustainable Development Goals, in particular Goal 9. In that connection, Brazil, the Russian Federation, India, China and South Africa (the BRICS countries) had formulated a number of proposals.

23. First, the international community should help emerging markets and developing countries to enhance their capacity for technological development, research and innovation and create a favourable policy environment for innovation. Specifically, there was a need to support investment and training in science, technology and innovation; help implement plans of action in such areas as e-commerce, the digital economy, smart cities and science and technology zones; and support the adoption of strategies and policies that encouraged innovation.

24. Second, the international community should help emerging markets and developing countries, in particular African countries, least developed countries, landlocked developing countries and small island developing States, to build high-quality, reliable and sustainable infrastructure that was tailored to their specific needs. Long-term investment in infrastructure should be encouraged to ensure funding and enhance the scale and quality of investment.

25. Third, the international community should help developing countries to promote inclusive growth, create decent jobs and achieve industrial transformation and sustainable development. Emerging markets and developing countries should be given assistance to boost their capacity for sustainable industrialization and increase the resilience of their industry-related services, their small and medium-sized enterprises and their agricultural sectors. There was also a need to help African countries and least developed countries to develop their digital economies and strengthen their links with the global market, to ensure that they benefited from the new industrial revolution.

26. Fourth, in a globalized world of integrated economies and supply chains, where the movement of capital, technology, commodities and goods was essential, the mobility of professionals and workers was equally important and must be facilitated.

27. Since the establishment of the BRICS Interbank Cooperation Mechanism, positive results had been achieved in multiple areas. The New Development Bank had been established to advance financial and economic cooperation and promote the economic development of emerging markets and developing countries. The Bank, which had opened a regional office in Africa, had approved loans for renewable energy projects and had issued green bonds denominated in renminbi to finance environmental initiatives.

28. The BRICS countries were committed to promoting regional economic integration and strengthening result-oriented cooperation in such areas as transport, energy, telecommunications and information and communications technology (ICT), with a view to enhancing international cooperation in innovation, infrastructure and industrialization and advancing the achievement of the Sustainable Development Goals.

29. **Mr. Islam** (Observer for Bangladesh), speaking on behalf of the Group of Least Developed Countries, said that it had been recognized in both the 2030 Agenda and the Addis Ababa Action Agenda that least developed countries had enormous potential to contribute to global economic growth and prosperity. However, structural challenges continued to obstruct their growth.

30. An absence of adequate infrastructure seriously hampered economic diversification and social development. Industrial development was also critically important for structural transformation, employment generation and sustained economic growth, yet during the previous decade the value-added share of manufacturing in least developed countries had remained stagnant at around 10 per cent of GDP. Industrial development and value addition were also essential for advancing gender equality, as women were the major shareholders in micro, small and medium-sized enterprises, which were key drivers of the economy in least developed countries.

31. The Programme of Action for the Least Developed Countries for the Decade 2011-2020 provided a framework for addressing infrastructure and industrialization gaps in least developed countries. The 2030 Agenda also emphasized the importance of infrastructure and industrialization for sustainable development.

32. Disparities between least developed countries and the rest of the world in terms of capacity to generate and apply scientific and technological knowledge were growing. While members of the Organization for Economic Cooperation and Development spent an average of 2.4 per cent of GDP on research, in least developed countries that figure was close to zero. The Technology Bank for the Least Developed Countries was expected to improve the innovation capacity of least developed countries but strong international support was also vitally important.

33. Building modern, sustainable and resilient infrastructure was one of the priorities of least developed countries, which recognized the importance of investing in infrastructure to boost social and economic development and build resilience to climate change and natural disasters. As domestic resource mobilization was not sufficient to cover all the infrastructure projects being undertaken, least developed countries were also involving the private sector, notably through public-private partnerships. They also needed to consider the benefits of regional infrastructure projects, particularly in the areas of transport, energy, ICT and tourism.

34. Venture capital funds and pension funds from the global market could be another source of financing for infrastructure projects. The challenge was the long-term nature of returns from infrastructure projects, as most funds were looking for quick returns. In that connection, it was important to package infrastructure projects to make them more attractive and profitable and to increase engagement between States with bankable projects, on the one hand, and fund managers and shareholders with financial resources, on the other. Relevant United Nations agencies, multilateral development banks and the International Finance Corporation could help in that regard.

35. Least developed countries needed to take steps to significantly increase inclusive and environmentally friendly industrialization and boost the share of manufacturing in their total economic basket. They also needed to diversify local productive and export capability, with a focus on high value-added sectors in agriculture and manufacturing. Modern infrastructure development, seamless access to energy, market access for products, increased foreign direct investment, innovation and access to modern technology could all play a catalytic role in fostering industrialization in least developed countries.

36. **Ms. ’Utoikamanu** (Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) said that least developed countries, landlocked developing countries and small island developing States had limited productive capacities and many were experiencing declining value addition in manufacturing and agriculture. The specific challenges faced by those three groups of countries were highlighted in the 2030 Agenda, the Programme of Action for the Least Developed Countries for the Decade 2011-2020, the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024 and the SIDS Accelerated Modalities of Action (SAMOA) Pathway.

37. The structural transformation of least developed countries had been particularly slow, with manufacturing increasing only marginally. Infrastructure, in particular energy and ICT infrastructure, was a precondition for structural transformation and achieving the Sustainable Development Goals. However, only 38 per cent of the population in least developed countries was known to have access to electricity in 2014. Her Office was playing a key role in promoting energy access and had held two regional meetings on sustainable energy that had yielded many practical recommendations, such as the need for increased funding for project preparation at the early stages.

38. ICT could also have significant multiplier effects in the areas of agriculture, education, health, trade and governance, yet access remained limited, with just 12.6 Internet users per 100 people in least developed countries in 2015. Her Office had held a regional meeting on broadband access for African least developed countries, at which participants had underlined the need for stronger partnerships with the private sector and subsidies for the deployment of broadband to underserved areas.

39. Landlocked developing countries, meanwhile, were at a particular geographical disadvantage which, combined with critical infrastructure deficiencies and poor trade facilitation, resulted in high transport expenses and trade costs that were almost double those of neighbouring coastal countries. Such costs reduced competitiveness, diminished export profits, inflated prices of imported inputs for manufacturing, discouraged investment and undermined efforts to benefit from global flows of knowledge, technology, capital and innovation. To facilitate the implementation of the Vienna Programme of Action, particularly in relation to infrastructure development, her Office had held a meeting on sustainable transport and a seminar on accelerating access to sustainable energy through innovative partnerships.

40. Small island developing States, while a diverse grouping, had shared characteristics including geographic remoteness, a narrow economic base and isolation from major global markets. Island archipelagos were particularly dependent on transport and communications, with persistent disparities in economic and social development even within a single State due to limited transport and connectivity between islands.

41. Inadequate transport infrastructure was a major impediment to growth in all three groups of countries. Both hard and soft infrastructure must be improved in order to reduce trade costs and facilitate integration into regional and global value chains. Together, improved transport links, strong national policies and industrial parks could significantly boost economic growth, as illustrated by Ethiopia, a least developed country that had seen its economy grow by 9.6 per cent in 2015 thanks to efforts to put in place enabling conditions, establish industrial parks and invest in infrastructure, energy and access to technology.

42. Least developed countries, landlocked developing countries and small island developing States were eager to scale up and accelerate infrastructure, energy, transport and ICT initiatives. While there was strong national ownership and political will, such countries needed financial and technical support and strong partnerships with stakeholders.

43. Access to finance was a key challenge, owing to insufficient local investment, institutional capacity constraints, poor or non-existent credit ratings, inadequate project preparation capacity and the lack of skills needed to deploy financing models that encouraged blended finance. Investment needed to come from all sources and increase rapidly. While public-private partnerships had an important role to play in that regard, such partnerships presented their own challenges and should be tailored to the aspirations and constraints of vulnerable countries.

44. Another challenge was the building of an enabling environment to attract investment from the private sector, including foreign direct investment. Development partners, including multilateral development banks, should provide technical support in that regard.

45. Lastly, regional economic integration could greatly boost the economic potential of the three groups of countries and should be an integral part of efforts to strengthen the industrialization-infrastructure nexus in vulnerable States.

46. **Mr. Kamau** (Permanent Representative of Kenya to the United Nations), moderator, said that a new industrial revolution was under way. It was global and would transform the lives of everyone, leaving no one behind. It had clear objectives, in the form of the Sustainable Development Goals, and guidance on how to achieve them in the 2030 Agenda. Session I was notable in that the panel was composed exclusively of Africans; moreover, it was rare to have such a high level of participation.

47. **Mr. Mayaki** (Chief Executive Officer of the New Partnership for Africa's Development (NEPAD)), panellist, said that the Organization for Economic Cooperation and Development had forecast a modest increase in the rate of global GDP growth, from just under 3 per cent in 2016 to 3.5 per cent in 2018. Africa would contribute 0.1 per cent to that 3.5 per cent. Its contribution would be so low because, as a consequence of a lack of industrialization, Africa did not sufficiently add value in production processes. China, with a population comparable in size to Africa's, contributed 15 per cent to the global economy; it was able to do so primarily because it had consistently invested in mass industrial production. Those figures illustrated the economic potential Africa had; it simply needed to adopt the right policies and technologies in order to rapidly industrialize. Industrialization would require both technological and institutional innovation.

48. Almost all African countries were currently planning to implement or commission energy, transport or other infrastructure projects and NEPAD continued to streamline transboundary infrastructure projects. The Programme for Infrastructure Development in Africa focused on important regional transboundary projects around development corridors. In 2015, in conjunction with the Economic Commission for Africa, NEPAD had published a study which indicated that African countries should seek to mobilize domestic resources for the implementation of infrastructure projects. The study had highlighted the fact that, with annual remittances of over $62 billion, illicit financial flows of approximately $50 billion, which could be staunched, mineral revenues of $168 billion and potential stock market capitalization of $1.3 trillion, Africa was more than capable of financing its industrialization. The next step was to determine the priorities in terms of policies and projects.

49. NEPAD and the Economic Commission for Africa had recently published a study on de-risking infrastructure projects in Africa, concluding that investment challenges remained with regard to project development and implementation. Recently the African Development Bank and the European Union had commenced discussions on ploughing in more financing for infrastructure development, and had set up a core guarantee scheme that would increase investment and support African countries to de-risk infrastructure projects. However, the perceived risk associated with investing in infrastructure was higher than the actual risk. In fact, African pension funds were increasingly investing in infrastructure, with 28 funds, collectively valued at $1.4 trillion, having invested

roughly $42 billion in infrastructure over the past five years. Africa could lead its own industrialization, and it must aim to establish infrastructure projects as an asset class in order to attract more investment in infrastructure, particularly transboundary projects.

50. At the Dakar Financing Summit for Africa's Infrastructure, NEPAD had showcased 16 projects being undertaken by the Programme for Infrastructure Development in Africa. It had also highlighted four problems: inadequate private sector involvement, capacity, funding for project preparation and financing. NEPAD had begun to address those weaknesses by designing an instrument for boosting early-stage project preparation capacity, the Programme for Infrastructure Development in Africa Service Delivery Mechanism, and by establishing the Continental Business Network, an exclusive infrastructure investment advisory platform for African leaders intended to increase private sector involvement.

51. Africa's industrialization and infrastructure development were irreversible. The continent must position itself strategically in relation to the new industrial revolution and the digitized economy; African pension funds must be allowed to invest in African infrastructure projects; African countries must commit to reforms in order to accelerate de-risking; public investment remained important and must continue; and African countries must take an uncompromising position on the need for development partners to provide technical assistance for early-stage infrastructure project preparation.

52. **Mr. Mamane** (Minister of Industry of the Niger), panellist, said that industrialization and resilient infrastructure development required enormous investment and human capacities in order to be maintained. Therefore, international development cooperation, private sector support and other innovative forms of cooperation were essential for countries in special situations.

53. His Government had taken various steps to promote industrial development. In order to encourage investment and boost industrial production, it had undertaken a series of legislative reforms, including reform of the Investment Code and the Trade Code. The Ministry of Industry had established a national industrial policy, a country programme for industrial development (with support from UNIDO), a national programme for high-quality and resilient infrastructure, and a standards enforcement agency.

54. The Government had also undertaken a range of significant infrastructure projects, which included the creation of a dry port at Dosso to serve as a logistics platform for imports from Benin, and the construction of a railroad connecting Cotonou to Ouagadougou, via Niamey, which was an ongoing project. There was a lot of innovation occurring in the field of agriculture and cattle rearing. Under an agribusiness and agro-industry programme, the Government was carrying out projects forming part of the African Agribusiness and Agro-industries Development Initiative and was modernizing the preservation, transformation and distribution networks for meat and milk. Lastly, in the areas of uranium and petroleum extraction, a new Mining Code prohibited companies from subcontracting their services to foreign companies whenever there was a viable national tender.

55. **Mr. Mushimba** (Minister of Transport and Communications of Zambia), panellist, said that landlocked developing countries needed to close gaps in transport, such as missing links in road and rail networks. Their economies tended not to be diversified and they had low levels of Internet penetration. The scale of investment required for the development of the hard and soft infrastructure needed to close gaps represented an enormous challenge. Moreover, the economies of landlocked developing countries were generally based on natural resources; because most products those countries exported were unprocessed, they were subject to commodity price fluctuations. For instance, falls in the price of copper, the primary export of Zambia, shook the national economy and hindered the country's capacity for development.

56. Synergies to improve infrastructure development and industrialization must be strengthened. The Vienna Programme of Action had been an excellent guide for landlocked developing countries so far. It should be implemented in coordination with the 2030 Agenda, which emphasized the importance of transport and industrialization. Landlocked developing countries were seeking to reduce their reliance on exporting raw materials and wished to start selling semi-finished or finished products, increase trade among themselves and with other countries and diversify their economies. Zambia had made progress, diversifying into agriculture and industry, and must continue on that path. Industrialization created employment, which would contribute to reducing poverty.

57. Landlocked developing countries were trying to be creative in finding sources of funding, which tended to be the biggest obstacle to accelerating the development of industry and infrastructure. His Government was ensuring that all funding accessed was utilized prudently, as well as enacting various reforms, including to the taxation system and banking

laws, in order to de-risk investments and attract new funds through blended finance.

58. **Ms. Kiwanuka** (Special Presidential Advisor of Uganda), panellist, said that consideration of the industrial-infrastructure nexus must be on a country-specific basis. Uganda, for instance, could be considered a landlocked country. However it could equally be seen as “landlinked” because neighbouring Kenya, Tanzania, South Sudan, the Democratic Republic of the Congo and Rwanda all imported food from Uganda. In other words, the advantages within each country must be promoted.

59. African Governments’ budget allocations to infrastructure were often substantial. However, infrastructure, by definition, was intended to support other productive sectors. Accordingly, strategic and coordinated industrial policies were needed in each country; transformation of infrastructure in Uganda, for example, had entailed coordination among seven different government ministries.

60. Governments must use their limited resources and capacity to work towards specific goals. In Uganda, the Government had focused on developing a stable macroeconomic framework, an effective regulatory system and a level playing field for all investors.

61. Governments should also concentrate on financing major public sector infrastructure such as roads, railways and waterways, and also on human resource development — in concert with the private sector — to ensure that people were trained to possess the skills required by the marketplace. Partnerships with the private sector were important for closing gaps in value-added chains. However, Governments must carry out cost-benefit analyses of public-private partnerships in order to ensure that the amount they spent was warranted. When entering into public-private partnerships Governments must seek the greatest good for the greatest number. Project design, evaluation and implementation all had a bearing on the economic viability of infrastructure projects.

62. Innovation was occurring at such a pace that it was disrupting industry, infrastructure and labour markets all over world, and especially in Africa. If innovation resulted in job cuts, replacement jobs must be created. The Ugandan Government had recently held a fair to pair up young innovators with private sector financers, at which the innovators had also been taught some business principles and business language. Innovation was welcome and necessary, but workers must be trained so that they would have a place in the great new world that it would usher in.

63. **Ms. AlAteibi** (United Arab Emirates) said that the first Global Manufacturing and Industrialization Summit had recently been held in Abu Dhabi, with a view to furthering progress towards Sustainable Development Goal 9. The Summit was the result of a partnership between the Ministry of Economy of the United Arab Emirates and UNIDO. The intention was to develop a road map for industrial development to respond to the evolution in international trade and reflect best practices.

64. Rapid changes in manufacturing technology and global value chains had created challenges that countries could not resolve in isolation. The Summit had answered the need for a global solution by bringing together leaders and investors with a view to transforming manufacturing, encouraging greater investment in capabilities, fostering innovation and driving global skills development. Two of its noteworthy outcomes were the launch of the Sheikh Mohammed Bin Rashid Award for Global Prosperity, a new prize to be awarded annually for innovation and industry-related contributions to the service of humanity, and the establishment of the United Arab Emirates Fourth Industrial Revolution Council.

65. **Ms. Moldoisaeva** (Observer for Kyrgyzstan) said that in spite of innovations and technological advances, landlocked developing countries continued to face structural challenges in accessing world markets. To address existing sustainable development gaps and challenges, including those related to industrialization, a nationwide digital transformation programme called Taza Koom, or “Smart Society”, was being launched in Kyrgyzstan. Under the programme State bodies would become more efficient; modern, safe infrastructure would be developed; innovative solutions based on digital technology would be deployed; the regulatory and institutional environment of the country would be improved; and human resource potential would be enhanced. Kyrgyzstan had a unique chance to make a rapid breakthrough in development and the Government hoped for support from its partners.

The meeting rose at 1.15 p.m.