Number 25

Making It

Industry for Development

UNIDO

17 PARTNERSHIPS FOR THE GOALS

Partnering for impact: achieving the SDGs

24 23 22 21

20 19 18 17

A quarterly magazine. Stimulating, critical and constructive. A forum for discussion and exchange about the intersection of industry and development.

www.makingitmagazine.net

Editorial

The contribution of industrialization to the 2030 Agenda is most directly recognized in the progress that nations are making on Sustainable Development Goal (SDG) 9. However, the multiplier effect of industrialization on all other areas of development will contribute to the achievement of the SDGs in their entirety.

In SDG 9, Member States of the United Nations call on the international community to "build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation".

Inclusive and sustainable industrial development, which is the core of the United Nations Industrial Development Organization's mandate, means that:

- Every country achieves a higher level of industrialization and benefits from the globalization of markets for industrial goods and services.
- No one is left behind in benefiting from industrial development, and prosperity is shared among women and men in all countries.
- Broader economic growth is supported within an environmentally sustainable framework.

SDG 17 on partnerships is central to the realization of all the SDGs and is also at the core of achieving inclusive and sustainable industrial development. Partnerships are intrinsic for trade capacity development, technology transfer, finance for development, and private sector involvement.

Indeed, the implementation of the SDGs requires partnerships with a strong country ownership and the alignment of inclusive and sustainable growth policies, public and private investments and societal goals. Only this combination will allow the high-impact services that the international community can bring to support nations in their progress towards 2030.

Illustration: Heroes for Change comic book: the Global Goals for Sustainable Development

MakingIt
Industry for Development

Editor: Charles Arthur
editor@makingitmagazine.net
Chair of editorial committee:
Ayumi Fujino
Design: Smith+Bell, UK – www.smithplusbell.com
Printed by Imprimerie Centrale, Luxembourg, on PEFC-certified paper – http://www.ic.lu
To view this publication online and to participate in discussions about industry for development, please visit www.makingitmagazine.net
To subscribe and receive future issues of *Making It*, please send an email with your name and address to subscriptions@makingitmagazine.net
Making It: Industry for Development is published by the United Nations Industrial Development Organization (UNIDO), Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Telephone: (+43-1) 26026-0,
E-mail: unido@unido.org
Number 25, 4th quarter 2017

ISSN 2076-8508

Contents

18

16

Ten African countries were among the world's top 30 fastest growing nations between 2010 and 2014

GLOBAL FORUM

The Global Forum section of *Making It* is a space for interaction and discussion, and we welcome reactions and responses from readers about any of the issues raised in the magazine. Letters for publication in *Making It* should be marked 'For publication', and sent either by email to: editor@makingitmagazine.net or by post to: The Editor, *Making It*, Room D1862, UNIDO, PO Box 300, 1400 Vienna, Austria. (Letters/emails may be edited for reasons of space).

LETTERS

Metropolitan beacons

Peter Frankopan's essay on the Belt and Road Initiative (BRI) in *Making It* 24 ('Cities of the Silk Roads: past, present and future') is stirring stuff.

By placing the BRI in the historic context of past silk roads, he extolls the power of cities to be, as he puts it, "beacons to ensure environmental sustainability rather than be part of the process of destruction".

It reminds me of Benjamin Barber, who died recently, when he said, "The odds are two to one or better that you live in a town or city, and not just for economic reasons. Spend a few days in Singapore or Cape Town or Nashville. Witness Oslo's Tesla taxicabs, or Seoul's rehabilitated centre-city river or Medellin's public cable-car system. Keen to confront global warming, but not yet fully empowered to do so, cities must not only accept their responsibility for assuring a sustainable world but assert their right to do so."

● **Joe Nicholls, website comment**

Interested to read your issue on 'When industry meets the city' and particularly ZOU Ciyong where he highlights Shanghai ("The Belt and Road Initiative: A platform for sustainable urban and industrial development', *Making It* 24).

As he says, the city is transforming "into an internationally recognized financial and manufacturing powerhouse" through urbanization and at the same time recognizing the importance of the well-being of city residents.

Shanghai is the most vulnerable major city in the world to serious flooding, according to a recent UN Climate Central analysis. Over 17 million people could be displaced by rising water if global temperatures increase as predicted by three degrees.

To tackle this threat the city has built the country's largest deepwater drainage system beneath the Suzhou Creek waterway and rolled out a US$6bn river flood discharge project between Lake Taihu and the Huangpu river.

It's great to see cities aggressively attacking climate change. The greater Seoul region in South Korea has a population of almost 25 million. Its carbon fuel bus fleet of 120,000 vehicles has been a massive source of pollution so it has made a huge investment in electric-powered buses with an aim to convert half of their fleet to electric in the next three years. A massive commitment.

What I would like to know is why do cities seem to be able to do this yet governments seem slow to respond?

● **Jabez Darnell, website comment**

Delhi: a lesson to learn

Your feature on the Malaysian company (Good Business: Free the Seed, *Making It* 24) converting rice straw and husks into biodegradable packaging (so that farmers stop burning it) was very timely.

As I write this, Delhi is in the midst of a public health crisis as mass burning of crop waste has sent dense smoke billowing across the north Indian hinterland.

This, together with the dust, industrial emissions and vehicle fumes means the city has heavy metals and other carcinogens at more than 30 times the World Health Organization limits.

The city is trying to curb a problem that has seen lung cancer reach epidemic proportions, with a ban on diesel generators and an attempt to close down at least one of the 13 coal-fired power stations that belch out smoke within a 185-mile radius of Delhi. We need initiatives in India right now.

This is not an Indian problem though. There are 800,000 deaths worldwide every year related solely to burning coal, according to a recent study from 26 institutions including the WHO, published in *The Lancet*.

The good news is that the country is set for a 'solar boom' over the next five years, with the country's renewable energy forecast to double by 2022, overtaking the EU on growth. But it has been difficult to solve bottlenecks such as integrating solar firms with the grid.

I understand that the state governments of Punjab and Haryana are finding it hard to persuade farmers to stop burning their crop waste. The work of companies like Free the Seed must be part of the solution.

● **Lena Duquemin, website comment**

For further discussion of the issues raised in *Making It*, please visit the magazine website at *www.makingitmagazine.net* and our Twitter page, *@makingitmag*. Readers are encouraged to surf on over to these sites to join in the online discussion and debate about industry for development.

Growing pains

We badly need investment to develop industry across the world – everyone agrees. The slowdown in real GDP growth since the end of the 2008 recession is clearly connected to the slowdown in business investment growth.

In the United States this has ground to a halt and to add to the problem old equipment and technology is not replaced. Companies would rather save their cash or hand it back to shareholders than put it to work.

In addition, President Trump claims that American corporations have the highest tax rate in the world and that this needs to be cut to boost investment and growth.

Highest? The official US federal tax rate on corporate profits is 35% and when you add in state taxes, the top rate rises to 39%. Even on that measure, the US is actually third highest out of 188, behind the United Arab Emirates and Puerto Rico.

Most importantly will it boost investment and growth? There is no empirical relationship between cutting corporate tax rates and job growth, according to a recent study by the Center for Effective Government. Twenty-two of the 30 profitable Fortune 500 companies that paid the highest tax rates (30% or more) from 2008 to 2010 created almost 200,000 jobs between 2008 and 2012. The 30 profitable corporations that paid little or no taxes over the three years collectively lost 51,289 jobs between 2008 and 2012.

What these corporations did with the extra profit from less tax was to buy back their own shares to boost the stock price, or issue bonds at very low rates to enable them to take over other companies. Thus the tax shortfall merely led to a boom in fictitious capital (debt and shares) – not real investment.

● **Roberta Soldo, by email**

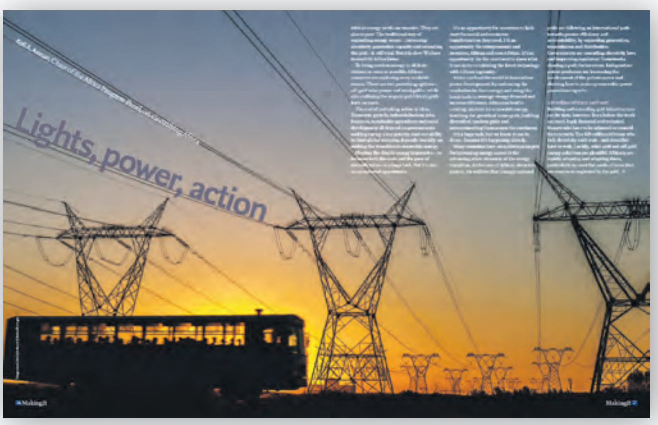
Switch on Africa

Kofi Annan's article ('Lights, power, action', *Making It* 23) has a disturbing statistic – that 620 million people in Africa still don't have access to electricity!

He rightly says that African governments have a vital task to fix the national energy grids that are unreliable and financially fragile and he is strikingly honest when he outlines the "serious and persistent problems" of mismanagement, inefficiency, lack of transparency and corruption in the energy utilities and governments across the continent.

But he's absolutely right when he says that "Africans have a right to expect more and better international support for low-carbon energy." It seems unlikely that the western governments will step in so I am very interested to see how China's Belt and Road Initiative will help in electrifying Africa.

● **James Reaves, by email**



Robots with chips

It's not just the startling size and scope of the Belt and Road project but also China's plans to replicate foreign technologies within its own economy which are impressive.

I don't know if you have covered it, but a couple of years ago Beijing launched a programme called 'Made in China 2025', which aimed to make the country competitive across 10 industries, including aircraft, new energy vehicles and biotechnology. It wants to boost the share of domestically made robots to more than half of total sales by 2020. It stood at 31% in 2016. It will be interesting to see if Chinese companies such as E-Deodar Robot Equipment, Siasun Robot & Automation and Anhui Efort Intelligent Equipment themselves become multinationals, and challenge the likes of Switzerland's ABB Robotics and Japan's Fanuc for the leadership in a market worth over US$10 billion .

China's also building its own semiconductor industry. The country buys about 59% of the chips sold around the world, but in-country manufacturers account for only about 16% of the industry's global sales revenue. To rectify that, 'Made in China 2025' earmarked US$150bn.

● **Teemu Tainio, by email**

Taxing question

Billionaires increased their combined personal wealth by almost a fifth last year to a record US$6tn – that's nearly twice the GDP of Germany! The International Monetary Fund is right – it said western governments should force the top 1% of earners to pay more more tax to try to reduce dangerous levels of inequality.

● **Patrice van der Schoot, by email**

Change the mindset

KATE RAWORTH argues that we should stop looking back and be more ambitious in our economic goals

No one can deny it: economics matters. Its theories are the mother tongue of public policy, the rationale for multi-billion-dollar investments, and the tools used to tackle global poverty and manage our planetary home. Pity then that its fundamental ideas are centuries out of date yet still dominate decision-making for the future.

Today's economics students will be among the influential citizens and policymakers shaping human societies in 2050. But the economic mindset that they are being taught is rooted in the textbooks of 1950 which, in turn, are grounded in the theories of 1850. Given the challenges of the 21st century – from climate change and extreme inequalities to recurring financial crises – this is shaping up to be a disaster. We stand little chance of writing a new economic story that is fit for our times if we keep falling back on last-century's economic

KATE RAWORTH is the author of *Doughnut Economics: seven ways to think like a 21st century economist.*

that you can't walk away from economics because it frames the world we inhabit, so I decided to walk back towards it and flip it on its head. What if we started economics with humanity's goals for the 21st century, and then asked what economic mindset would give us half a chance of achieving them?

Spurred on by this question, I pushed aside my old economics textbooks and sought out the best emerging ideas that I could find, drawing on diverse schools of thought including complexity, ecological, feminist, behavioural and

discover what happens when they all dance on the same page. The insights that I drew out imply that the economic future will be fascinating, but wildly unlike the past, so long as we equip ourselves with the mindset needed to take it on. So here are seven ways in which I believe we can all start to think like 21st century economists:

1. Change the goal: from GDP growth to the Doughnut

For over half a century, economists have fixated on GDP as the first measure of economic progress, but GDP is a false goal waiting to be ousted. The 21st century calls for a far more ambitious and global economic goal: meeting the needs of all within the means of the planet. Draw that goal on the page and – odd though it sounds – it comes out looking like a doughnut. The challenge now is to create local to global economies