

New methodology for sustainable industrial development in ASEAN countries

The United Nations Industrial Development Organisations (UNIDO) is the agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. As part of UNIDO's work the Centre was asked to help build a tool for policy makers in developing countries that would help them to select which specific industrial sectors to locate there, but to analyse this in such a way that industrial development also maximised environmental and social development. The main objective of this project is to provide policy recommendations to the Association of Southeast Asian Nations (ASEAN) governing body as part of their Green Growth plan to facilitate the pursuit of a long-term sustainable development path.

The challenge

Many economies are undertaking the challenge to grow their industrial sectors and thereby improve the quality of life of the people, while still taking into account long term societal and environmental needs. Which sectors have the potential to increase the national economy without causing environmental and societal issues? The answer to this question requires a consideration of local strengths and constraints, a country's competitive position globally and the performance characteristics of the sectors under consideration. To date, approaches have focused on the economic dimension of industrial development. New methods are needed to assess industrial development options more comprehensively.

Approach and process

Building on an existing UNIDO approach, methodologies were developed to independently conduct analysis of the economic, environmental and social aspects of an industrial subsector. A method to combine the two analyses was devised in order to derive appropriate policy recommendations for green growth. The technique aimed to identify not only the negative constraints on economic growth, but also areas of national or sectoral strength where natural capacity or resources could be safely exploited.



Outcomes

The method was applied in the context of ASEAN region countries. The scarcity of data regarding economic, environmental and societal impacts necessitated a largely qualitative approach to the analysis. Reports into chemical and metal industries in the ASEAN region were developed with UNIDO and are publically available.

Recommendations

In the absence of extensive data sets – robust and transparent qualitative methods are required in order to support industrial policy development which better account for environmental and social factors. It is envisaged that government officials, primarily from the ministry of industry or the environment, will use the method developed. The complexity of the method has been necessarily limited to encourage early adoption and so extended use is recommended to build up the repository of existing data available to the policy maker, and to highlight areas in which data needs to be developed. In this way policy making capacity can be increased.

Wider lessons

While improved data collection is a core part of monitoring and managing a nation's health and wealth, alternative methods are needed in order to support and improve industrial policy development until data repositories develop sufficiently. Qualitative indicators will never be perfect proxies of what they intend to measure, however they can provide a solid foundation for inter-country analyses, when drawing from carefully selected and properly contextualised data. For example, when considering industrial policy it is important to recognise the interconnectedness of sectors, rather than taking a narrow and isolated view of sectors impacts.

