



INSIDE THIS ISSUE

ARTICLE "COVID-19 AND THE GLOBAL CONTRACTION IN FDI"	2
UN GLOBAL COMPACT LEADERS SUMMIT.....	3
PRESENTATION OF DIGITAL ACCELERATOR OF SUSTAINABLE DEVELOPMENT.....	3
XI FORUM OF INNOVATIVE TECHNOLOGIES INFOSPACE.....	4

VIENNA, ONLINE, 1 JUNE ARTICLE “COVID-19 AND THE GLOBAL CONTRACTION IN FDI”

The Association of investment promotion agencies (WAIPA) has published an article on COVID-19 for foreign direct investment. The highlights are below:

"COVID-19 is uprooting economic globalization. With both supply and demand experiencing simultaneous shocks due to containment measures, global production networks are being disrupted on a scale never witnessed before. The pandemic has exposed how globally interconnected the flow of goods and services has become, and countries are now rethinking their international trade strategies to reduce their vulnerability to global economic shocks.

In late March, the International Monetary Fund announced that investors had removed 83 billion US\$ from developing countries since the beginning of the COVID-19 crisis, the largest capital outflow ever recorded (IMF, 2020). According to the UN Conference on Trade and Development (UNCTAD), global FDI flows are expected to contract between 30 per cent to 40 per cent during 2020/21. All sectors will be affected, but sharp contractions in FDI are especially evident in consumer cyclicals, such as airlines, hotels, restaurants and leisure, as well as manufacturing industries and the energy sector (UNCTAD, 2020).

The contraction in FDI is going to hit developing countries particularly hard. The reasons for this are that first, FDI inflows to developing countries are expected to drop even more than the global average, considering that those sectors that have been severely impacted by the pandemic account for a larger share of FDI inflows in developing countries (OECD, 2020). Second, developing countries have become more reliant on FDI over the last few decades.

Comparing recent data on business confidence in China and the United States — two countries that have an important impact on global investment flows — might give us a hint though as to the

future of global investment flows. China is following a different trend compared to the United States: business confidence in China is improving towards pre-pandemic levels

China is resuming production and work earlier than other countries (business confidence in most other countries are showing trends similar to the United States). Monthly production data in China confirms this trend, as we see that manufacturing output rebounded sharply in March.



Photo: <https://waipa.org/>

The nature of competition in the global economy of the 21st century is also an issue of concern in relation to the contraction in FDI to developing countries. The competition among developing countries to attract FDI from high-income countries and/or serve as suppliers for consumer markets in high-income countries has become fiercer than ever, particularly in manufacturing. The developing-country share of low-tech manufacturing exports has almost tripled since 1980, and the global pool of unskilled labour has doubled since 1990 (Hauge and Chang, 2019). This means that reopening production quickly after the pandemic has been contained, perhaps even prematurely, can provide a competitive edge.

To recover post-COVID-19, the world—and developing countries in particular—will require a significant influx of resources. FDI inflows can bring in some of those resources, but governments will need to put conditions in place to help attract and retain productive investments and, more importantly, to maximize their development benefits. This crisis may offer a window of opportunity for governments to re-examine their

approaches to investment attraction and retention, with a view towards increasing the embeddedness of FDI within their local economies."

The full text: <https://waipa.org/blog/covid-19-and-the-global-contraction-in-fdi/>

VIENNA, ONLINE, JUNE 15-16

UN GLOBAL COMPACT LEADERS SUMMIT

The 20th UN Global Compact Leaders Summit was held online.

UN Secretary-General António Guterres has called COVID-19 "the greatest test that we have faced together since the formation of the United Nations". This pandemic is an important reminder that no nation, no business, no individual is stronger than the weakest among us in our interdependent world. Everyone is invited to inspire, learn and contribute to the strong recovery the world needs.

As we continue to combat current crises such as climate change and COVID-19, we must also reinvigorate our fight against the historically enduring, deep-rooted and deadly threat of racism. We at the UN Global Compact call on all companies to actively reject and fight racism in all its forms and encourage all our speakers to share their best practices at the Leaders Summit.

The summit was attended by UNIDO national expert Ivan Seregin.

In the session, "Innovative Recovery from COVID-19: The Strength of Public-Private Partnerships", UNIDO Director General Mr. Li Yong together with Mr. Hayfa Khalfoui, UNIDO Beneficiary, Founder of Lait Espoir (Mashrou3i) and Ms. Elisabeth Moreno, vice president and managing director of Hewlett-Packard (HP) Africa, discussed the importance of global intersectoral collaboration in the context of COVID-19. Participants discussed successful examples of how such partnerships supported young local entrepreneurs and how innovative joint recovery can be achieved in inclusive and

sustainable industrial development to build a better future.

MOSCOW, ONLINE, JUNE 16

PRESENTATION OF DIGITAL ACCELERATOR OF SUSTAINABLE DEVELOPMENT

On June 16th, within the framework of the EAEU Day, the presentation of the Digital Accelerator of Sustainable Development was held at the 5th annual Week of Sustainable Development with the participation of 300 experts, the leadership of VEB.RF and the International Telecommunication Union. Sergey Korotkov represented the UNIDO Center for International Industrial Cooperation in the Russian Federation at this event.

For the first time, the Accelerator unites the EAEU business and innovation communities in order to accelerate the introduction of digital technologies to recover from the crisis and transition to growth based on the UN Sustainable Development Goals.

The organizer is Evercity company with the support of its infrastructure partner VEB.RF, as well as the International Telecommunication Union, the United Nations Global Compact Network, the Russian Carbon Fund, the CSR Central Asia Agency, the UNIDO Center for International Industrial Cooperation in the Russian Federation (ITPO UNIDO Russia), ANO "National Center for Cleaner Production" (NCPC Russia) and more than 20 leaders of the innovation ecosystem of the EAEU countries.

Digital projects at the prototype / finished product stage are invited to participate in the Accelerator, contributing to the achievement of the UN Sustainable Development Goals and recovery from the crisis. Acceptance of applications will last until August 2020.

Participants will have the opportunity to:

- Pilot a solution with accelerator business partners;
- Enter the catalog of the 100 best digital technologies for sustainable development of the EAEU and receive international PR at UN events;

- Get support from Accelerator partners (including financial, export, legal, etc.);

- Join the open letter to the leaders of the EAEU countries on the inclusion of the UN Sustainable Development Goals in national crisis recovery plans.

The Accelerator will continue the collaboration between Evercity and the International Telecommunication Union as part of the United 4 Smart Sustainable Cities initiative and the ITU Innovation Challenge, where in September 2019 the Accelerator Methodology was awarded as the best ecosystem solution.

The partnership will be facilitated by ITU's expertise in organizing innovative programs, such as the ITU Smart Incubator Program, which promotes standardization and fostering innovation. The new technologies are at the front edge including Artificial Intelligence (AI), blockchain and the Internet of Things (IoT), the ITU Smart Incubator program creates opportunities for innovation, allowing startups or enterprises to apply standards with early stages of its development.

Members of the Organizing Committee and partners are also: Techstars Russia, the Russian Carbon Foundation, Fintech Lab, Sustainable Development Solutions Network Russia, the United Nations Global Compact Network, the Ecological Development Technologies platform, the UNIDO Center for International Industrial Cooperation in the Russian Federation (ITPO UNIDO Moscow), ANO "National Center for Cleaner Production" (NCPC Russia), Donors Forum, Rosinfokominvest JSC, Orbita Capital, ECOPROEKT NGO (Belarus), Green Network (Belarus), Green Academy (Kazakhstan), Russian Partnership for climate conservation, Week of Sustainable Development, Simple Affair, Nazarbayev Innovation Cluster, NURIS University (Kazakhstan), ANO "TUR" and others.

More details: <http://sdgeurasia.tech/>

MOSCOW, ONLINE, JUNE 30, 2020

XI FORUM OF INNOVATIVE TECHNOLOGIES INFOSPACE

On June 30st, the digital communication platform XI InfoSpace Innovation Technologies Forum was held. The agenda was "Digital Leadership. Strategies, personnel, technologies."

The purpose of the Forum is to build a tight communication between representatives of the business community, government and science, and also show entrepreneurs how to expand their businesses successfully, interact with other participants in the business process and find a common language with the federal and regional authorities.

During the Forum, plenary sessions were held, as well as various strategic sessions.

Director of the UNIDO Center in the Russian Federation Sergey Korotkov was invited as a speaker in the session "Innovation Energy for the Fuel and Energy Sector".

«Энергия инноваций для отрасли ТЭК»



Sergey Korotkov in his speech spoke about UNIDO's tools to support sustainable development, mentioned the positive experience of implementing the project "Market Transformation Programme on Energy Efficiency in Greenhouse Gas-intensive industries in the Russian Federation", intended to develop energy efficiency in Russian industry by developing a systematic approach to efficiency and providing free assistance in the implementation of energy management systems in accordance with the international standard ISO 50001.

Sergey Korotkov also spoke about the main activities of the UNIDO Center in the Russian Federation and possible forms of cooperation with UNIDO.

The session was attended by representatives of the Ministry of Energy of the Russian Federation, the Russian Energy Agency, the Eurasian Economic Commission, PJSC Rosseti, PJSC Inter RAO, TEK Federal State Budgetary Institution REA MINENERGO of Russia, PJSC AFK Sistema and others. The session was moderated by G.I. Shmal, president of the Union of Russian Oil Industrialists.

During the session, the participants discussed various issues related to foreign technologies and import substitution in the digitalization of the Russian energy sector, investments in the energy sector, risk management in the modern energy sector, the development of public-private partnerships in the implementation of innovative energy projects.

During the discussion, the session participants came to the conclusion that the main task at the moment is to ensure the long-term sustainability of the Russian fuel and energy complex throughout the cycle: from resource extraction to their transportation and deep processing, including the work of small and medium-sized businesses that provide services to the industry, provide technological processes. Achieving these and other goals requires a decisive economic and energy policy, adapting the country to energy transfer, and creating a new generation of energy technologies.

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