

Concept Note & Programme

COMMODITIES & DEVELOPMENT REPORT 2023

Inclusive Diversification and Energy Transition

Joint UNCTAD-UNECE webinar

28 February 2024

1 p.m.–2.30 p.m. (Geneva time)

Background

In October 2023, UNCTAD launched a new Commodities and Development Report titled “Inclusive Diversification and Energy Transition.” This report highlights that most developing countries depend heavily on exporting commodities, and they are often very vulnerable to various shocks such as fluctuations in exchange rates, drop in commodity prices, pandemics, and conflicts. As a result, these so-called commodity-dependent developing countries (CDDCs) have volatile incomes and slow growth in productivity. Their limited range of commodities exported also affects public revenue and the potential for investing in sustainable development.

If CDDCs are to achieve the Sustainable Development Goals (SDGs) by the deadline of 2030 in this increasingly uncertain global economic and political environment, they will need to become more resilient. Resilience implies that they have to move along value chains and diversify production to generate a greater variety of exports. Diversification not only insures against future market shocks, but also fosters economic growth and drives structural transformation. Economic diversification can either be horizontal or vertical. Horizontal diversification typically broadens the range of production and exports. Vertical diversification can involve greater variety in a sector’s value chain, such as refining crude oil to produce gasoline or petrochemicals.

However, CDDCs now have to diversify through low carbon paths in the context of climate change and energy transition. Historically, economic diversification has relied on the extensive use of fossil fuels. From 1995 to 2019, on average, diversification of one new export is associated with adding 3.1 tons of CO₂ equivalent of greenhouse gas in the atmosphere. CDDCs need to make growth less carbon-intensive without compromising their economic development.

While diversification brings long-term economic benefits, producing a wider range of more sophisticated products can increase inequalities within countries if not accompanied by inclusiveness policies. From 1998 to 2018, on average, a one per cent increase in the number of products exported by a country was associated with an increase of almost half a point in the ratio of the shares of income of the 10% richest and the 40% poorest in an economy. Thus, CDDCs, while moving along value chains and increasing the range of products, need to take active redistribution measures.

CDDCs should leverage untapped potential in renewable energy sources to explore new energy markets and green products that can help create new jobs, boost incomes and reduce inequalities. The global community needs to play a more active role in providing the support needed for green industrial policies in commodity-dependent developing countries to succeed. Commodity-dependent developing countries need access to affordable and sufficient investment financial services and technologies to implement active productive policies and mitigate the climate-related risks associated with climate change towards making their economic structures more diversified, resilient and prepared for a low-carbon future.

Objective

The main objective of this webinar is to inform participants about the key findings and messages of the UNCTAD's Commodities and Development Report 2023. This dissemination activity is also an opportunity to receive feedback on the report and seek for guidance of the issues that could be explored in the forthcoming UCDRs.

Commodities and Development Report 2023

UNCTAD's Commodities and development report 2023 critically examines various issues including inclusive diversification, energy transition and green industrial policies. Regarding UNECE, several topics such as the pivotal role of critical energy transition minerals in achieving sustainable development could be of interest for the audience.

Guiding questions for discussion

- How can developing countries in the ECE region effectively navigate the balance between diversification and the transition to low-carbon development, considering the risks of stranded fossil fuel assets and the potential for increasing inequalities?
- Given the report's emphasis on the untapped potential for renewables in developing countries, what strategies should these countries adopt to maximize their renewable energy resources to drive both economic diversification and energy transition?
- With the growing demand for critical minerals like lithium and cobalt for green technologies, what are the key issues for developing countries in the ECE region related to these minerals and just transition?
- How can developing countries in the ECE region design and implement green industrial policies that are inclusive, address the needs of marginalized groups, and ensure equitable access to the benefits of diversification and the energy transition?
- Considering the importance of a just transition, especially for communities reliant on fossil fuel industries, what specific policies and support mechanisms are needed to ensure that these communities are not left behind?
- What role should the global community and advanced economies play in supporting CDDCs through financial, technical, and technology transfer assistance to facilitate a just and inclusive low-carbon transition?
- How can developing countries within the ECE region effectively utilize regional collaboration agreements and institutions to support their efforts in economic diversification and energy transition, especially in terms of shared renewable energy initiatives, technology exchanges, and joint ventures in critical mineral value chains?

Format

This webinar will be conducted in English (without translation) online via the Zoom platform. Participation includes UNECE member staff, diplomatic missions, academia, beneficiary countries, and international institutions based in ECE region and other subregional offices of UNECE.

Registration

All participants are required to register [here](#).

Programme

The detailed programme is available [here](#).

Geneva Time	Content
1:00 – 1:15 p.m.	Opening remarks
1:15 – 1:30 p.m.	Presentation: Commodities and Development Report 2023
1:30 – 2:15 p.m.	Panel discussion
2:15 – 2:30 p.m.	Questions & Answers

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