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**UNIDO activities related to agribusiness, trade  
capacity-building and job creation**

## **UNIDO activities related to agribusiness, trade and job creation**

### **Report by the Director General**

The present document provides information on a number of significant activities and initiatives undertaken by the Organization, which relate to agribusiness, trade and job creation. It complements the information provided in the *Annual Report of UNIDO 2012* (IDB.41/2). The report outlines UNIDO's provision of specialized services in these fields, which have been central to sustainable industrial development.

## **I. Introduction**

1. The services provided by UNIDO in agribusiness, trade and job creation constitute the vanguard of the Organization's contribution to the reduction of poverty through the creation and promotion of employment and associated incomes in productive activities. Low-income countries are critically dependent on two assets: human capital and commodities. The human capital in question is primarily a young population, gradually leaving their rural roots for sprawling urban centres. The exploited commodities are both agricultural and mineral, often exported in unprocessed form. In order to achieve socioeconomic progress, these assets must be realized to a fuller degree, with value being created from existing resources and factors.

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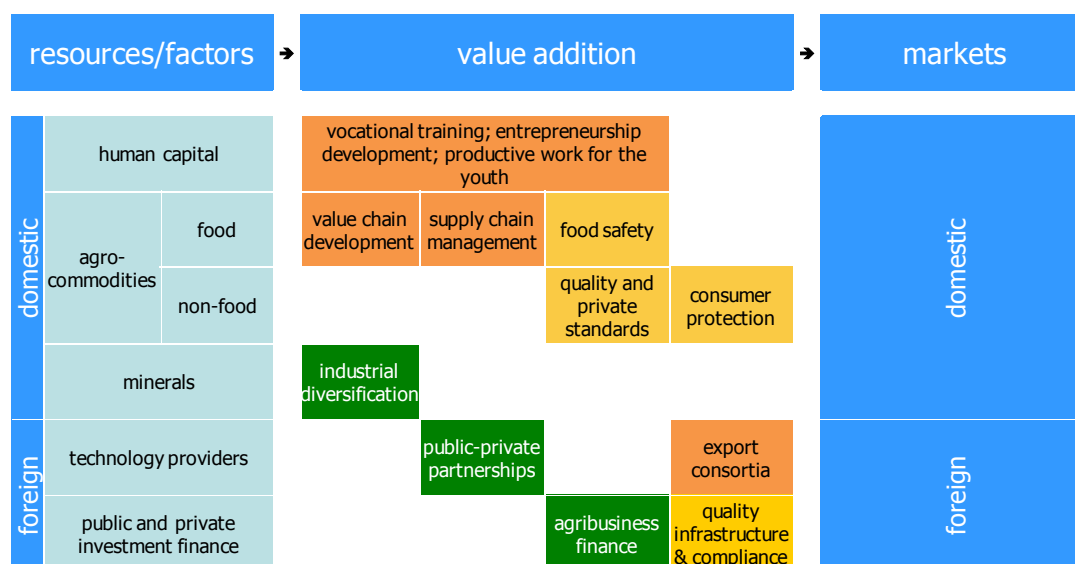
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2. The following figure displays some of the specialized services of UNIDO that support small and medium enterprises (SMEs) along local, regional and global value chains. More importantly, through its graphic representation of their interrelationships, it draws attention to the integrated nature of the services, highlighting how they combine to offer comprehensive solutions in developing countries.

Figure  
UNIDO specialized services



## II. Selected success stories

### A. Vocational training and entrepreneurship development

3. As a strategic element in UNIDO's efforts, dynamic entrepreneurship plays a central role in empowering individuals to move out of poverty and create income and employment for themselves and others. Aiming in particular at young people, UNIDO has expanded activities to build up technical and entrepreneurial skills. These efforts are undertaken to promote productive human resources as a foundation for growth and poverty reduction. Furthermore, they have also aided the creation of more conducive environments for entrepreneurial initiatives.

4. Supporting the Government of Angola's education reform endeavours, the entrepreneurship curriculum programme aimed to develop entrepreneurship skills among young people, building the foundation of a sustainable and dynamic private sector. UNIDO supported the Ministry of Education in developing and testing vital tools such as syllabi, teachers' guides, students' textbooks and teacher training manuals. On a pilot basis, the entrepreneurship curriculum is currently being taught in 45 schools in nine provinces of Angola, with over 10,000 students taking part. The Government of Angola plans to roll out the curriculum to the whole country, potentially reaching 500,000 students.

5. As a response to a call for promoting green industrial skills worldwide, UNIDO, the German Federal Ministry of Economic Cooperation and Development, WorldSkills Germany and the WorldSkills Foundation jointly organized the international conference “Green industrial skills for sustainable development — risks and challenges for least developed countries” in July 2013. One of the main purposes of the conference was to promote greening skills for a better future of deprived young people and enhance their chance of employment and income. The conference provided a platform to share possible activities for the enhancement of green industrial skills for sustainable development with counterparts and stakeholders from selected focus countries and from all over the world. It also provided a platform to sensitize public opinion and the decision-making process, with a particular focus on least developed countries (LDCs).

## **B. Productive work for youth**

6. UNIDO programmes help to create decent and durable employment through productive activities. With the public sector’s limited capacity to absorb the unemployed, the promotion of the private sector can be a solution to employment generation. However, in many countries the population faces obstacles in starting or expanding productive activities. The development of micro, small and medium-sized enterprises is a proven and effective mechanism to facilitate economic development and it is within this vital sector that entrepreneurship requires significant support, guidance and investment.

7. UNIDO has successfully implemented projects for productive work for youth in over 15 countries globally and developed an integrated approach which applies different service modules according to the specific needs of the country and target group. Applied modules include:

- (a) The enterprise development and investment promotion approach;
- (b) The innovation, development and entrepreneurship for all approach;
- (c) Modules combining:
  - (i) Financial and non-financial support for young entrepreneurs;
  - (ii) Training on enterprise creation and growth;
  - (iii) Coaching and mentoring of young entrepreneurs;
  - (iv) Promotion of access to finance and investment;
  - (v) The development of value chains for inclusive markets;
  - (vi) Skills matching to meet the requirements of the private sector.

8. In the scope of a youth employment project UNIDO empowers young aspiring and existing entrepreneurs with practical business and information technology skills through Hewlett Packard’s (HP) Learning Initiative for Entrepreneurs in partnership with HP, the Government of Italy and the US Agency for International Development.

### **C. Value chain development**

9. UNIDO, with the Food and Agriculture Organization of the United Nations and the International Fund for Agricultural Development, launched the African (Accelerated) Agribusiness and Agro-Industries Development Initiative (3ADI) in 2010. 3ADI aims at creating better linkages among value chain actors and promoting investment in the agribusiness sector.

10. In order to unleash the economic potential of fishing communities, UNIDO is implementing a project to modernize artisanal fisheries and create new market opportunities in the Red Sea State in eastern Sudan. Funded by the Government of Canada, the project seeks to address constraints in the sector through a value chain approach. Beginning with the fish harvest and moving to handling, processing and finally marketing, the project is modernizing the value chain and helping fishery sector actors reduce post-harvest losses and create additional value. This is complemented through the construction of infrastructure and the strengthening of public support institutions.

### **D. Sustainable supplier development and supply chain management**

11. To build competitive, inclusive and sustainable supply capacities requires enabling developing countries to add value to their natural and agricultural resources, build human and institutional capacities and support SMEs to link with buyers and consumers in the local and export markets. To that end, UNIDO applies the concept of sustainable supplier development and enterprise upgrading which encompasses cluster/business networking development, market access and industrial restructuring and upgrading.

12. In the Samara region of the Russian Federation, UNIDO adopted a cluster twinning approach to foster sustainable linkages between local automotive component manufacturers and Slovenian buyers. In cooperation with the Slovenian Auto Cluster, UNIDO provided technical assistance services including the upgrading of suppliers; the formation of an association entitled the “Samara Supplier Network”; the establishment of cluster-level support service facilities; and the facilitation of Russian-Slovenian joint ventures. Similar automotive supplier development projects are currently being implemented in, or under development for Cambodia, Colombia, Egypt, India, Mexico, South Africa and Ukraine. Sustainable linkages have similarly been developed in the textile, agro-processing, furniture and electronics sectors, drawing on UNIDO tools for cluster development and export consortia, supplier development and supply chain management, and corporate social responsibility.

13. To maintain a competitive market position and open up new market opportunities, SMEs are assisted to improve their productivity, the quality and volume of their produce, and to integrate into global supply chains. For example, the industrial upgrading and modernization programme in Senegal improved the competitiveness of local manufacturers through enterprise assistance and strengthened human and institutional capacities related to enterprise development and access to finance and business contacts. The pilot initiative developed by UNIDO helped to create domestic technical expertise and infrastructure, which led

to the establishment of an effective national industrial upgrading programme. The UNIDO approach on industrial upgrading and modernization has been successfully applied in other countries as well as at the regional level (In the West African Economic and Monetary Union).

## **E. Quality policy and infrastructure for trade, industry and environment**

14. Every country needs a sound infrastructure to achieve its societal goals. Quality infrastructure (standardization, metrology, accreditation and conformity assessment) is used by businesses and government to optimize production, health, consumer protection, environment, security and quality. Its effective implementation and performance supports sustainable industrial development, social welfare and facilitates trade.

15. UNIDO designs and implements projects aiming at establishing and strengthening the regional and national quality infrastructure. One successful regional programme is the West Africa Quality Programme, whose overall objective was to strengthen regional economic integration and trade by creating an environment that facilitates compliance with international trade rules and technical regulations. Other programmes with similar regional approaches include the cooperation with the Arabic Industrial Development and Mining Organization, the East African Community and the Intra-Africa Metrology System. Apart from the regional initiatives, UNIDO is also strengthening and developing quality infrastructure at the national level. To date, under UNIDO projects in countries such as Bhutan, Mozambique, Nepal, Pakistan and Zambia, more than 60 national calibration and testing laboratories were supported on their path towards accreditation. In addition, UNIDO supported the development of quality policies in countries including Bangladesh, Malawi, Pakistan and Sierra Leone.

16. Standards in industrial energy efficiency and renewable energy are instrumental in achieving national and international energy and trade objectives. With these in mind, UNIDO developed a proposal in 2012, to promote the harmonization of international standards and stimulate their adoption, as it has successfully done with the ISO 50001 energy management system standard.

17. In response to the increasing relevance of South-South and triangular cooperation and the emergence of southern donors in the area of trade capacity-building, the Trade Capacity Building Resource Guide has expanded its coverage to include 31 United Nations Agencies, 36 member countries of the Organisation for Economic Co-operation and Development and most donors from the Group of Twenty. The new edition presents one of the first comparable inventories on South-South and triangular cooperation in the area of trade capacity-building, and is available as an interactive web tool.

## **F. Food safety and traceability**

18. The increasing globalization of trade, and in particular the high share of food trade, have globalized challenges related to food safety, resulting from food scares and scandals. Improving food safety, both in exporting and importing countries is

needed to better protect consumers and to allow producers and exporters to reap benefits from participating in global supply and value chains.

19. UNIDO has been working with the Global Food Safety Initiative (GFSI), under which the global markets protocol was established to facilitate sourcing from less developed suppliers and address conformity assessment issues. From the fruitful cooperation with GFSI two new projects are being implemented — a sustainable supplier development programme to support clusters of suppliers in Malaysia to upgrade their food safety performance and thereby facilitate the access to profitable new market opportunities (AEON and other potential retailers); and technical support to small food suppliers for the implementation of the GFSI food safety protocol in Southern Africa, to improve their trade capacities with national and regional buyers/retailers. At the same time, UNIDO strengthened its cooperation with regulatory bodies such as European Commission Directorate-General for Health and Consumers to analyse food safety challenges arising in developing countries and to provide rapid support interventions.

20. To support the development of global partnerships and trade, UNIDO has established South-South platforms of information and knowledge sharing and has set up centres of excellence that provide tailored expertise. The following south-based centres of excellence have been established: Food safety (China); traceability (Egypt); chemical testing laboratories (India); calibration laboratories (Korea); and packaging (Lebanon).

## **G. Public-private partnerships**

21. Partnerships with experienced global actors help SMEs acquire know-how and resources that enhance their competitiveness. The purpose of the UNIDO partnership programme is to draw on the expertise, know-how and resources of major business players and bring their competitive experience to the project's recipient SMEs, who then become attractive business partners for large firms. Since 2010, UNIDO multiplied its collaborations with individual corporate sector entities and has launched two flagship high-level multi-stakeholder platforms (the 3ADI and the green industry platform) and has concluded several new business partnerships in strategic areas with the objectives of building local productive capacity, enhancing social inclusion and promoting environmental sustainability.

22. Through partnerships with financial institutions, technical assistance interventions of UNIDO are geared to, and effectively support, much larger flows of resources, thereby triggering a stronger impact on the ground. UNIDO participates in the technical assistance facility (TAF) of the African Agriculture Fund (AAF) as one of the main promoters and technical advisors. The AAF TAF aims to enhance the development impact of the AAF investments by providing technical assistance services for:

- (a) The improvement of access to rural finance for smallholder farmers supplying AAF portfolio companies;
- (b) The facilitation of business linkages between AAF portfolio companies and smallholder farmers through the development of outgrower schemes;
- (c) The capacity development of the SMEs that the AAF invests in.

### **III. Action required of the Conference**

23. The Conference may wish to take note of the information provided in the present document.

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