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

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Report by the Director General

UNIDO promotes social inclusion, economic competitiveness and environmental sustainability through four enabling functions: (i) technical cooperation; (ii) analytical and research functions and policy advisory services; (iii) normative functions and standards and quality-related activities; and (iv) convening function and building partnerships for knowledge transfer, networking and industrial cooperation.

The present document provides information on activities and initiatives undertaken by the Organization in support of agribusiness development, trade capacity-building and job creation through UNIDO's four strategic functions. It complements the information provided in both the *Annual Report of UNIDO 2015* (IDB.44/2) and the *Annual Report of UNIDO 2016* (IDB.45/2).

I. Introduction

1. Agribusiness has huge potential in developing and least developed countries (LDCs), but productivity in agribusiness sectors is often low and inefficient. Stronger value chain linkages between agriculture and agro-industry, as well as tighter clusters of small producers can enhance supply chain efficiency, improve access to local and global markets and increase real incomes of farmers, farm workers and their families. Linking agribusiness to high value-added tourism can generate social and economic returns such as innovation, diversification and jobs, especially in rural areas. UNIDO programmes support the upgrading of product, processes and value chains across a range of agro-food sectors; the development of clusters; creative industries; the upgrading of skills in small and medium-sized enterprises (SMEs); building the entrepreneurial capacity of women and youth; and strengthening capacity for compliance and enforcement of norms and standards in agro-food.

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2. In the context of globalized production and services, producers in developing country need to meet internationally agreed standards such as those for labour, health, safety (phytosanitary) and the environment. Increasingly they also have to meet privately agreed standards and other product and quality specifications, which are most often defined by the lead firms in value chains. For most firms, conforming to these standards, either through mutual recognition or harmonization, has therefore become indispensable. UNIDO's interventions span from advice on quality policy and governance to the development of quality infrastructure institutions and conformity assessment services, and support to the private sector to achieve compliance with required standards.
3. Slow structural transformation and industrialization in many developing countries and LDCs carry heavy economic, social and environmental costs. Lack of job prospects prevent large segments of the population, including women and youth, from participating in wealth creation and equal distribution, and from benefitting from economic growth. It produces excess labour that remains idle, encourages the informal economy and economic migration. Lack of decent work, particularly in rural areas, drives the environmental degradation of urban areas, and informality and uncertainty have become the norm. In Africa, 61 per cent of urban employment is precarious. Inherent economic fragility has been pervading the world since the financial crisis, and continues to put pressure on livelihoods. More than ever, countries face complex security issues and humanitarian challenges resulting from the displacement of populations.
4. A conducive business environment is a prerequisite for enterprises to enter the market, and for the private sector to create jobs and income. Business environment reforms that promote the development of markets and encourage competition contribute to enhancing the effectiveness and sustainability of other development interventions.
5. UNIDO assists developing countries and economies in transition in building a more conducive business environment for the private sector, both for-profit and non-profit entities, to grow, innovate, learn and compete. UNIDO interventions focus on improving legal, policy and regulatory frameworks; mainstreaming gender in business environment reforms; improving the regulatory framework for business registration and company formation; designing investment and quality policy; establishing business infrastructure such as quality infrastructure as well as science, industry and technology parks, economic zones and innovation hubs; creating an enabling environment for entrepreneurship development; designing sector-specific and SMEs and cluster-specific business environment reforms; enabling public-private dialogue and multi-stakeholder consultative mechanisms; improving access to skills, information, new technology, and finance.
6. Tangible results have been achieved in enhancing local productive and trade capacities, thereby advancing economic competitiveness, and in building social inclusion and the production and service economy in many countries.

II. Analytical, research and policy advisory services and setting norms and standards

7. The demand for UNIDO's standard-setting and normative services are growing, in particular to design quality policies; establish quality infrastructure, as well as industrial and eco-industrial parks, and foster sustainable and smart cities initiatives; and contribute toward better understanding the role of standards and social, ethical, legal, and privacy norms for artificial intelligence (AI) applications in Industry 4.0.
8. The methodology for "Growth Identification and Facilitation for Industrial Upgrading and Diversification" was introduced to enhance UNIDO's policy toolkit on industrial upgrading and diversification, and thus help developing countries accelerate industrialization in a dynamic global environment.

9. Many UNIDO programmes relate to building trade capacity and compliance with quality standards. A regional project covering Bangladesh, Bhutan, Maldives, and Nepal focuses on building national capacities and institutions in standards, metrology and testing; quality and conformity assessment; and trade facilitation. Another regional project is helping the Economic Community of West African States implement their quality policy and establish a regional quality infrastructure scheme for enhanced competitiveness and trade integration.

10. In Pakistan, a quality capacity-building programme resulted in the international recognition of Pakistan's accreditation body in over 50 testing and calibrations laboratories.

11. In Haiti, UNIDO projects assisted in strengthening national quality infrastructure and building expertise in quality. This was achieved by developing a national quality policy, setting up quality management systems in enterprises and testing and calibration laboratories, and operationalizing the national standards body, the "Bureau Haïtien de Normalisation". This was combined with building up national competencies in these fields.

12. In Nigeria, the "National Quality Infrastructure project" supports the strengthening of quality infrastructure through the development of standards and quality control bodies to improve the quality of products and services and to reduce certification costs. In Malawi, UNIDO supported the modernization of quality infrastructure; the improvement of the national quality policy and the legal metrology framework; building the technical capacity of the Malawi Bureau of Standards; and the international recognition of conformity assessment services to the private sector.

13. UNIDO's partnership initiative with the Asian Development Bank on "Fostering Inclusive and Sustainable Industrial Development in the New Silk Road Economic Belt" focuses on setting up a knowledge-sharing platform to leverage the advantages of science, industrial and technology parks, zones and cities through industrial corridor approaches. Several in-depth studies based on common methodology were conducted on the status of industrial zones, parks and cities in Central Asian countries and are ready to be integrated into a knowledge-sharing platform.

14. Over the past 15 years, UNIDO has been helping countries in Africa lay the foundations for private sector development by introducing entrepreneurship curricula into secondary, technical and vocational schools, ensuring both in-class learning and practical business training. Over 7,000 teachers have been trained and the entrepreneurship curricula have been adopted in the educational programmes in six countries.

III. Technical cooperation programmes

15. In agro-industries and rural development, UNIDO programmes focus on upgrading and developing the value chains of fisheries, food, leather, and wood processing, and of textile and apparel; improving food security and safety; promoting cleaner production and energy efficiency; developing SMEs, clusters and entrepreneurship, including the entrepreneurial skills of vulnerable population groups, such as youth, women, migrants, and ethnic minorities.

16. Fisheries constitute an essential element for economic growth, food security and job creation in many developing countries. In West Africa, a UNIDO project facilitates access of products of West African fisheries in Côte d'Ivoire, Guinea, Mauritania, and Senegal to international markets, through the upgrading of processes to overcome sanitary and phytosanitary trade barriers. A special partnership has been established with Lega Pesca, an Italian non-governmental organization representing the Italian fisheries sector.

17. In Bangladesh, a UNIDO programme supported fishery and textile value chains in complying with international standards, and developing internationally recognized national quality infrastructure and conformity assessment services. This helped

achieve compliance of export products at significantly lower prices and access to European Union (EU) markets for shrimp.

18. A UNIDO project in Armenia enabled enterprises in the textile and garment industry to design and present their own collections at international and regional fairs, and to establish links with key retailers in regional value chains. A similar project in Tajikistan helped upgrade carpet weaving and embroidery textile enterprises. Both projects targeted women and youth and contributed to closing the gender wage gap.

19. The “Nigeria Industrial Revolution Plan project” provides capacity-building for the Ministry of Industry, Trade and Investment on industrial modernization and upgrading. It also supports selected pilot projects in the leather, cotton, textiles and garments, tomato, and automotive component manufacturing sectors.

20. In the last few years, the Organization witnessed an increasing demand for support in SME cluster and consortia development, and in linking agribusiness with tourism. This has led to a range of new projects on all continents. Drawing on UNIDO’s well-established cluster development methodologies, a UNIDO project in Cabo Verde supports the development of the clusters of goat cheese producers, by fostering joint activities in business planning, training, promotion, and marketing. The aim is to realize “economies of scale” and product upgrading, and to establish links with the tourism sector.

21. In Kyrgyzstan and the United Republic of Tanzania, UNIDO is implementing a programme to link the tourism industry with local agro-food producers.

22. In Colombia, UNIDO is focusing on the establishment of export consortia of agro-industry and cosmetics companies, improving linkages with local support institutions and strengthening the management structure and capacity of the consortia.

23. In Morocco and Tunisia, a project on value chain development and the protection of geographical indications (PGI) targets traditional products, such as argan oil and harissa. It also supports producers in collective branding, in complying with PGIs and international standards, and in strengthening value chain linkages.

24. In Sri Lanka, UNIDO and the International Trade Centre have been working to increase the trade competitiveness of Sri Lankan SMEs in the spice sector in regional and EU markets.

25. Agribusiness value chains in Benin also benefitted from a new, streamlined methodology to upgrade micro, small and medium-sized enterprises. An upgrading programme in the Casamance region of Senegal, which suffers from reduced production following a recent long-standing conflict, focused on the provision of services for SMEs.

26. To address the social inclusion and access to decent jobs of vulnerable groups such as youth, women, migrant workers, and ethnic minorities UNIDO has developed an integrated entrepreneurship and employment programme. This includes modules on vocational and managerial skills training; technical educational systems upgrading; gender equality; career support; and social inclusion.

27. UNIDO training courses on entrepreneurship development for women and youth led to significant job creation and agribusiness growth in Armenia, Ethiopia, Myanmar, South Sudan, and Tunisia.

28. Contributing to building the formal economy in Viet Nam, UNIDO projects set up the national business registration system that benefitted over 1.2 million commercial entities, and resulted in the registration of more than 100,000 enterprises. They also enabled business registration offices in 63 provinces to provide accurate, legally-binding information on commercial entities to the business community, government agencies and the public.

29. In Central Africa, the “Industrial Upgrading and Modernization programme” supported the creation and operationalization of national upgrading offices in Cameroon, the Central African Republic, Chad, the Democratic Republic of the

Congo, Gabon, the Republic of the Congo, and São Tome and Principe. In addition, more than 300 national consultants were trained on SME diagnostics and upgrading. Entrepreneurship capacity-building was initiated and studies have been produced to enhance and harmonize the regional regulatory and business frameworks.

30. The private sector and quality promotion programme “Competir com Qualidade” helped the economy of Mozambique become more competitive by strengthening institutional and private sector capacities to build a strong and sustainable national quality infrastructure and contribute to a better quality of water and food products. The project provides policy advice on strengthening the National Institute for Standardization and Quality. It also provides technical support to a number of water and food testing laboratories, enabling them to assess the quality of water samples against international standards, thus ensuring clean and safe water for human consumption and use.

IV. Convening and partnerships

31. UNIDO global forum events have convening, advocacy and normative functions and are conducive to knowledge management. The convening function serves as an important and cost-effective tool to build awareness on the potentials and threats of frontier technologies. Examples of these are those related to Industry 4.0 and convergent of various technological fields, be they nano-bio-info-cogno technologies; or digitalization, nanotechnology and material science, and the related issues of standards and interoperability; the demand for new skills; and available tools and methods for innovation management. These events contribute to the elaboration of new norms and standards; to stimulate new research and the development of new technical cooperation programmes; and to elaborate evidence-based policy advice.

32. As a response to the challenges arising from frontier technologies, UNIDO is building a knowledge platform to better understand the key essence of Industry 4.0 and AI as a major driver of the Fourth Industrial Revolution. In 2016, UNIDO organized a panel on “Industry 4.0: Opportunities and Challenges of the New Industrial Revolution for Developing Countries and Economies in Transition”. The event considered how UNIDO and the development community at large could help developing countries address opportunities and challenges stemming from the Fourth Industrial Revolution in the context of the 2030 Agenda and the Sustainable Development Goals (SDGs).

33. In April 2017, UNIDO and the International Telecommunication Union (ITU) signed a joint declaration establishing a strategic partnership to complement each other’s mandates and broaden the engagement with stakeholders for a meaningful impact on Goal 9, which focuses on industry, innovation and infrastructure. The joint declaration provides the framework for cooperation, particularly in the areas of innovation policy in converged information communication technology (ICT) ecosystems; digital transformation; broadband infrastructure; the Internet of Things; AI; and connecting the unconnected. Within this partnership framework, UNIDO co-organized three panels on “The Future of Work”, “Smart Cities and Communities” and “Promoting equality in AI” at the AI for Good Global Summit in Geneva, an event organized by ITU, Xprize and other international organizations.

34. UNIDO and ITU also co-organized a special session on Goal 9 at the World Summit on the Information Society, in June 2017. This session addressed the reality of working together in the field of ICT to reach sustainable industrialization and to foster innovation. As part of this special session, UNIDO held an expert panel on “Preparing for the 4th Industrial Revolution”, which highlighted UNIDO’s vital role in disseminating knowledge and increasing the understanding of Industry 4.0 and related issues. New global forum and technical cooperation activities are in preparation on the challenges and opportunities of Industry 4.0 for inclusive and sustainable industrial development and their uptake by industries and countries.

35. The UNIDO Conference in Budapest on Social Inclusion in June 2017, addressed social innovation; social and solidarity economy organizations as alternative business models for social inclusion of vulnerable groups; as well as the policy framework, and regulatory and business support services for social enterprises.

36. In November 2016, on the sidelines of UNIDO's 50th Anniversary celebration, a high-level event, co-organized by UNIDO and the Overseas Private Investment Corporation, examined the role of industrial biotechnology in ensuring food safety, with an emphasis on food and nutrition, health and well-being, and sustainable production.

V. Plans for the Future

37. UNIDO plans to establish an Industry 4.0 knowledge-sharing platform to better understand opportunities and threats associated with frontier issues such as Industry 4.0 and its key enabler, AI. Technological innovations driving the Fourth Industrial Revolution have the potential to achieve a high impact on social, economic and environmental spheres. Their positive and negative spillover effects will require that current norms, institutions and governance mechanisms adapt to appropriately manage them. There is also a need for a better risk assessment and management of disruptive and unintended consequences, but consensus has not been reached on the appropriate approach. The platform would feature the organization of annual forums discussing reference models, best practices, existing technical cooperation programmes, and pilot programmes. It would also facilitate learning visits to Industry 4.0 pilot factories and dialogue on establishing multi-stakeholder partnerships initiatives on specific themes and on building consensus on open standards, data use, and the social, legal, ethical, and privacy implications of AI technology in manufacturing.

VI. Action required of the Conference

38. The Conference may wish to take note of the information contained in the present document.
