



# Agribusiness development

Transforming rural life to create wealth



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION



Accelerated Agribusiness  
and Agro-Industries  
Development Initiative



The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries. Designations such as “industrialized,” “developed” or “developing” countries are used for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not imply endorsement by UNIDO.



## Fighting poverty by fostering agro-value chains

The problems facing developing countries and countries with economies in transition are many and daunting: widespread poverty, low levels of productivity, insufficient infrastructure development, poorly integrated markets, especially in rural areas. These problems are further exacerbated by underdeveloped rural industrial organization characterized by small and medium-size enterprises inadequately linked to world markets, and by a lack of employment and entrepreneurial opportunities for vulnerable segments of society such as women and youth.

A large proportion of resources are used to meet the demand for agricultural products through technology improvements mainly in seeds, fertilizers and irrigation. Little attention has been given to the value chains through which agricultural products reach end users within the country and abroad. The magnitude of opportunity losses caused by this neglect becomes obvious if one considers the enormous added value and employment gains that can be generated along agro-value chains from commodity to consumption. While high-income countries add over US\$200 of value by processing one tonne of agricultural products, developing countries add less than US\$50. Furthermore, while 98 per cent of agricultural production in high-income countries undergoes industrial processing, in developing countries, barely 30 per cent is processed. Yet, agro-processing industries in developing countries generate 40 per cent to 60 per cent of manufacturing value added and agro-industrial products account for as much as half of their total exports.

Current trends such as global and regional economic integration, urbanization, privatization and the diminishing role of national governments present both threats and opportunities to agro-industries. Penetration of the market economy into isolated areas opens up opportunities for the production and processing of new goods. However, this also poses great challenges, particularly for developing and transitional economies, where the agro-industrial sector is facing increasing competition and market volatility.

These challenges confront governments and support institutions that have to make fundamental changes in policies, strategies, work-force skills and organizational linkages to respond to developments in the world markets and to promote sustainable employment in the agro-industrial sector. Support institutions such as design and technology centres, professional associations, non-governmental organizations and private consultancy companies are at present staffed by people who are often insufficiently familiar with the requirements of regional and international markets.



To help developing and transitional economies, in particular the least developed countries, cope with these challenges, the United Nations Industrial Development Organization (UNIDO) brings to bear the expertise of its Agribusiness Development Branch [henceforth referred to as “the Branch”]. With its various intertwined services, the Branch facilitates the strengthening of agro-industrial capabilities and linkages that improve opportunities for added value and serve as effective means of achieving economic transformation and sustainable livelihoods. The scope of this assistance goes beyond urban agro-industries to reach poor and marginalized rural populations as well as communities in post-crisis situations with services such as skill development, emergency supplies of agro-equipment, and the rehabilitation of food industries.

In line with the Millennium Development Goals and UNIDO’s thematic priorities (primarily “Poverty reduction through productive activities”), the Branch contributes to sustained and equitable economic growth that leads to reductions in the incidence of poverty and food insecurity in developing countries. This is achieved through technical assistance, including direct interventions, and policy advice to enhance the flexibility, productivity and competitiveness of agro-based industries.

The Branch manages a large share of the Organization’s technical assistance resources and a substantial proportion of donor funding. It delivers its services through its three constituent units, which are often called upon to join forces in the research, design and implementation of specific projects.

The **Agro-Industry Technology Unit** provides technical assistance in the leather, textiles, and wood and non-wood forest products sectors and helps upgrade farming and agro-industrial equipment.



The **Agribusiness Development and Food Security Unit** promotes investment in agribusiness and value chain development and carries out interventions in support of efforts to ensure food security in mostly crisis-affected rural areas.

The **Rural Entrepreneurship and Human Security Unit** promotes the establishment of small-scale businesses in rural areas and helps create employment and entrepreneurial opportunities for vulnerable population groups such as women, youth and the victims of armed conflicts and natural disasters.

Services rendered by the Branch cover the following key areas:

**Advice on techno-economic development options** for strengthening the agro-industrial sector and fostering the equitable integration of agro-enterprises into market-oriented systems. Special emphasis is given to technical feasibility studies, assessments of potential economic and environmental impact, international procurement, and organizational linkages.

**Capability building at institutional and industry levels** as a critical means of enhancing industrial productivity and marketing performance. Particular attention is paid to strengthening technical support institutions and professional associations as well as to the creation of design and technology centres and demonstration units for basic and advanced technologies.

**Support to agro-industries** to improve their productivity and efficiency, increase their integration into global value chains and promote diversity in rural livelihoods. This entails skill upgrading, working methodologies and guidelines, process optimization, the diffusion of appropriate agro-engineering systems, product innovation and diversification, compliance with quality and environmental standards, and participation in trade fairs and trade missions.

**Global Forum functions** such as participation in the work of international organizations and normative bodies; promotion of research on priority and novel commodities; preparation of training manuals and tool kits on agro-processes and technologies; and dissemination of agro-industrial data for decision making.

Direct recipients of assistance include policy-makers, support institutions – research and development centres, vocational training facilities, professional associations, chambers of commerce and industry – and all types of agro-enterprises.

Project development and implementation frequently benefit from joint initiatives with other UNIDO branches as well as from the Organization's long-standing cooperation with other international agencies, among them the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Environment Programme (UNEP), and the World Health Organization (WHO).





Many developing countries are major suppliers of raw materials to the textile, leather and wood industries. Yet, too often raw materials leave these countries with no or very little processing thus depriving the exporters of badly needed additional income in hard currency. Moreover, agriculture-related industries are often labour-intensive and recruit much of their workforce from the most vulnerable population groups. Improving the performance of these industries can therefore have a direct positive impact on job creation and human security.

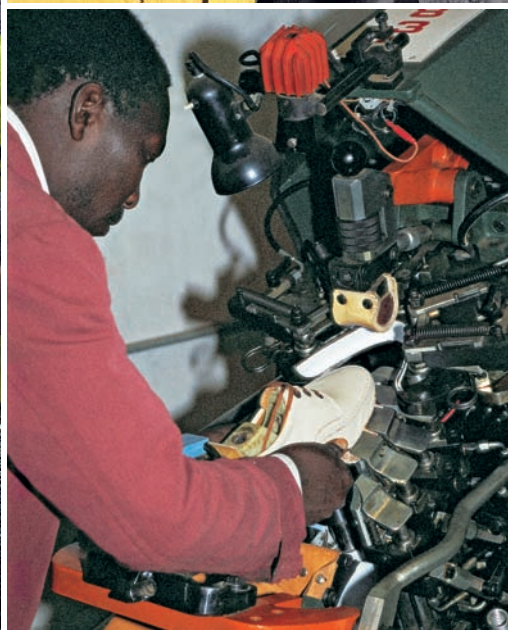
## *textiles: weaving the fabric of competitive products*

Cost pressures, oversupply and fierce competition are threatening the textile and garment sector the world over. The paradigm change from the simple assembling of garments to “full package” services (design, fabric sourcing, trims and logistics) requires additional skills and knowledge and therefore specialized training. Moreover, conventional trade barriers tend to be replaced by demands that producers adhere to quality and environmental norms, such as ISO9000 and eco-labeling, which cannot be easily met by manufacturers in developing countries.

The Branch supports both conventional and informal producers of textiles and garments with advice on adequate technology, product diversification and the identification of market opportunities. Special attention is given to value addition in processing natural fibers such as silk, coir, cotton and jute. Product development in this and other areas is facilitated through the establishment of design centres. Computerized colourimetry and colour matching helps enterprises improve product quality and reduce pollution. To disseminate basic skills in poverty-stricken areas, the Branch produces special manuals and multimedia CD-ROMs for training sewing-machine operators.

Since mid-2010, Bangladesh has been the beneficiary of a large project implemented by the Branch and funded by the European Union and Norway. *Better work in textiles and garments* is helping improve the competitiveness of a sector which accounts for a very large share of the country's gross domestic product as well as of its exports. Over 20 enterprises have already received direct assistance in improving productivity and product quality. Quick-impact training modules for textile and ready-made garment manufacturing have been customized to meet local skill upgrading needs. Some 1,100 managers and supervisors and about 500 designers and technicians have attended training programmes to date. Textile professionals as well as government officials and faculty members have participated in study tours or have attended workshops and master courses in Spain, France, the Czech Republic and the United Kingdom. Moreover, strategic alliances have been established between support institutions in Bangladesh and technical universities and development assistance agencies in Germany, the Czech Republic and the United Kingdom as one of the means to ensure the sustainability of project achievements.







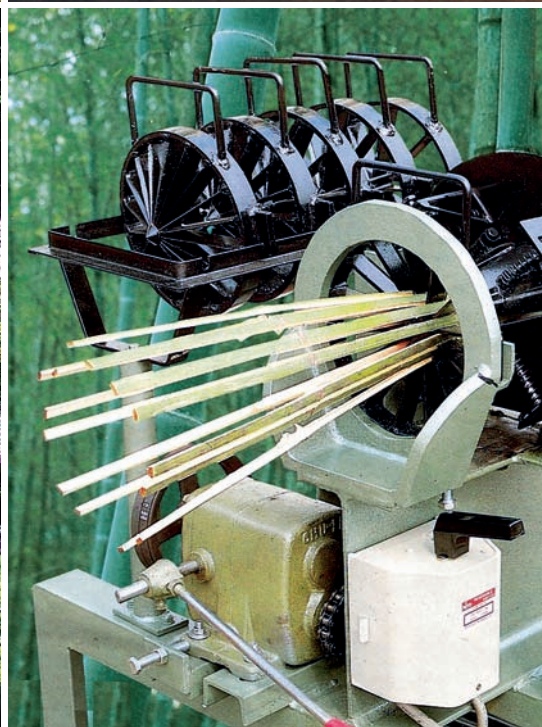
Hides and skins are valuable by-products of the meat industry. They are important earners of foreign exchange and require relatively low capital investment for processing. Leather making and the manufacturing of leather products are labour-intensive and a key source of employment particularly for women. However, tanneries have to cope with a daunting pollution challenge and are a prime target of public scrutiny and government regulation.

## *leather industries: opening roads to global markets*

Skill development and technology upgrading across the entire range of operations in the leather value chain have long been the centerpiece of UNIDO support. The benefits of enterprises receiving pilot assistance include productivity gains and a significant increase in the quality of their products. By establishing and supporting trade associations and training centres, the Branch ensures the dissemination of such improvements in manufacturing performance. Practical assistance in marketing has allowed enterprises to capitalize on improved product quality and design capabilities and consequently increase their export earnings. In recent years, the Branch has successfully promoted the mechanism of subcontracting as the fastest and most effective access route to the global market. Enterprises assisted by the Branch have upgraded in-plant as well as end-of-pipe pollution control to meet discharge norms and avoid harsh penalties. Emphasis is also given to waste utilization and safe disposal, and to occupational health and safety.

Since 1977, government officials, educators, researchers, technicians and managers from all over the globe have attended with growing interest and in increasing numbers the meetings of what has become the most effective forum of the developing world's leather and leather products industries. The UNIDO Leather and Leather Products Panel is a fair of ideas where top-level leather professionals strive to hammer out solutions to the complex challenges facing the sector. Hosted every two years mostly by countries which are major players in the leather industries, the Panel meetings are also a stage where UNIDO fine-tunes its development assistance strategies. Held in Addis Ababa, Ethiopia, in 2010, the 17th Panel meeting produced over a dozen specific recommendations that helped shape the work of UNIDO leather experts over the next two years. It was a milestone event hosted by a country whose rapidly growing and increasingly successful leather sector bears prominently the mark of UNIDO assistance. In September 2012, during the All-China Leather Exhibition in Shanghai, the Panel held its second meeting in a country which plays an overpowering global role in the footwear industry in particular, and as such has become a major source of subcontracting arrangements for developing countries. China's Hua Jian Industrial Holdings, for example, has recently pledged to invest US\$2 billion in footwear manufacturing facilities and create 100,000 jobs in Ethiopia over the next ten years.







Wood and non-wood forest products, such as bamboo, are renewable and highly versatile natural resources that can fuel a wide range of labour-intensive processing industries. However, in developing countries, the wood sector is predominantly characterized by very low efficiency in log-to-lumber operations and a very limited secondary processing segment (furniture, construction materials). It also suffers from poor product quality and outdated product designs that severely limit access to world markets.

## *forest products: building green value chains*

Moreover, the wood sector is both a major component and a controversial ingredient in the agro-industrial mix of many of the developing world's economies. While it is an important source of employment and income, the sector is beleaguered by sensitive environmental issues. The Branch has a long record of success in promoting a higher share of operations that add value to forestry products and allow a more sustainable use of forest resources. Forest licensing schemes and plantation projects, waste reduction in primary processing and utilization of production waste and by-products (such as for energy generation) are being consistently promoted by the Branch in its endeavour to map viable green value chains for the sector.

Relying mainly on South-South cooperation for technology transfer, the Branch has helped develop the bamboo industry on three continents. From food to flooring boards and furniture, numerous industrial bamboo products are now being exported in considerable quantities by developing countries. An increasingly evident consequence of this development is the generation of employment opportunities in remote rural areas. The main vehicles for bamboo development are technology centres created in recent years in close cooperation with national partners. They provide technical skill training, prepare manuals and feasibility studies and, as a network, constitute a global reservoir of expertise.

The Cane and Bamboo Technology Centre in the northeastern Indian state of Assam has received support from UNIDO in its effort to upgrade the region's traditional bamboo industry, with its inherent market limitations, by expanding the manufacturing capabilities of local enterprises to include wider-use products such as blinds and flooring.

The Assam Centre, in conjunction with the India-based UNIDO Centre for South-South Industrial Cooperation, played a catalytic role in a recently completed project carried out by the Branch in Timor-Leste. Opened in 2008, the Centro Bambu at Tibar has capitalized on this networking arrangement to upgrade the skills of local labour, improve efficiency in raw material utilization and, most importantly, expand product range to include boarding and furniture. The Tibar Centre is also promoting successfully bamboo nursery and plantation operations.







A significant proportion of households in developing countries continue to depend on agriculture for their livelihood. However, productivity is generally very low and this is mainly caused by a lack of agro-machinery. Adequate mechanization is the main engine of productivity and competitiveness in agriculture. It allows the transition from subsistence farming to commercial agriculture and market access. Improvements in agro-machinery as a response to specific needs of local farmers, including women, can reduce time constraints and harvest waste, increase productivity and contribute significantly to food security. Moreover, where natural disasters, armed conflicts or epidemics reduce labour availability, or where the farming work force includes children and the elderly, proper tools and machinery can help maintain agricultural production at satisfactory levels.

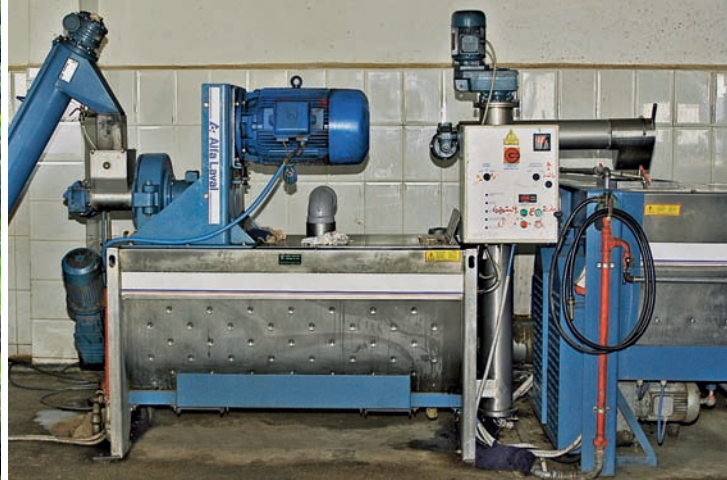
## *agro-machinery: tooling up for food security*

The Branch assists in the rehabilitation and restructuring of workshops and factory operations which design and manufacture agro-machinery and tools. It helps blacksmiths and other providers of rural services to produce and maintain standardized equipment that meets local needs. It facilitates the transfer of hardware and innovative technologies to support institutions that cater to the needs of small businesses in the farming and food sectors and consequently helps such enterprises improve their competitiveness and market access. As it performs these functions to ensure food security and income generation, the Branch also gives special consideration to the social and environmental dimensions of mechanization. The support provided by the Branch in agribusiness technology benefits other UNIDO services that rely on agro-equipment as an essential factor in the endeavour to add value to farm products and raise living standards in rural communities.

A two-year project carried out by the Branch in Afghanistan covered 43 war-devastated villages in the Ghazni and Herat regions. Farmers with small plots of land and groups of women were provided with tools, tractors and other machinery as well as training to improve agricultural production and food-processing capabilities. The overall impact of this assistance was a significant improvement in food security and in the villagers' capability to generate auxiliary incomes.

Scarred by a long civil war and the tsunami of December 2004, two districts in eastern Sri Lanka, Batticaloa and Trincomalee, benefited from a Japan-funded project carried out by the Branch over several years. The project helped some 3,000 households in rural communities revitalize agricultural activities and increase productivity by replacing mostly manual traditional methods with efficient crop-tending practices and mechanized operations. Agricultural machines such as tractors, power tillers and rice reapers and threshers boosted labour efficiency and opened up a true development course beyond subsistence agriculture and dependence on relief.







The lack of basic processing technologies plagues the food industry in developing countries. In addition, inadequate preservation practices cause a prevalence of contaminated food and food-borne diseases, especially in rural areas. The Branch focuses its assistance on technology improvements, process optimization, and the utilization of by-products. Its pilot food-processing centres are a time-tested means of spreading the know-how of efficient value addition to food resources. Factory rehabilitation projects and campaigns to improve product quality help food enterprises increase their income and generate new employment opportunities. To promote food safety, the Branch assists enterprises in implementing good hygiene practices and introducing food-safety systems based on risk analysis and prevention, and traceability. Moreover, compliance with the Sanitary and Phyto-Sanitary Agreements is an important objective of the Branch in its efforts to help food enterprises in developing countries expand their access to markets.

## *food technology: the key to processing efficiency*

To strengthen the linkage between agriculture and industry through technological upgrading of SMEs in African countries, the Branch establishes pilot food-processing centres equipped to capitalize on the value-addition potential of key local agro-commodities. The centres render advisory services to local farmers to ensure the desired quality of raw material supply, train processors in the use of new technologies and equipment, promote product diversification, and facilitate access to outlets. Pilot processing facilities established in such least developed countries as Burkina Faso, the Democratic Republic of the Congo, Madagascar, Mali, Senegal, Uganda and the United Republic of Tanzania play an important catalytic role within the overall effort to improve food security and reduce poverty. In Kenya, under a Japan-funded project currently being implemented, the Branch is setting up three processing centres – at Kisumu, Migori and Bungoma – specialized in soybean-based products. One key objective of this technical assistance project is to demonstrate how small soybean-processing plants can popularize the consumption of nutritious soybean-based foods, particularly in rural communities where malnutrition caused by protein deficiency is common.

In the Democratic People's Republic of Korea, the Branch helped establish a dairy facility specialized in milk products for children. With the participation of Austria's Food Technology Centre Wieselburg and the International Center for Small Hydropower Plants in Hangzhou, China, this project was an innovative combination of raw material sourcing, processing, and energy supply. Since its completion in 2006, the plant has been carrying out daily deliveries of its products to some 800 kindergarten and nursery children.







The Accelerated Agribusiness and Agro-Industries Development Initiative (3ADI) is a multilateral effort to promote and support the establishment of highly productive and profitable value chains for key agricultural commodities in developing countries. It stemmed from the Abuja Conference Declaration of March 2011, which called upon UNIDO, the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and the African Development Bank (AfDB) to help speed up the development of agriculture and related industries and thereby ensure sustainable economic growth and poverty reduction in African countries.

### *3ADI: adding value to agro-commodities*

In close cooperation with its counterparts at the partner organizations, the Branch designs and implements technical assistance projects and provides policy support. Its interventions target all key aspects of agribusiness development; it upgrades value chains, strengthens the technology base, promotes innovative means of financing, stimulates private sector participation, contributes to infrastructure improvements, and facilitates market access.

Constraints are identified along the value chains of commodities singled out by local governments as priorities. Subsequently, the Branch designs and validates with all stakeholders specific interventions aimed at harvest efficiency, value addition, supply chain management, and trade promotion. To date, value chain studies on priority commodities have been conducted in over 20 countries, among them Afghanistan (wheat), the Democratic Republic of the Congo (cassava, palm oil), Haiti (bananas, tubers), Madagascar (bio-silk, bio-honey), Rwanda (livestock, milk, leather), South Sudan (cereals), and the United Republic of Tanzania (red meat, cashew nuts).

In the implementation of 3ADI projects, the UN partner agencies build upon their previous work in the target countries. The *Livestock resources value chain development* project in Rwanda is a case in point. Dwelling on recent assistance in key segments of the value chain – livestock rearing (IFAD), dairy products (FAO) and leather (UNIDO) – the project helps improve the performance of mostly small and medium-size enterprises and thereby contributes to food security and the expansion of employment and entrepreneurial opportunities. The Branch is also providing support to several small processing facilities established by UNIDO in Rwanda, such as the Leather Goods Training and Production Centre in Masaka. These pilot facilities are expected to stimulate replication and promote cottage industry development.







With one-sixth of the world population being undernourished, the drastic reduction of poverty and hunger is the most critical – and until now one of the more elusive – of the Millennium Development Goals. The scourge of hunger and malnutrition, apart from the toll it takes in human suffering, cripples the development potential. The challenge faced by all parties who strive to contribute effective remedies is daunting in its complexity. Higher crop yields and more effective animal rearing practices are not enough to feed a significantly higher proportion of the world's hungry. To enhance global food security in all its basic aspects – availability, quality, access and stability – much more has to be done along the entire span of commodity-to-consumer agro-value chains.

## *food security: fostering chain reactions in rural life*

As expressed in a statement before the Second Committee of the UN General Assembly in 2010, the premise on which UNIDO rests its food security assistance is that sound agricultural development “calls for a holistic process of rural transformation, firmly inserting growers and cattle herders in a value chain from resource to processing industry and markets.” The Organization's core contribution to global efforts to achieve sustainable growth in the supply of safe food as well as adequate access to it are services based on its expertise in food processing technology, rural entrepreneurship development, and the organization of supply chains and markets.

The cultivation of oilseeds has a long tradition in Ethiopia with some three million farmers, millers, transporters and traders earning their livelihood in the sector. In partnership with FAO and the International Labour Organization, UNIDO has been carrying out a Spain-funded project to enhance the performance of the country's edible-oil value chain. By improving the raw material supply system, promoting processing efficiencies and facilitating access to finance and markets, the project seeks to boost the supply of locally produced edible oils and thereby help the industry deal with the pressure exerted by cheap imports of palm oil. To date, 340 farmers and four farmers' cooperatives have been assisted with improved seed stocks, investment credit, and training in best agricultural practices. Moreover, two farmers' unions have received seed cleaning and grading machinery, and the project has helped set up two producers' consortia of 77 members with the objective of a joint investment in a refinery.

A recent UNIDO initiative is a feasibility study on the establishment of a meat canning factory in Mongolia's Altanbulag Free Trade Zone. Using the Organization's COMFAR III Expert financial analysis software, the project outlines the business potential of a public-private partnership that would benefit from the incentives provided by the free trade zone and would upgrade the region's three slaughterhouses with deboning machinery to absorb the abundant supply of meat provided by local cattle herders. With an ultimate processing capacity of 17 tonnes per day, the factory would increase significantly the country's supply of durable food and could export to the neighbouring Russian Federation.





UNIDO has a keen interest in the impact that fast-paced advances in biotechnology can have on agro-industrial development and its sustainability. High-yield and “fortified” crops can contribute substantially to food security and increase employment and incomes in rural communities. With higher efficiency levels and a reduced ecological footprint, biotechnology-enabled production processes play an increasingly significant role in such key industrial sectors as food, textiles, leather and wood.

## *biotechnology: tapping the potential of bio-resources*

Launched in 2010 with the support of the Government of the Flemish region of Belgium, the International Industrial Biotechnology Network was established by UNIDO to help developing countries access novel biotechnology products and processes. The Network seeks to catalyze South-South and North-South partnerships with the participation of public research institutions, industry and regulatory agencies committed to sharing expertise in pursuit of economic benefits from unexplored or underutilized biological resources.

With food security and sustainable livelihoods in rural areas as their main objectives, a growing number of projects implemented by the Branch have an important biotechnology component. A five-year project to revitalize the cotton industry in Ghana is about to start implementation in partnership with the World Bank, the International Finance Cooperation and FAO. Some 100,000 small-plot farmers in the country’s cotton belt, three northern regions plagued by Ghana’s highest incidence of poverty, stand to benefit from higher productivity and lower production cost through the introduction of new crop technologies including insect- and herbicide-resistant cotton. The project will also pilot cotton by-product utilization and will identify and promote investment opportunities in downstream processing.

Grown by 70 per cent of the farming population, banana is Uganda’s staple crop and the subject of a project currently being developed. A value chain development strategy is being elaborated to tap the large value addition potential of the banana fruit, peel and stem by applying new technologies in the food, textile, furniture and paper industries. To ensure a sustainable supply of such new products, the project will promote the use of environmentally sound technologies by the bio-based industries supporting the banana sector; one important intervention is the production and dissemination of disease-free plantlets to facilitate the recovery of plantations devastated by the banana bacterial blight. It is expected that rural communities in the selected banana-growing regions will benefit from a significant increase in employment and entrepreneurial opportunities.







While a staggering 75 per cent of the world's poor live in rural areas, policies and resources continue to be biased in favour of urban development with detrimental effects for both rural and urban populations. Harnessing the productivity and entrepreneurial potential of rural communities is indispensable in the effort to achieve resilient economic growth that can raise people above the poverty line.

## *rural enterprises: making small bountiful*

Most rural inhabitants depend for their livelihood on small-scale food-crop agriculture, fishery, pastoral animal husbandry, wage labour on plantations and ranches, or ancillary activities linked to rural townships. However, increasingly smaller parcels of land, low agricultural productivity, volatile weather conditions and soil erosion compel many rural families to seek additional sources of income.

Rural non-farm productive activities can contribute significantly to wealth creation and the well-being of rural communities. Consequently, UNIDO promotes growth strategies based on diversification in rural economies, and the Branch consistently supports the development of agro-value chains and facilitates the transition of informal economic activities into the formal sector. Based on assessments of local resources and needs, value chain development programmes include the establishment of small pilot processing units, skill development, technology transfers, compliance with quality standards, and product development.

An ongoing project in Mozambique is fostering viable small-scale enterprises in two of the country's northeastern districts, Mozambique Island and Mossuril. At recently opened one-stop shops, the prompt availability of information, business registration, licensing and taxation services ensures significant cost and time savings. Project-designed entrepreneurship courses at secondary schools and technical training programmes are improving the self-employment prospects of young people; over 1,500 students have already been attending business classes taught by 18 project-trained teachers. Simultaneously, the project has been supporting local private sector organizations in their effort to respond to the growing demand for quality services and products, particularly in the tourism sector.







The impact of open conflict and natural disasters in many parts of the world has become a major concern for national governments and international policy-makers. In an environment of turmoil and deprivation, the rapid deterioration of human security in general and a marked increase in the vulnerability of the weakest are inevitable. The social and economic fabric of communities and families is damaged and productive capabilities are diminished. Frequently, these pressures lead to the dislocation of large numbers of people. The widespread threat of famine, the destruction of basic rural infrastructure and means of production, and acute demographic turmoil in these regions require interventions designed to help rebuild the very foundations of rural life in ways that ensure sustainable development through increased productivity and employment and entrepreneurial opportunities.

## *human security: helping where help is needed most*

UNIDO is assisting its national partners in mobilizing and applying the means necessary to meet these challenges. In Afghanistan, Armenia, the Democratic Republic of the Congo, Iraq, Sudan and elsewhere, the Branch has been engaging crisis-affected communities in the development and application of custom-tailored endeavours to improve productive opportunities and living standards. A key purpose of the overall assistance is to target primarily the most vulnerable population groups: women and youth, internally-displaced persons, refugees and returnees, ex-combatants, and poor farmers.

Severe recession, largely caused by a cumbersome transition to market economy, and the conflict with Azerbaijan have worsened the already precarious condition of Armenia's vulnerable groups such as refugees, internally-displaced persons and women. Within a larger UN assistance programme in the Kotayk and Gegharkunik provinces, the Branch promoted small-scale entrepreneurship, facilitated access to credit and helped improve community services. Over 100 persons, most of them belonging to disadvantaged groups, were trained in small-business management and 27 business projects in such areas as retail commerce, food processing and health care received loans from a seven-year SME-supporting fund established by the project. Four providers of community services, among them a refugee house and a kindergarten, were rehabilitated or acquired new facilities.

In war-torn Sudan, the *Skills for Peace and Income* project contributed to livelihood recovery among young men and women displaced from South Kordofan State and living in shantytowns in Khartoum State. Funded by the Government of Japan, the project held 21 training courses attended by 353 teenagers at four vocational schools. The curriculum included both training in such technical skills as welding, tiling, house painting and repair of electrical appliances as well as courses in small-business management. Moreover, UNIDO experts provided employment counseling and business incubator assistance.







Women make up over 70 per cent of the agricultural labour force and they account for over 80 per cent of food production in most of the developing countries, particularly in Africa. In spite of their significant contributions to socio-economic development, women suffer from various constraints that prevent them from fully realizing their potential. One of the major obstacles women face as entrepreneurs is the unequal access to resources and services such as finance and skill upgrading opportunities.

## *women in business: the mainstreaming challenge*

Young people in developing countries are also often disadvantaged in their entrepreneurial aspirations largely due to a pronounced scarcity of opportunities to acquire adequate technical skills and managerial know-how. The lack of an enabling business environment and a feeble entrepreneurial culture are also significant impediments. The dire consequence is that many young men and women find themselves trapped in unrewarding occupations as unskilled workers, far from the mainstream of economic development.

To respond to these challenges, UNIDO applies mainstreaming strategies that help women and youth realize their economic potential and thereby improve their standard of living. Youth entrepreneurship development is a priority objective with technical training receiving the largest share of assistance provided by the Branch to prepare young men and women for jobs or self-employment in trades for which there is a high demand in local markets. While all Branch initiatives and interventions promote gender equity, some projects are specifically designed to help women succeed as small-business owners in sectors where they make up a large part of the labour force and can often capitalize on their cultural heritage.

A gender-mainstreaming project launched in Pakistan in late 2010 has helped over 500 women from poor rural and semi-urban communities set up or improve small businesses. In addition to business management know-how, the beneficiaries have received training in production techniques, product design and innovation in marble and mosaic work, jewelry and home furnishing textiles and fashion. The project has also assisted local universities and private support institutions in building up their technical and enterprise development capabilities, and Pakistan's First Women's Bank was brought on board to provide credit facilitation through business growth centres established by the project.







Creative industries have significant potential for wealth creation when supported by appropriate policies and development programmes. In art, architecture, crafts, industrial design, fashion, film, advertising, the media, etc., governments, academia and businesses worldwide promote entrepreneurial endeavours as a source of innovation and income.

## *creative industries: capitalizing on cultural heritage*

The development of creative assets is an emerging sector in developing countries. Yet, there are many constraints that affect the growth of small and medium-size enterprises in creative industries, most of these impediments being directly related to organization size, the frequent isolation of small-scale enterprises, and the institutional environment. To help meet these challenges, the Branch provides assistance at three levels: advice to policy-makers on establishing a favourable regulatory environment; capability building support to business service providers; and direct technical and managerial services rendered to existing and potential entrepreneurs.

Economic activities associated with a country's cultural heritage can be an important instrument of growth especially for small and medium-size enterprises. It was this rationale that inspired a remarkably successful endeavour: the incorporation of traditional Ethiopian motifs into the designs of leather accessories. Carried out as part of an Italy-funded UNIDO programme to upgrade the Ethiopian leather and leather products sector, the project selected designs of traditional Ethiopian artifacts and a variety of materials (in addition to leathers) such as fabrics, metals and beads, and subsequently held workshops to improve the skills of local designers. Twelve small enterprises participated in the development of a collection of mostly women's bags and labeled Taytu – Made in Ethiopia. Collection samples were presented at a promotional event in London, with an article in *The Times* echoing the “very positive initial reaction” of designers and department stores, and praising UNIDO for helping “develop the first fair-trade luxury accessories label.” The Taytu promotional collection was then showcased at *Premiere Classe*, the prestigious accessories trade show in Paris, and came away with significant preliminary orders placed by big-name fashion retailers in London, Paris and Milan. *Trade Forum International* magazine hailed the “decorative, colourful accessories” as a “unique blend of ethnic and sophisticated modern design.”

Within the framework of a UNESCO/UNDP/UNIDO creative industries programme, the Branch is carrying out a pilot project to tap the potential of traditional textiles in Bhutan. Encouraging results, such as new employment and entrepreneurial opportunities mainly for women in rural areas, and additional income from tourism, have led to the current expansion of the initiative to cover traditional food as well as wood working and other crafts.

## The path ahead: partnerships across the public-private divide

The significance of agribusiness for wealth creation in developing countries is widely recognized. GDP growth alone, based chiefly on exports of oil, minerals and agricultural commodities with little or no processing involved, has not led to sustained poverty reduction. In order to accelerate sustainable growth and development, a rural transformation process is needed to raise the economic value of agricultural commodities and create off-farm employment opportunities in areas such as processing, logistics, finance, marketing or quality management. Farming must be seen as a modern industry with distinctive scientific, technological and management inputs: the focus of development assistance must move beyond agriculture, towards agribusiness.

In a typical agribusiness value chain, the actors are farmers and traders; suppliers of fertilizers, pesticides and seeds; rural utility companies; transporters and processors; and providers of technology and rural finance. A coordinated mobilization of resources is required to improve the productivity of resource endowments and production factors – land, labour and technology. This involves enhancing skills and know-how in areas such as management and marketing; capital through finance and investment; adoption of quality control and food safety measures; and new and adapted technologies.

Most of these resources are now held by the private sector. Private investment flows (both domestic and foreign) to the developing world have been on a steady rise; in 2008, private fixed investment in sub-Saharan Africa represented more than three times the volume of official development assistance. Several funds have been established in response to a fast-growing interest of private investors in the potential of agribusiness in the developing world. They offer a range of structured products from debt to equity, catering to a varying risk appetite of investors, as well as a diverse market from smallholder farming enterprises to large agribusinesses.

Services to agribusiness investors include developing pipelines for private finance; sharing basic information on agribusiness and value chains; promoting innovative sources of finance and linkages between private finance and development projects in general; and, most importantly, exploring synergies between private finance and public investment projects. At post-investment stage, development assistance will reduce transaction costs for agribusiness investors while supporting smallholder farmers by organizing the supply side in rural communities; developing wherever warranted out-grower schemes; building processing capabilities in rural SMEs and improving their productivity and the quality and consistency of their output; or facilitating the management of supply chains through the introduction of traceability mechanisms.





For more information, please contact:

The Director, Agribusiness Development Branch  
United Nations Industrial Development Organization  
P.O. Box 300, 1400 Vienna, Austria  
Telephone: (+43-1) 26026 3690. Fax: (+43-1) 26026 6849  
E-mail: [agribusiness@unido.org](mailto:agribusiness@unido.org)



**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria

Telephone: (+43-1) 26026-0. Fax: (+43-1) 26926-69.

E-mail: [unido@unido.org](mailto:unido@unido.org) Internet: <http://www.unido.org>