



## RURAL TRANSFORMATION

Promoting livelihood security by adding value to local resources



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## Non-farm enterprises: diversifying rural economies

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.

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. UNIDO promotes growth strategies based on diversification in rural economies. Within the Organization's Agribusiness Development Branch, the Rural Entrepreneurship and Human Security Unit [henceforth referred to as "the Unit"], 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, projects focused on adding value to farm products 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 products and services, particularly in the tourism sector.

All projects carried out by the Unit promote rural entrepreneurship as an effective means to create wealth. However, some interventions focus primarily on three major challenges of rural development (covered in the following pages): human security in post-crisis environments; advancing women's role in economic life; and tapping cultural heritage values in the so-called creative industries.







## Human security: helping where help is needed most

The impact of open conflict and natural disasters in many parts of the world has become a major concern of 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.

UNIDO is assisting its national partners in mobilizing and applying the means necessary to meet these challenges. In Armenia, Liberia, Sierra Leone, Sudan and elsewhere, the Unit 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 Unit 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 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 in business: the mainstreaming challenge

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 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.

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 Unit 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 Unit 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, 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: capitalizing on cultural heritage

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.

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 Unit 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.”

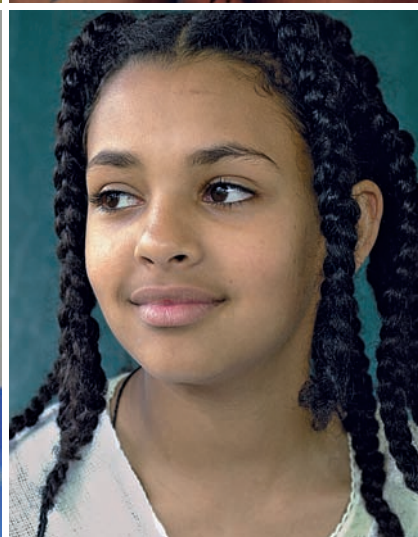
Within a UNESCO/UNDP/UNIDO creative industries programme, the Unit is carrying out a pilot project to tap the potential of traditional textiles in Bhutan. Encouraging results, such as new employment and entrepreneurial opportunities mainly for women in rural areas, and additional income from tourism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



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