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Strengthening UNIDO programmes through unutilized balances of appropriations

Trust fund on food security

Report by the Director General

In compliance with General Conference decision GC.13/Dec.15 and Board decision IDB.38/Dec.5, the present report provides information on the trust fund on food security, thereby updating the information presented in previous reports to the Board (documents IDB.38/10, IDB.39/10 and IDB.40/6*). The present report also includes information on recent developments in the implementation of the Accelerated Agribusiness and Agro-Industries Development Initiative.

I. Introduction

1. The thirteenth session of the General Conference of UNIDO in 2009 decided to establish a trust fund to increase food security through agribusiness and agro-industry promotion (decision GC.13/Dec.15). Additional funds were allocated to the trust fund following discussions at the fourteenth session of the General Conference in 2011, and a growing number of countries are now contributing to the fund.

* Reissued for technical reasons on 19 April 2013.

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2. In a separate development, UNIDO, in cooperation with the Food and Agriculture Organization of the United Nations (FAO) and the International Fund for Agricultural Development (IFAD), launched the African (Accelerated) Agribusiness and Agro-Industries Development Initiative (3ADI) in 2010, which was to be used as a strategic vehicle to develop a coherent, innovative, high-visibility programme to strengthen food security in low-income countries building on the seed resources made available through the trust fund. Originally, 3ADI pooled together a contribution of €300,000 under the trust fund, as well as a parallel contribution of about €350,000 from the Government of Finland. The activities and achievements of the programme were reported on several occasions to the policymaking organs of UNIDO; the present report covers the activities undertaken since May 2012.

3. By February 2013, the 3ADI programme had absorbed around €800,000 of resources from the trust fund on food security, and generated over \$6 million of technical assistance projects funded from other sources in the Democratic Republic of the Congo, Guinea, Sierra Leone and the United Republic of Tanzania, as well as forthcoming projects of over \$20 million in Madagascar, Niger and South Sudan for which approval is expected in the coming months.

II. Recent progress

4. The programme in its original design targeted 12 countries, of which 10 are least developed countries (LDCs) and two are outside the Africa region. The countries are: Afghanistan, Comoros, Democratic Republic of the Congo, Ghana, Haiti, Liberia, Madagascar, Nigeria, Rwanda, Sierra Leone, Sudan (later Sudan and South Sudan) and United Republic of Tanzania.

5. As the visibility of the programme increased and its positive impact was felt in the first group of countries, a number of countries expressed their wish to join the initiative. Brazil, Burkina Faso, Côte d'Ivoire, India, Niger, Uganda and Zambia are now part of the programme. Meanwhile, the introduction of an enterprise resource planning system at UNIDO has allowed for a structured expansion of the 3ADI programme around four pillars:

(a) Formulation of agribusiness development programmes in the new countries, following the 3ADI methodology;

(b) Short-term response to support co-funding with external partners in joint initiatives;

(c) Partnership with private corporations and funds targeting agribusiness investment;

(d) Reporting, monitoring and evaluation.

6. Major activities developed at country level since April 2012 are outlined below:

7. **Madagascar:** UNIDO, the European Union (EU) and the Government of Madagascar agreed in May 2012 to cooperate to promote the sugar cane sector. UNIDO developed a €2.6 million project to enhance the sector through (a) developing modern sugar processing capacities; (b) restructuring the wholesale

and retail distribution networks; and (c) promoting local production for international markets. Main beneficiaries of the project include rural small-scale sugar farmers, processors, and local business development institutions of the Sofia and Anosy regions. The project document has already been submitted to the EU for consideration.

8. **Niger:** After a series of discussions during 2012, UNIDO and the Government of Niger agreed to formulate a project to enhance food security and increase rural incomes through the expansion of the meat and cowpea value chains. The assessments conducted in the country defined the priority areas of intervention, which include dissemination of advanced processing techniques, business management, and sustainable energy generation. UNIDO is currently finalizing the project document and will submit it to the Government of Niger for final approval and funding. The project targets \$12 million over a period of 5 years.

9. **South Sudan:** In March 2012, UNIDO conducted a joint mission with the Canadian International Development Agency (CIDA) to South Sudan and explored potential synergies in the context of 3ADI. The mission identified value chains for future intervention including fruits and vegetables, and fisheries in the Sobat-Nile corridor, Upper Nile State. The proposed project intends to rehabilitate processing units and provide capacity-building training to 8,000 farmers, and indirectly reach out to a total of 50,000 vulnerable populations. The project document was recently submitted to CIDA, and is currently under review. The total costs of the project are estimated at \$9 million.

III. Thematic expansion: investment finance and sustainable agribusiness value chains

10. The programme also saw major developments in mainly two areas: (a) the mobilization of agribusiness finance through technical advisory capacity; and (b) the development of a diagnostic tool for sustainable agribusiness value chains.

11. Following the establishment of the first large-scale fund of funds in agribusiness in Africa in May 2012, called AgVance Africa, UNIDO agreed with FAO and the African Development Bank (AfDB) to establish a public 3ADI technical assistance facility (3ADI TAF) to provide public goods and services, such as value chain analyses, policy advice, and capacity development of public institutions. The concept of 3ADI TAF was developed through a series of discussions among the three organizations followed by a joint mission to Brussels in September 2012 to seek financial support from the EU. A detailed business plan for the facility will be developed in 2013.

12. As one of the main promoters of the technical assistance facility of the African Agriculture Fund, UNIDO evaluates and clears technical assistance projects related to equity investment of this private equity fund. To widen its cooperation with UNIDO, facility managers visited UNIDO headquarters in January 2013 and identified synergies with various UNIDO projects in the agribusiness sector, including 3ADI. Through active participation in these schemes, UNIDO has successfully widened its network with the investment/finance community to further mobilize additional resources for the development of the African agribusiness sector.

13. In relation to environment issues, UNIDO decided to develop a sustainable agribusiness value chain diagnostic assessment tool through two large-scale programmes, namely the 3ADI and the Green Industry Initiative, which will fully integrate environmental aspects into an innovative value chain approach that conserves natural resources and increases economic competitiveness through value addition. The tool will be primarily used to assess environmental impacts across all agribusiness value chain segments from upstream production and cultivation to downstream distribution on soil, water, biodiversity and/or climate.

IV. New partners

14. As the scope and thematic coverage of the programme has widened, recognition of 3ADI has increased among key stakeholders from both public and private sectors.

15. Regarding public partnerships, cooperation with the African Union Commission (AUC) has widened through various channels. In May 2012, UNIDO and the AUC co-organized a Conference on Economic Diversification and Manufacturing in Africa where 3ADI was featured at a special session on agribusiness development. In September 2012, the Comprehensive Africa Agriculture Development Programme called for a meeting with different initiatives, i.e. 3ADI, Grow Africa, and Making Finance Work for Africa. The meeting highlighted complementarities and made a case for stronger cooperation among these initiatives. The outcome document of the discussions was endorsed at the Joint Conference of African Ministers of Agriculture and Trade in November 2012. In addition, at its sixty-seventh session the United Nations General Assembly welcomed the support provided through 3ADI aimed at further strengthening the industrialization process in Africa (General Assembly resolution 67/225).

16. With regard to private partnerships, several multinational companies have approached UNIDO to discuss potential cooperation opportunities around 3ADI. In response to such interest from private entities, UNIDO developed an innovative project concept to support private investment in the value chains supported under 3ADI. The concept is currently under review by the Government of Japan for financial support under the Fifth Tokyo International Conference on African Development.

V. Monitoring and evaluation

17. Following the expansion of 3ADI in both thematic and geographic coverage, the original monitoring and evaluation framework required adjustments to effectively cover both existing and newly introduced activities. In this context, a new logical framework has been introduced, which will enable a comprehensive and rigorous monitoring of and reporting on 3ADI.

VI. Action required of the Committee

18. The Committee may wish to take note of the information provided in the present document.
