



3ADI Agribusiness development for food security and poverty reduction

Context

In large parts of the developing world the potential of agro-enterprises remains unexploited. Smallholder farms remain trapped in a cycle of subsistence for two main reasons. Firstly, their yields are too low to generate marketable surpluses due to a lack of access to modern technology, information and production factors. Secondly, they cannot get their produce to markets because of weak infrastructure and missing linkages between farm-level production and down-stream activities such as processing and marketing.

However, the agriculture sector remains the backbone of economic activity, employment and livelihoods in developing countries. Strengthening the sector and adding value to agricultural commodities are instrumental in enhancing food security, stimulating economic growth and reducing poverty in a sustainable manner.

Strategy

Launched in 2010, in partnership with AfDB, FAO and IFAD, the Accelerated Agribusiness and Agro-industries Development Initiative (3ADI) aims at enhancing the productivity and profitability of agribusinesses. In support of this goal, UNIDO designs and implements action-oriented technical assistance programmes and provides integral policy support. Its interventions concentrate on the several key pillars of agribusiness development; upgrading entire value chains, strengthening technology, promoting innovative sources of financing, stimulating private sector participation, improving infrastructure and facilitating market access.

Constraints are first mapped along the value chain of one or two key agricultural products identified by local governments as priority. UNIDO subsequently designs and validates in close collaboration with stakeholders concrete interventions that promote value-addition in agro-processing, post-harvest handling, supply chain management and trade promotion. UNIDO further assists beneficiaries in mobilizing the necessary resources (finance, investment, technology, expertise, etc.) so as to contribute to the sustainability of its interventions.

The initiative builds on the awareness that tackling complex challenges such as the transformation of subsistence agriculture into productive agribusiness, requires involving a broader range of actors. Hence, 3ADI pools together key stakeholders – governments, development partners, business and research institutions alike – to leverage their core competencies, share knowledge and harmonize efforts. Since the private sector plays an instrumental role in driving the systemic change in agribusiness, the 3ADI also provides a framework for developing cross-sectoral partnerships to help implement large-scale programmes in this area.

At a Glance

- GOAL:** Value addition to food and non-food commodities along the entire supply chain, mostly in Least Developed Countries and countries in post-conflict situations
- THEME:** Agri-business (food & non-food commodities)
- SCOPE:** Afghanistan, Brazil, Burkina Faso, Comoros, Democratic Republic of Congo, Ethiopia, Ghana, Haiti, India, Liberia, Madagascar, Niger, Nigeria, Rwanda, Sierra Leone, Republic of the Sudan, Republic of South-Sudan, Tanzania
- PARTNERS:** Food and Agriculture Organization (FAO)
African Development Bank (AfDB)
International Fund for Agricultural Development (IFAD)



→ Outlook:

By involving various actors and linking their unique resources, UNIDO can enhance the effectiveness and sustainability of its activities, promoting the expansion of local and international value chains to the benefit of small producers and entrepreneurs. As a consequence, additional income for producers as well as new jobs are created. The integration of smallholder farmers into commercially viable business linkages also allows UNIDO to expand the social inclusiveness of agribusiness value chains. Overall the whole economy of target countries benefits from the higher proportion of consumer price that can be retained within its borders. Partnering with the private sector helps ensure that UNIDO interventions in the industrial development effort remain relevant to the needs of industry. Private partners also facilitate the knowledge and technology transfer required for the empowerment of SMEs and the industrialization of least developed countries. Business engages in the 3ADI because it provides opportunities to enhance its profitability and, at the same time, to mitigate social and environmental risks. Moreover, partnering with UNIDO under the 3ADI framework offers business advantages for new markets and consumer segments. It also provides additional visibility vis-à-vis prospective clients and stakeholders.

UNIDO, as a co-sponsor of the Technical Assistance Facility (TAF) of the African Agriculture Fund (AAF), is supporting the delivery of quality technical assistance services for the agribusiness sector in Africa. The TAF is created to extend the development mileage of private investment from the AAF, a private equity fund established to enhance and diversify food production and distribution in Africa. The AAF is funded by European and African development finance institutions and managed by Phatisa, a private fund management company based in South Africa. Technical assistance services funded by the TAF include building outgrower schemes for the AAF investee companies; entrepreneurship programmes for the rural poor; and capacity development of food processing small medium sized enterprises. UNIDO's participation in the TAF enhances viability of private investment from the AAF and simultaneously mitigates potential social and environmental risks. Along the planning and provision of the technical assistance services, synergies with 3ADI projects are actively pursued.