Least Developed Countries Ministerial Conference

Growth with Quality
Towards the Graduation of LDCs

UNIDO's Operational Strategy for LDCs
In the context of the Istanbul Programme of Action 2011-2020

Afghanistan • Angola • Bangladesh • Benin • Bhutan • Burkina Faso • Burundi • Cambodia • Central African Republic • Chad • Comoros • Democratic Republic of the Congo • Djibouti • Equatorial Guinea • Eritrea • Ethiopia • Gambia • Guinea • Guinea-Bissau • Haiti • Kiribati • Lao People's Democratic Republic • Lesotho • Liberia • Madagascar • Malawi • Mali • Mauritania • Mozambique • Myanmar • Nepal • Niger • Rwanda • Samoa • São Tomé and Príncipe • Senegal • Sierra Leone • Solomon Islands • Somalia • Sudan • Timor-Leste • Togo • Tuvalu • Uganda • United Republic of Tanzania • Vanuatu • Yemen • Zambia

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

UN-OHRLLS
United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developed Countries and Small Island Developing States

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integration and establish value chains across borders

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5. Deliveringon the Operational Strategy

Kandeh K. Yumkella
Director-General of UNIDO

Note by the Director-General

Least Developed Countries are paradoxically resource-rich poor countries. While a number of resource-poor countries enhance the competitiveness of their products without resource-based comparative advantages, benefiting from the rapidly changing technological marvels and thereby lifting millions of people out of poverty, LDCs continue to face the formidable challenge of converting their resource-based comparative advantages into competitiveness. And most LDCs are in the clutches of the resource curse - a development tragedy.

LDCs could climb the ladder of value addition by benefiting from the waves of globalisation which continue their march across counties, with accelerated and sweeping changes. Rethinking the new development realities should be one step ahead of this march. The word "development" can be divided into three parts: develop, men, t (to think). The last letter "T" entails thinking vertically and horizontally, and individually and collectively. The UNIDO 2011 LDC Ministerial Conference is indeed a great opportunity for such interactive thinking towards generating new ideas for facing challenges and seizing opportunities for the cause of using manufacturing as a dynamic force in fostering rapid economic transformation and sustainable development as a follow-up to LDC IV.

Three strategic objectives outlined in this background paper are aimed at converting commodities into products, targeting communities, and thinking globally and acting regionally for value chain development across borders. Creating sustainable sources of livelihoods for the poor through increased agricultural productivity, reduced post-harvest losses and semi-processing for further processing could make a major breakthrough in reducing rural poverty and improving the quality of life of the vulnerable segments of population. Targeting internationally and regionally tradable promising product areas for rekindling new sources of dynamic growth could be a potential and sustainable source of wealth and employment creation. The programmatic accent of the paper calls for thinking globally and acting regionally for value chain development. In those product areas, reducing the distance to technological, scientific and innovation frontiers is critical for thriving in an internationally competitive environment. I am happy that the UNIDO operational strategy paper highlights the contribution of UNIDO technical assistance to the task of reducing the distance to those frontiers by citing a number of case studies and success stories.

UNIDO does not want LDCs to be bystanders at the global technological feast. I am sure, the ideas contained in the background paper will contribute to evidence-based policy advocacy, strategic interventions and interactive discussions during the Conference in order for the LDCs to go global through innovative regional initiatives for dynamic development by sensitizing success.

Cheick Sidi Diarra
Under-Secretary-General and High Representative for the
Least Developed Countries, Landlocked Developing Countries
and Small Island Developing States

Note by the Under-Secretary-General

I welcome the preparation of this Operational Strategy for LDCs for the implementation of the Istanbul Programme of Action in a timely and comprehensive manner. UNIDO has been a reliable partner for LDCs as well as for OHRLLS.

The Istanbul Programme of Action represents a shared vision and common aspiration of LDCs and their development partners based on commitments, accountability and partnership. The overarching goal of this newly adopted Programme of action is to address the structural handicaps before LDCs, therefore securing poverty eradication and the attainment of international agreed development goals across LDCs which would result in increasing the number of countries graduating from their least developed status.

The new Programme of Action brings about a qualitative shift in the development strategy for LDCs for the next decade. The eight priority areas of the Istanbul Programme of Action cover major areas of importance to LDCs development in a comprehensive manner. The agreed agenda consists of a significant rebalancing of priorities between productive sectors and social sectors and focuses on building and enhancing productive capacities in all sectors with a strong focus on access to technology.

The operational strategy reflects the new priorities of the Istanbul Programme of Action. For example in the area of agriculture it focuses on agribusiness, which is a key for structural transformation and employment generation in most LDCs. In addition, it highlights the importance of converting commodities into products and the relevance of regional integration as well as infrastructure development.

I am confident that this strategy will contribute to the implementation of the provisions of the Istanbul Programme of Action and thus to sustainable, equitable and inclusive growth as well as enabling the graduation of a large number of LDCs.

1. Background

UNIDO's mandate to foster sustainable industrial development accords topmost priority to the latecomers in the sphere of industrialization. Considering the formidable challenges facing least developed countries (LDCs), UNIDO has been organizing a series of LDC Ministerial Conferences and been taking active part in international conferences organized under the joint auspices of multilateral organizations and governments, with a view to exchanging ideas on emerging opportunities that can be converted into sustainable sources of wealth creation, using manufacturing as a dynamic force.

Within the framework of its main theme, *How can aid transform LDCs,* the UNIDO LDC Ministerial Conference held in Vienna in November 2007 facilitated intensive interactions among participants on related issues and options. Ideas that transpired during the event pointed to UNIDO's key role in developing industrial productive capacity in those countries in a manner that ensures that products conform to acceptable international standards. Such an endeavour entails, inter alia, developing knowledge- and technology-based entrepreneurship, creating an enabling business environment, strengthening domestic research capacity, facilitating investment, promoting agro-business, enhancing enterprise competitiveness and industrial upgrading, delivering technical assistance and capacity-building for developing standards, testing and certification capabilities, and integrating the local and global value chains. To this end, aid for trade was considered as an effective means.

As a follow-up to the 2007 Ministerial Conference, the LDC Ministerial Conference held in Siem Reap, Cambodia, in November 2008, focused on an industrial agenda for LDCs. The conference was an important step in the broader, multi-level process through which UNIDO, in collaboration with other actors involved in the Aid for Trade (AfT) and Enhanced Integrated Framework (EIF) processes, continued the dialogue on how best to use these instruments to build supply capacities in LDCs. During the interactive session with the Heads of Agencies, the director-generals of UNIDO and theWorld trade Organisation (WTO) signed a Framework Agreement pertaining to the Standards and Trade Development Facility (STDF). With its longstanding experience and proven expertise in the implementation of technical assistance related to Trade Capacity Building and Poverty Reduction thematic priorities, UNIDO became an implementing and supervisory agency for the STDF. A financing mechanism under the WTO provides financing for technical assistance activities related to international Sanitary and Phytosanitary Standards (SPS). These standards relate to the quality and safety of food products and related exports.

In the wake of the global economic downturn and the resultant impact on LDCs, the LDC Ministerial Conference in December 2009, organized under the joint auspices of UNIDO and the UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), focused on the impact of the global economic crisis on the LDCs productive capacities and trade prospects, with particular reference to emerging threats and opportunities. The conference delved into two questions: (i) how these countries have been affected by the crisis; and (ii) to what extent they can expect further repercussions in the short and medium terms. A number of studies were commissioned by UNIDO, ranging from a general study of the global and regional issues to four sector-specific studies covering cotton, fruit and vegetables, fisheries, and dairy in eight African and Asian LDCs. The studies critically reviewed existing policies and analyzed their effectiveness in the regional and global contexts. They also identified key growth drivers and provided policy recommendations. The conference also featured a debate on the role of development partners, and possible synergies amongst them, in helping LDCs to respond to the effects of the crisis. In particular, as the 2001-2010 timeframe for the Brussels Programme of Action for LDCs was coming to an end, the event served as a unique opportunity to take stock of progress and to plan ahead for the next global LDC Conference in 2011 (LDC-IV).

During the preparation of the LDC IV Summit, UNIDO and the Scientific and Technological Research Council of Turkey (TÜBİTAK) organized in February 2011, a preparatory event, titled *"Science, Technology and Innovation (STI): Setting Priorities, Shaping and Implementing Policies for LDCs"*, to highlight the importance of an effective STI approach for development and sustainable growth.

At the Istanbul Summit, held in May 2011, on behalf of the UN Cluster on Trade and Productive Capacity, UNIDO and the United Nations Conference on Trade and Development (UNCTAD) organized an event focusing on the development of productive capacities and trade as a key component of inclusive and sustainable growth. UNIDO also hosted a side event on *"Enhancing the role of small and medium-sized enterprises (SMEs) in the global value chain approach"*. The meeting urged action for increased industrialization efforts through "enhancing the economic diversification of LDCs by promoting domestic value-added processes as a core element of the manufacturing and services sectors." This includes fostering at all levels a strong enabling environment to enhance long-term agricultural production and productivity in LDCs based on public and private investment, adequate rural infrastructure and the development of strong and sustainable agricultural value chains through the promotion of agro-industries and agribusiness, and improving access of farmers to markets. The meeting also recommended expanding "access to reliable and modern energy services for productive use" and refocusing "economic and finance policies aimed at promoting both domestic and foreign

investment that enhances the productive, technological and trading capacities of developing countries, in particular LDCs".LDC IV resulted in the adoption of a Political Declaration and a comprehensive and action-oriented Istanbul Programme of Action for the decade 2011-2020 (IPoA).

The IPoA takes the form of a mutually agreed compact between LDCs and their development partners and contains eight priority areas of action, each supported by concrete deliverables and commitments. These eight development priorities include productive capacity, agriculture, food security and rural development, trade, commodities, human and social development, multiple crises and other emerging challenges, mobilizing financial resources for development and capacity-building, and governance at all levels. An emphasis is placed on equity at all levels through empowering the poor and marginalized, and ensuring social justice, democracy, gender equality and sustained, inclusive and equitable economic growth and sustainable development.

In line with such a comprehensive and result-oriented Programme of Action, the UN-OHRLLS had engaged and consulted with other UN system and international organizations to maintain the momentum through a brainstorming meeting of the Inter-Agency Coordination Group convened in New-York, on 28 June 2011. The major objective of the meeting was to ensure that the deliverables and commitments in favor of LDCs, including those taken by UNIDO and other UN agencies, lead to concrete actions.

This paper attempts to spell out the contours and tenets of an operational strategy as the UNIDO follow-up to the LDC IV Summit and its Roadmap.

Prosperity is the outcome of strategy and policy choices. Befitting UNIDO's mandate to foster industrial development as an effective means of achieving rapid economic transformation of LDCs, this paper attempts to explain the key determinants of growth and development, with a view to highlighting ways in which UNIDO can put strategic industrial policy interventions into action in response to the outcome of LDC IV.

The strategy builds on ongoing activities developed by UNIDO in LDCs, and proposes a comprehensive, integrated and focused approach to delivering UNIDO's technical assistance to LDCs.

2. The Determinants of Growth and Development

The growth story of most LDCs is one of growth without development. LDCs should transcend the obsession with economic growth. If growth, often triggered by commodity booms, fails to lift the vulnerable out of multidimensional poverty, characterized by low standards of living, poor health and low levels of education, there will be growth without development. It is clear that primary commodity boom-led growth has failed to eradicate poverty and that industrial value addition is the panacea.

When growth stems from the productive sector's response to an enabling environment and macroeconomic stability, the impact on the creation of sustainable sources of income and employment will be indelible as evidenced by the development experience of Tanzania (World Bank, 2007). Tanzania's recent economic success provides a dramatic illustration of the contribution of growth in productive activities to poverty reduction. Poverty dropped from 28.1 percent to 17.6 percent in Dar-es-Salaam. Rural poverty fell by 10 per cent, translating into an increase in rural household income and a potential source of economic rejuvenation.

It is important to follow the lessons learned from countries which dramatically transformed their economies with and without resource-based comparative advantages. Rapidly growing economies tend to have rapidly growing manufacturing sectors. Labor-abundant countries can prosper from exporting labor-intensive products, typified by some manufactures. Sixty years ago Japan was a labor-abundant country which harnessed its labor endowment through exports of labor-intensive manufactures. Malaysia is a good example of a country that has harnessed its land endowment for prosperity, first through exports of natural resource-intensive industries, and then by using the rents from those exports to transform its economy (UNIDO, 2009). But many countries with abundant labor have remained trapped in poverty: Haiti is an example. On the other hand, many LDCs with large natural resource endowments have found in them to be a curse rather than a blessing. What is lacking in those countries is a set of enhanced adaptive capabilities to apply science and technology to all aspects of product development, i.e., from farm to fork, and to commercialize product-specific new knowledge.

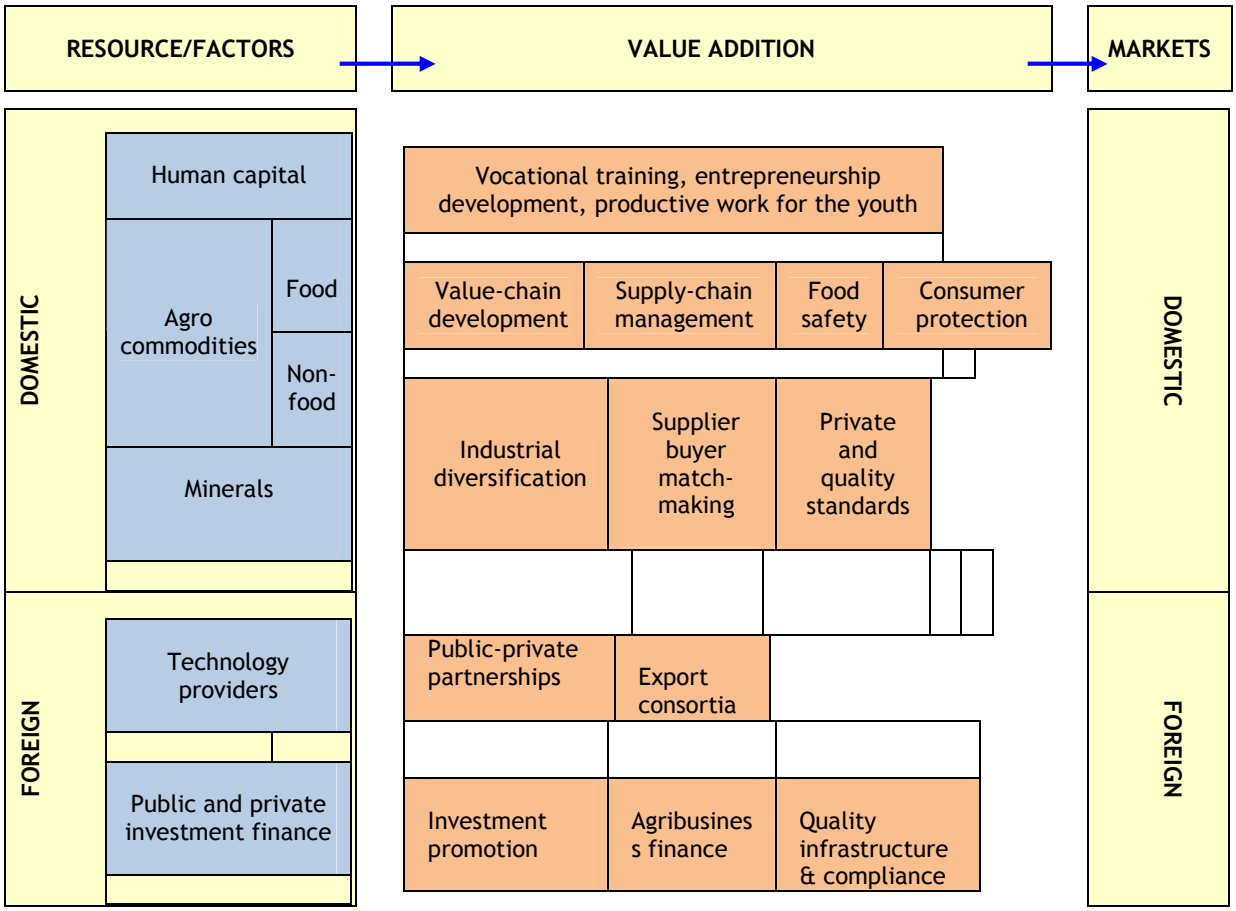
Among LDCs, a few countries have emerged as super exporters of garments, namely, Bangladesh, Nepal, Cambodia and Lesotho. These countries accomplished this feat by enhancing their competitiveness in garments without a resource-based comparative advantage. The only domestic input was cheap labour. Since low-wage cost continues to be the key determinant of competitiveness in garments, these countries were leading garments exportersfor decades. But the type of structural transformation that took place in the first and second generations of newly industrializing countries and

emerging economies, triggered largely by dynamic sources of manufacturing growth, did not take place in these countries, hence their failure to graduate.

To be a latecomer in the sphere of industrialization is not necessarily a disadvantage. Given the critical determinants in place, the latecomers can conveniently bypass several stages of development and leapfrog. The preconditions for industrial development are underpinned by traditional and induced factors. Traditional factors encompass land, labor, capital and organization. Induced factors include newly created factor conditions which, among other things, reduce the cost of production and cost of doing business. Induced factors also include knowledge and skills as factors of production, technological efforts and capabilities, enhanced adaptive capabilities as well as innovative and upgrading initiatives.

3. Gaps that UNIDO can fill on the Path of LDCs' Structural Transformation

This section highlights case studies which show UNIDO's success in bringing a numberof technical assistance programs to fruition in 2010 and 2011, A quick glance at the graphic below reveals some of the specialized services that UNIDO can provide to help LDCs on their path to structural transformation.More importantly, it emphasizes the integrated nature of UNIDO's services, and how they combine to offer comprehensive solutions to address the critical issue of fostering sustainable industrial development.

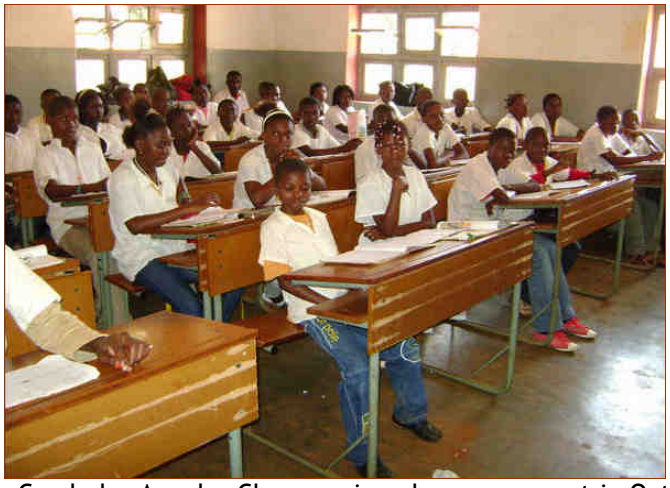


- **UNIDO case studies and success stories:**

3.1. Vocational training and entrepreneurship development: Enhancing the functional literacy rate of the young

An action-oriented Entrepreneurship Curriculum Programme (ECP) in secondary schools, technical institutes and universities prepares young peoplefor a career in economics. UNIDO currently supports programmes in Angola, Cape Verde, Mozambique, Namibia, Rwanda, Timor Leste and Tanzania. The ECP captures large numbers of young people and enables them to apply concepts such as

‘save, innovate, invest and grow’ and to identify and implement business opportunities in their communities. The program has initiated the development of components to improve technology absorbing capacities by building on the practical application of basic industrial engineering concepts. Equipping vocational training centers with state-of-the-art methodologies, trained staff and facilities to provide youth with skills that are in line with private-sector needs has been the thrust of projects in Sudan, Côte d’Ivoire and Pakistan. In Sudan, five Vocational and Technical Education Centers (VTECs) have been established with EC funding and more are expected in the future. Projects to enhance the life skills of vulnerable groups in poverty or crisis-affected areas have been implemented in Liberia, Sierra Leone, Ghana, Malawi, Kenya, Guinea, Armenia and Sudan.



A school in Cambulo, Angola. Chevron signed an agreement in October 2010 to contribute USD 1 million towards a project by UNIDO that will help introduce Entrepreneurship as a subject in secondary schools of Angola

In order to promote entrepreneurial initiatives in a more conducive business environment, UNIDO extended support to establish district one-stop-shops in Mozambique to help rural entrepreneurs access public services more easily. An action plan to improve national, local, sectoral and gender dimensions of the business environment is under preparation in Cape Verde. In Vietnam, an analysis of gender-related constraints in entrepreneurship development provided inputs for national policy-making.

Through the New Delhi-based UNIDO Centre for South-South Industrial Cooperation (UCSSIC-India), UNIDO has established the Youth Entrepreneurship and Skills Development Initiative (YES-DI) Program, as part of a larger multi-stakeholder program for productive and decent work for young people in the Mano River Union (MRU) countries. In partnership with one of India’s leading technical institutions, the Vellore Institute of Technology (VIT), a three-month intensive business and entrepreneurship development course is being imparted to identified graduates with innovative business ideas to help develop them into bankable proposals. Each of the enterprises set up as a result of the course

is expected to provide employment to at least 20 other unemployed and less educated young people. Simultaneously a core group of MRU Resource Persons is also being trained in a training-of-trainers program integral to YES-DI.

3.2. Productive work for the young: Making jobseekers job creators

One of the major obstacles for successful business creation and expansion is the missing link between financial and non-financial services. UNIDO applies two approaches that combine non-financial and financial services for youth-led business creation and expansion:

(i) The Enterprise Development and Investment Promotion (EDIP) approach is based on the conceptual underpinning that the development of a strong domestic investor base is a precondition for attracting FDI, which together contribute to employment creation, poverty reduction and growth. The EDIP approach goes beyond entrepreneurship training through counseling during the business start-up and growth phase, and facilitates access to adequate financial schemes through partnerships with financial institutions. It is implemented with a specific youth focus in Mozambique, Tunisia, and the Mano River Union (MRU);

(ii) The second approach designed for post-crisis countries is a competitive grant scheme for youth-led development, enabling youth organizations to come up with innovative youth employment projects. Successfully tested in the MRU countries, it has three objectives: build the capacity of youth-led organizations and enable young people to move from passive recipients to being active participants in the promotion and creation of youth employment; facilitate the testing of new innovative ideas and approaches that enable the young to gain experience, leading to productive and decent employment as start-up entrepreneurs; and learn from lessons and significantly expand on approaches and innovative business ideas that work.

In various projects and programs it was proven that youth-led businesses, when provided with various forms of non-financial assistance and financial services, can effectively lead to the creation of successful businesses. A project in Senegal provides jobs for young people by creating linkages between local businesses and technical and vocational educational institutions, promoting entrepreneurship and improving the quality of products and services in the fishery, agriculture and service sectors.

3.3. Value-chain development: Climbing the ladder of local, regional and global value chains

At the end of the *High-Level Conference on Development of Agribusiness and Agro-industries in Africa* (Abuja, Nigeria, March 2010), the African Union

Commission on behalf of the 43 participating countries called on the Food and Agriculture Organization of the United Nations (FAO), and the International Fund for Agricultural Development (IFAD) and UNIDO to join forces with local authorities to "… enhance capacity, profitability and competitiveness of agribusiness and agro-industries and ensure that the development of agribusiness and agro-industries contributes to smallholder livelihoods, food security and nutrition, job creation and poverty alleviation." The resulting program, known as the *African Agribusiness and Agro-industries Development Initiative* (3ADI) was launched in August 2010 in a first batch of 12 target countries: Haiti, Sierra Leone, Liberia, Ghana, Nigeria, Sudan, Democratic Republic of Congo, Rwanda, Tanzania, the Comoros islands, Madagascar and Afghanistan. Experts visited each one of these countries and noted the priorities expressed by the local authorities in terms of specific agro-commodities to be promoted in a value-chain context: Comoros -fruit and vegetables; DR Congo -cassava andpalm oil; Ghana -cotton; Liberia -fruit and vegetables, rice, and fisheries; Madagascar - organic silk and honey; Nigeria - cassava, rice and livestock; Rwanda -livestock and milk; Sierra Leone -ginger and cashew nuts; Sudan (North) -leather; Sudan (South) -cereals; Tanzania -red meat and cashew nuts.

Box 1. Agribusiness for Africa's Prosperity - 3ADI in the regional context

3ADI African Agribusiness and Agro-industries Development Initiative

The 3ADI aims at sharing the lessons learned, and integrating successful initiatives, not only on the individual country level but also on the regional level, together with the Regional Economic Communities (RECs) and for Africa as a whole. Some activities at the regional level have already taken place. The 3ADI steering committee (the partner agencies) has met with the various Regional Economic Communities during their workshop on the implementation of the AIDA in Vienna on 6-10 June. Regional events and programmes are now being considered by the various stakeholders. An example of activities on the regional level can be found on the Joint Africa EU Strategy Action Plan 2011-2013 which refers to both AIDA and the 3ADI under priority 4: Operationalization of Accelerated Industrial Development for Africa (AIDA) Plan of Action in cooperation of UNIDO, RECs and other institutions.

- Activities:
Support the implementation of the Accelerated Industrial Development Plan of Action to facilitate, among others, the upgrading of productive and trade capacities
Discussion on the African Agribusiness and Agro-industry development initiative (3ADI) and explore possible avenues for cooperation
Discuss a policy framework on an enabling environment for promotion of industrial SMEs and explore possible avenues for cooperation.
- Expected Results: Progress towards the operationalization of AIDA.
- Main actors: AUC, RECs, EC, UNIDO, Africa and EU Member States.

Original features of this approach are: the close cooperation with FAO, IFAD, and the African Development Bank, the pragmatic emphasis on concrete realizations over analytical studies, and an integrated approach that documents the need for a convergence of resources between public-, private- and technical-assistance partners.

In Mali, a project to develop the shea butter value chain has improved the livelihoods of thousands of women trained in processing techniques for the fruits of the shea or “karite” tree.The project helped to set up producers’ associations and to develop new products which have been exhibited in regional and international trade fairs. Sales representatives were recruited in Europe and North America while a European cosmetic company was contracted to distribute shea butter-based soap bars. The value addition to the raw commodity, the diversification into a wider array of products, and the “bio-organic” certification will ensure that women’s group involved in this business generate maximum revenue from their labor. The project also provides training in entrepreneurship, marketing and quality management. Emphasis on quality is particularly important as the commonly available shea butter products sell for less than a dollar per kilo, while a refined product could fetch up to USD 400 per kilo when sold on the Internet.

UNIDO has set up in Mali three pilot centers in Dioila, Sikasso and Segou regions in order to assist women entrepreneurs produce high value shea butter products

UNIDO’s agribusiness and value-chain development projects are trying to capture these high margins and keep them in the hands of African women and men who want to make agricultural commodities their engines for economic development.

Under a multi-agency UN programme in Ethiopia, financed by the MDG Achievement Fund (MDG-F),UNIDO is working toprovidean integrated approach to value-chain development in the edible oil sector through skill and technology upgrading. The project aims to demonstrate efficient processing and market access for locally processed oil that is the outcome of an upgraded supplier

base governed by UNIDO's industrial cluster approach. This joint initiative is intended to serve as a model on how to transform small-scale edible oil processors from marginalization to independent clusters, becomingrecognized players in the market.

3.4. Supply-chain management: Supplier development and enterprise upgrading

To build competitive, inclusive and sustainable supply capacities requires enabling developing countries to add value to human and natural resources and access local and export markets. To that end, UNIDO applies the concept of supplier development and enterprise upgrading which encompasses clusters/ business networking development and the establishment of export consortia (see 3.5).

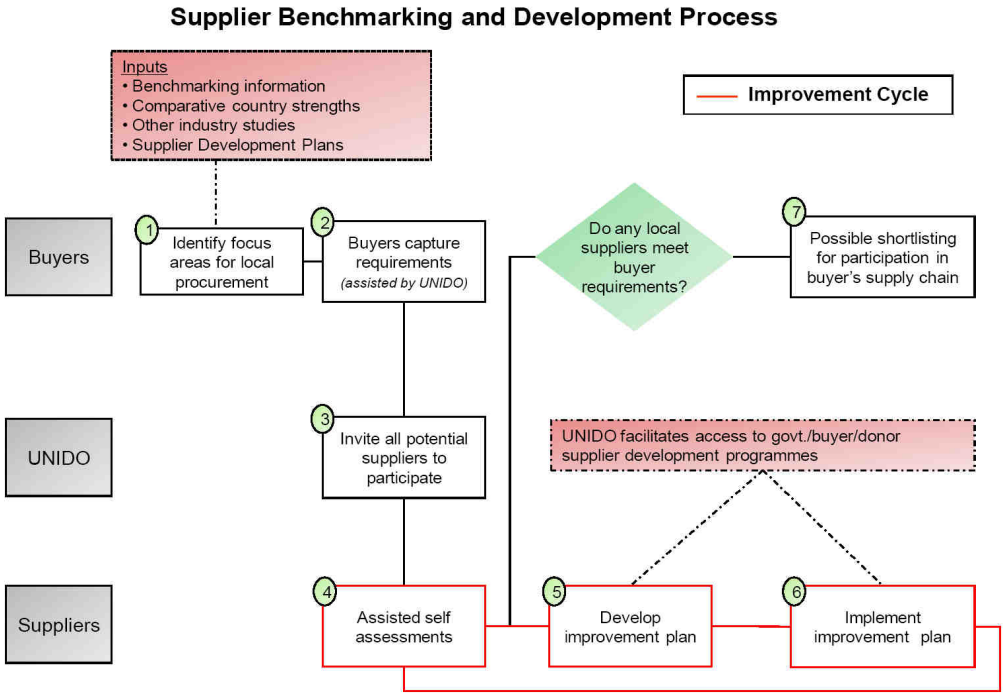
Small-scale producers are trained and encouraged through various incentives to assess and realize market opportunities through individual and collective actions, and the strategic deployment of skills and resources. The approach is especially suited to the promotion of agribusiness industries, which typically offer higher potential for domestic suppliers to enter new markets and integrate local, regional and international value chains whilestrengthening the employment base at home.

In a related line of work, UNIDO promotes partnerships and the implementation of trade agreements which facilitate linkages with markets and thus helps farmers and producers in developing countries reap the benefits of globalization. The program started applying the Global Markets Protocol of the Global Food Safety Initiative, a model based on the continuous improvements of the food safety system for "less developed businesses" aimed at qualifying local suppliers, improving their compliance with market requirements (including local legislation, international and buyers' standards and practices) and connecting them with local and international markets.Since 2010, the programhas been successfully implemented in Egypt with over 80 SMEs enlisted as METRO suppliers and a cluster of 800 farms still under training and qualification. UNIDO plans to expand its activities through implementing supplier development and programs with other leading retailers and food manufacturers.

3.5. Supplier-buyer matchmaking: In pursuit of effective networking

Over the last 25 years, UNIDO has established some 60 Subcontracting and Partnership Exchange Centrers (SPXs) in more than 30 countries worldwide, creating a network that aims to help local enterprises successfully meet the challenge of globalization by becoming suppliers or subcontractors to trans-national corporations. Since 2010, the SPX Network has seen its major expansion in African countries, many of which are LDCs. SPX Centers were

established in Uganda, Tanzania, Zambia, Ethiopia, Cameroon, Ghana, Nigeria and South Africa. Further SPX Centers are currently being established in Kenya, Mozambique, Senegal and Mali. The SPX serves three fundamental objectives – matchmaking between suppliers and buyers, benchmarking of local suppliers and upgrading of supplier capabilities.



The Role of UNIDO's subcontracting and partnership exchange programme (SPX) in supplier match-making, supplier benchmarking and upgrading

Box 2. Matchmaking, Benchmarking and Upgrading

Matchmaking - Within each national SPX Centre, a local team, supported by UNIDO, works to link buyers to both current and potential suppliers and subcontractors. The team develops profiles of the skills and capacities of local companies to be promoted among buyers, and provides customized support to buyers looking for competitive local suppliers. Its services include: building a database of local enterprise capacity, developing a technical support team, collating requests for quotations (RFQs), providing a gateway to international benchmarking and information resources, and providing advisory services to local companies committed to improvement and upgrading.

Benchmarking of local suppliers - SPX Benchmarking compares the operational performance of a company (its results) and practices (how it does things) against those of other companies of a similar size and type. This enables companies to objectively assess their businesses, to see clearly where they stand in relation to international practices within their sector, and where they need to upgrade to meet buyer requirements. The UNIDO SPX programme works with leading international partners to ensure that local suppliers have access to the best systems and the best plant-level data when they undertake this process. The supplier benchmarking module is complemented by a module which captures the requirements of buyers in terms of supplier practices and performance. One concrete output of the benchmarking process will be

solid investment projects to upgrade suppliers based on the benchmarking results, especially in cases where a buyer is prepared to conclude an agreement upon the completion of the prescribed upgrading.

Engagement of service providers for supplier upgrading - The supplier benchmarking information will be used to define supplier development interventions at a number of levels (e.g., firm, industry, national and regional). The local SPX team is trained to mobilize locally-available support organizations for enterprise development and finance to respond to the needs identified by the benchmarking diagnosis. Internationally, the UNIDO Network of Investment and Technology Promotion Offices (ITPOs) and other SPXs can be mobilized to enhance access to technologies and to find potential business partners from abroad.

3.6. Export consortia: Accelerating the pace of export drive

UNIDO facilitates market access for SMEs in the agribusiness sector through the development of export consortia. Export consortia are voluntary alliances of firms with the objective of promoting the export of goods and services of its members through joint actions; these alliances have proven to be an effective tool not only for export promotion but also for the collective upgrading of member SMEs. According to recent surveys conducted by UNIDO among beneficiary export consortia, the firms have generally benefited from an increase of sales, exports and employment with growth rates often higher than the average of their respective sectors.

3.7. Industrial diversification: Industrial upgrading to play a key role

In the majority of least advanced economies, feeblesocioeconomic growth, industrial underperformance, low competitiveness and consequently weak investment in local manufacturing SMEs, are often the result of poor executive leadership and a lack of modern technology.The most common micro-economic constraints in these countries include: insufficient internal managerial capacities, poor diversification and low value-added of manufacturing output, weak knowledge in identifying, adopting and adapting technologies needed to expand productive capacities, and inability to access the necessary finance. As a result, goods produced for local and international markets remain low quality and uncompetitive.Facing these internal challenges, manufacturing SMEs find it difficult to improve competitiveness and productivity on their own. In these circumstances, further regional and international trade liberalization could mean not only a loss of their traditional foreign and regional buyers, but also of local sales markets too.

UNIDO's industrial upgrading programs for developing countries offer a wide range of competitiveness improving tools provided to enterprises and their networks. These programs aim at improving competitiveness of individual producers and their networks through strengthening their productive and trade capacities. Specifically, industrial upgrading assumes undertaking actions that intend to improve the financial situation of companies, their productive

performance and energy efficiency, ability to produce according to international standards and to facilitate their integration into the world market. Upgrading projects lead not only to providing direct assistance to the companies but also to strengthen and adapt the institutional business environment and enhance the industrial support services in addition to the consolidation of economic data and its dissemination. Such an approach allows SMEs and their networks to build interlinked capacities necessary to reliably produce larger volumes of manufacturing goods in compliance with the technical requirements of open markets and to contribute to the diversification of the economy, away from minerals processing and to the creation of stable manufacturing jobs.

In 2010-2011, upgrading programs conducted in Economic Community of West African States (ECOWAS) countries, Cameroon and Syria built capacity in some 200 enterprises and related services prompting them to maintain about 10,000 direct, high-quality manufacturing jobs in these countries in the difficult aftermath of the global economic crises. They also involved transfer of new management and technological skills into the relevant countries and had a positive, but indirect impact on the industrial and service sectors that provide products and services for the enterprises upgraded.

Diversifying production of baby nutrition supplement in Togo

3.8. Quality infrastructure and compliance services development: Enhancing trade capacity building

In West Africa, UNIDO has supported the establishment of a regional Quality Policy in ECOWAS,while Sierra Leone, The Gambia, Ghana and Zambia received assistance for a national Quality Policy. In total, 16 countries have been supported in the development of various quality infrastructure services: laboratories for microbiological, chemical and pesticide residue testing have been upgraded towards international accreditation, for instance in priority export products. A recent milestone was the establishment of microbiological and chemical testing and metrology laboratories in Liberia and Sierra Leone, where laboratories in line with international practices were constructed and are now on their way to international accreditation. In East Africa, UNIDO works with the East African Community (EAC) to build up and harmonize legal and regulatory frameworks (standards and technical regulations), and related

infrastructures and services. In Asia, testing laboratories in Cambodia and Nepal have been upgraded.

Food safety is an increasingly important aspect of quality infrastructure development, both towards the imported and the locallyproduced products in local markets, and for products to be exported to international markets. Numerous countries have received technical assistance for the development of national food safety laws, SPS legal and regulatory frameworks, and support to the strengthening of a local modern risk-based management of food safety, for instance in The Gambia. In the same vein, a traceability scheme for seafood products has been established in Bangladesh, and a "crowns" scheme for food hygiene is now operating in Sri Lanka.

In addition to capacity-building activities, the private sector and consumers must be sensitized to the benefits of quality management. In the Maldives, 70 per cent of the tuna fish exporting companies and the Malé Fish Handling Facility have been certified for ISO 22000/HACCP and the expansion of exports to existing and new markets.

Box 3. Cambodia Climbing the Ladder of Value Addition in Rubber

Cambodia is a major producer of natural rubber, for which global demand has skyrocketed with increased vehicle sales in China and India and the high price of synthetic rubber. This provides an ideal opportunity to reduce poverty through productive capacities: natural rubber production is labour-intensive and there is sufficient land to expand plantations. However, Cambodia produces traditional ribbed smoked sheet (RSS) rubber rather than more value-added technically specified rubber (TSR), which brings a higher market price but requires compliance to quality standards.

This is the challenge for Cambodia. Its rubber quality control systems are inadequate, especially in export specification and certification and in meeting the requirements of foreign rubber markets, particularly the standardization of rubber grades, a key factor in market access. Consequently, its rubber has been consistently discounted below international published prices and this, with the cost of exporting, has made it difficult to improve the sector's competitiveness.In order to capitalize on this new global trade opportunity and obtain higher value for its rubber, the Royal Government of Cambodia requested UNIDO's support in strengthening its quality infrastructure for producing and certifying Cambodian rubber exports.

UNIDO has made the critical contribution of assisting the National Specifications Laboratory (NSL) of the Cambodian Rubber Research Institute (CRRI) to gain accreditation to the ISQ/IEC 17025 standard. This ensures local access for all TSR manufactures to reliable testing facilities where their products will be tested, graded and issued quality certificates according to the

Cambodian Specified Rubber (CSR) Scheme.With this accreditation, awarded by the Bureau of Accreditation of Vietnam, and the subsequent recognition of the NSL by the International Rubber Association (IRA), international buyers can now have confidence in the specifications and quality of Cambodian rubber products.This contribution is part of a larger UNIDO project, funded by the Norwegian Agency for Development Cooperation (Norad), of quality-related capacity-building in the Mekong countries of Cambodia, Lao PDR and Viet Nam (budget: USD 1.5m.

3.9. Consumer protection: Codifying legal norms

Support is provided to the development of consumer protection laws, association building and training of journalists on consumerism. Market surveillance services are strengthened to prevent unsafe products on local markets. For example, the strengthening of legal metrology services in Mozambique improved the purchasing power of low-income groups, in particular through the verification of weights and measures used in places such as local markets andfuel pumps. In Asia, consumers in Bhutan, Maldives, and Bangladesh benefit from such improved legal metrology for mass, length, and volume verifications. Consumer protection activities were also a focus in West and Southern Africa, in particular in Zambia.

Box 4. Market Surveillance for Consumer Protection in Mozambique

Mozambican consumers have long had difficulties in correctly measuring the precise volume, dimensions or weight of the products they are buying. They and many of the country's retail and wholesale businesses have been at the mercy of those who would sell goods of uncertain measurement. The absence of a legal metrology system to ensure that correct weights and messures are used in market place transactions also contributes to poverty, since consumers are often overcharged. This situation, however, is now changing. Fairer trading practices are being introduced in Mozambique, underpined by an effective legal metrology infrastructure.

Legal metrology governs the accuracy of measurements; it assures commercial transparency and protects consumer health and safety. It is essential for trade, both in the international and in the local market. Locally, it assures businesses and consumers alike that they are trading in a fair marketplace where no one can deliver less than they claim: a kilo of rice must always be a kilo and no less. UNIDO, in cooperation with the European Union, is helping Mozambique to establish such a legal metrology system with an upgrated quality infrastructure. Mozambique's expanding industry and its entrance into internal markets, reinforced by a new free trade zone in the Southern Africa Development Community (SADC), are steadly increasing the demand for products that meet recognized quality and measurement standards.

The project is timely; it supports the Mozambique National Institute of Standardization and Quality (MNOQ) in developing legal metrology services. It is focusing initially on assisting MNOQ staff to increase their technical skills in metrology verifications. Programmes are also being conducted for the directors and councillors of the municipalities to build awareness of legal metrology around the country,identify priority areas for regulations, and provide measurement standards that will enable the municipalities to effectively carry out their legal metrology-related functions. Budget: EUR 6.65m.

3.10. Energy for productive use: Lighting prosperity

A major constraint confronting African LDCs in particular is inadequate access to reliable, affordable, energy services. The high cost of energy is one of the reasons for the high cost of production and doing business. Indeed industry needs reliable and affordable energy to become productive and competitive. UNIDO's energy strategy aims at helping developing countries to achieve the following objectives:

- Enhance access of the poor to the modern energy services based on renewables;
- Increase the competitiveness of their industries by reducing industrial energy intensity;
- Increase the reliability of their enterprises, particularly in rural areas, by augmenting the availability of renewable energy for productive uses.

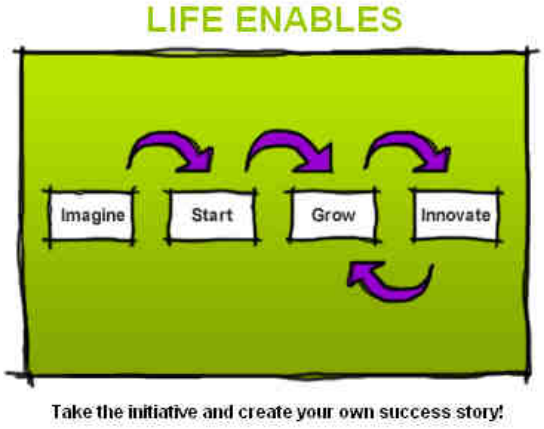
Converting water into watts and watts into wealth

To enhance productive activities and increase competitiveness of SMEs in rural on/off-grid areas, UNIDO's strategy promotes the following forms of renewable energy: Bio-energy, small hydropower, solar energy, and wind energy.

In the area of small-scale Hydropower (SHP), UNIDO is developing projects in Nigeria, Tanzania, Kenya, Nigeria, Rwanda, Mali, Sri Lanka, Ghana, Uganda, Cambodia, Sierra Leone, and Zambia.

3.11. Public-private partnerships: Collective action for efficiency gains

Building on the successful cooperation in Africa and the Middle East, the UNIDO-Hewlett Packard partnership program reached in 2010 a global coverage including Asia and Latin America through HP's Helping Learning Initiatives for Entrepreneurs (HP LIFE). The program teaches aspiring and established entrepreneurs hands-on business and IT solutions relevant for business management. The UNIDO-HP partnership program has set up 93 LIFE centers in 13 countries (Algeria, Brazil, China, Egypt, India, Kenya, Morocco, Nigeria, Saudi Arabia, South Africa, Tunisia, United Arab Emirates and Uganda), certified 270 trainers, trained more than 42,000 students and created over 17,000 jobs.



An Example of our Success

Since the launch at the end of 2008, the Center of Skill Development and Training (Censirt) in Nigeria, has trained 759 young graduates. This is what they have achieved since their training:

57 started their own business
255 found jobs in their fields of choice
264 were able to work more efficiently in their work places
33 started further studies
150 became secondary school students

The conclusion: Attending the HP LIFE course gives everyone new prospects.

Similarly, 2011 marked the expansion of the UNIDO-Microsoft partnership with the launch of the first Microsoft Innovation Centerin Uganda, in cooperation with the Government and Makerere University. The soft partnership delivers assistance to urban and rural SMEs through the use of ICT, fostering the development of a local software economy and promoting e-business initiatives to create new jobs.

3.12. Investment promotion: Information and monitoring platforms to serve as effective means of facilitating investment flows

FDI can be a major contributor to economic growth and social progress in LDCs. Its benefits, however, are unequally distributed over regions and countries, and often it is not directed at productive sectors where it can contribute most to national development. To secure quality FDI, developing countries must have access to a wide variety of data on domestic companies and foreign investors so that they can devise effective investment promotion strategies: target investors and customize services; evaluate the effectiveness of their

interventions on investor decisions and actions; influence government policies that support high impact investment; rationalize the use of the scarce resources that are available for investment promotion; and, very importantly, achieve consensus among national stakeholders around a common investment promotion strategy. In Africa, UNIDO has pioneered the development of an online investment-related information platform, the Investment Monitoring Platform. The ultimate objective is to generate and sustain a culture of dialogue on a constant and sustained basis with the private-sector partners through a biannual survey and creating a time series data to support the investment promotion stakeholders. Recently, UNIDO concluded the African Investor Survey in 19 African countries and the responses from 7000 companies feature as content of the African Investment Monitoring Platform. UNIDO established a Network of African Investment Promotion Agencies (AfrIPANet) (see Box 5) which ensures that the empirical evidence of the data is mainstreamed in the investment promotion efforts of African IPAs supported by intensive capacity building and awareness creation.

The survey has shown that IPA interventions do matter in terms of how foreign investors perform and how much impact they have on the local economy. In particular, the analysis shows that FDI can have positive and negative effects on the domestic firms depending on sectors, types of investors and nature of services provided to domestic companies to support then in absorbing the spillovers of foreign investments. The role of IPAs and the areas where they need to focus their resources are made clearer through these analyses.

The IPA networks form the counterpart to the network of Investment and Technology Promotion Offices (ITPO), which is an exclusive feature of UNIDO's investment and technology promotion programs to foster industrial partnerships with LDCs. UNIDO operates a global network of 13 ITPOs in: Bahrain, China (Beijing and Shanghai), France (Marseille and Paris), Greece, Italy, Japan, Korea, Russia, Mexico, the United Kingdom and Belgium (Walloon Region). ITPOs promote investment opportunities in developing countries to the business community of their respective host countries. The ITPO network provides combination of value-added services to client institutions and entrepreneurs from developing countries, who want to forge new alliances in international industrial investment and technology transfer, by:

- disseminating the latest information on legal and economic conditions, investment financing and opportunities for industrial cooperation;
- identifying and promoting specific investment opportunities;
- providing expert advice at all stages of the business cycle; and
- facilitating business contacts between project sponsors and potential foreign investors.

This network is strongly engaged in programs such as AfrIPANet to support IPAs in their capacity-building efforts, in particular to give them insight and guidance in their effort to reach out to investors from capital exporting

countries. The delegates program provided a channel for achieving this objective.

Box 5. The AfrIPANet

The African Investment Promotion Agencies Network (AfrIPANet), with a membership of some 43 African Investment Promotion Agencies, was set up in 2001 as a UNIDO response to the need expressed by IPAs in sub-Saharan Africa for technical assistance and other forms of support to help them to confront the challenges created by globalization, particularly the demands of complex international marketing and the intense competition for FDI. The Network meets biannually and the last meeting coincided with the 9th China International Fair for Investment and Trade (CIFIT) organized in Xiamen, China in September 2011.

The network provides a platform and is a vehicle for:

- discussions and exchange of ideas of AfricanIPAs to findsolutions to address the commonproblems in the region;
- generation of regionalprojects and programs for donor funding;
- formation of sub-regionalgroups to concentrateonspecific issues;
- provision of a permanent platform forcapacity building of AfricanIPAs; and
- networkingwithotherregionalorcontinentalinstitutionsthat have a mandateforinvestment promotion.

AfrIPANet provides the framework for delivering the capacity-building interventions envisaged in this program and this will facilitate the establishment of structures that promote learning through mutual support among African IPAs. In this connection, AfrIPANet would support the implementation of the program through offering the needed cooperation for the establishment of the Centers of Excellence, which are envisaged within the context of the program to enable dissemination of best practice by the best performing IPAs to support other IPAs.

4. UNIDO's Operational Strategy for LDCs

4.1. UNIDO'soverarching goal:

Based on the above analysis of the determinants of Growth and Development and the gaps that UNIDO can fill on the path of LDCs' structural transformation, in line with the UNIDO's mandate, UNIDO's overarching goal is recast as follows: "*Enabling LDCs to promote sustainable sources of income and employment through productive capacities leading to inclusive growth, development and graduation from their current status.*"

4.2. UNIDO's Strategic objectives:

The overarching goal is underpinned by three strategic objectives, namely:

1. ***converting commodities into products;***
2. ***targeting communities; and***
3. ***thinking globally and acting regionally for value chain development.***

- *Gender focusing and social inclusion will be addressed as cross-cutting issues under all three objectives.*

- *Taking into account the criticality of agribusiness in many LDCs as the engine of inclusive growth, UNIDO'sstrategy is centered specifically on this sector. Indeed a new study on agribusiness for Africa's prosperity (Yumkella et al, 2011) presents a novel agribusiness strategy with a focus on the entire value chain from "farm to fork" based on seven development pillars, which are critical to the efficiency and competitiveness of the whole agribusiness system: i) Enhancing agricultural productivity; ii) upgrading value chains; iii) exploiting local, regional and international demand; iv) strengthening technological effort and innovation capabilities v) promoting effective and innovative sources of financing; vi) stimulating private-sector participation; and vii) improving infrastructure and energy access. The strategy is based on a holistic approach where the weakest part of the value chain determines the efficiency of the whole chain. It focuses on the creation of a new policy space, institutional strengthening, and a program framework for promoting sustainable and inclusive agribusiness development. This represents a powerful contribution to value addition, employment and to achieving the Millennium Development Goals (MDGs) related to reducing poverty and hunger, empowering women, and developing global partnerships for development in LDCs. However, many of the policies and institutions outlined in this paper and the present LDCs Strategy, can be applied to the accelerated development of other key industry sectors in LDCs.*

The Operational Strategy is composed by three pillars:

1. Commodities;
2. communities; and
3. regional industrial infrastructure

The endeavor of LDCs to generate wealth, income and employment, using manufacturing and related services, should target communities and commodities. Rural industrialization is the key to unlocking the potential for creating sustainable sources of livelihoods for rural communities.

While targeting commodities, it is important to focus on enhancing the competitiveness of promising internationally and regionally tradable products. In an era of unprecedented openness demonstrated by countries, despite their level of development and degree of industrialization, LDCs are increasingly competing in a common arena with unequal terms of competition and constantly exposed to competitive pressures for efficiency gains.

However,LDCs cannot grow and develop in isolation. Today, landlocked countries are viewed as land-lined countries. It is critical for LDCs to dovetail the ingredients of new industrial realities regionally. Benefiting from a relatively more developed country in a given sub-region is a key that LDCs could use to unlock their own development potential.

4.2.1. Converting commodities into products

A formidable challenge forLDCs is to convert commodities into products. Most LDCs are endowed with suitable climatic conditions and vast resources. Despite the huge reservoir of resources, many LDCs have failed to maximize the benefits of post-harvest value addition. The new ingredients that foster value-chain development across borders include knowledge, skills, information, technology, investment, institutions and innovation. Knowledge and technology-based orientations will need to be organized for all stakeholders on the benefits of local value-chain development.

Converting commodities into products requires an integrated approach to field-level interventions. It entails facilitating basic agricultural extension services, fostering enterprise start-ups in the agro-processing segment and catalyzing local value-chain development.

Value-chain development initiatives should focus on geographical clustering of evolving firms to help them reap the benefits of positive external economies. Field-level interventions may also be envisaged in terms of ensuring positive co-ordination “joint-action” and “active-clustering” amongst stakeholders.

It will also require result-oriented entrepreneurship development programs. The ongoing interventions towards evolving an entrepreneurship culture and improving the business regulatory environment for semi-processing for further processing in the rural areas need to be followed by a series of financial and non-financial incentives in order for the entrepreneurial aspirants to translate their aspirations into deeds.

4.2.2. Targeting communities

The struggle of LDCs to achieve rapid economic transformation is apt to be won or lost in the countryside as the vast majority live in rural areas with a lack of access to new sources of dynamic growth. Community-based development projects can make the difference on poverty reduction in rural areas. However rural industrialization would certainly require the mastering of new skills and the absorption of new technologies to replicate best practices.

This is a long-gestating, costly and path-dependent process that cannot be taken up by the informal stakeholders. The state should play an active role through cost-sharing and joint actions towards building those capabilities.

The success of such projects depends largely on proper sensitization, target beneficiaries, local empowerment, measurable impacts, and sustainability. Two ways to improve rural livelihoods quickly and easily are: (i) enhanced agricultural productivity through the production of improved versions of

agricultural machinery and tools; and (ii) use of modern methods and tools for reducing post-harvest losses.

Information furnished in Box 1 vividly reveals how rural poverty was erased in Sudan, using easily reachable solutions.

Box 6. Creating Sustainable Sources of Livelihoods as Peace Dividend in Rural Sudan

A Community Livelihoods and Rural Industry Support Project was launched by UNIDO in May 2004 in the Nuba Mountain region, and is now being replicated in other parts of rural Sudan. The focus of the project is to use appropriate technology to increase agricultural output and reduce post-harvest losses in order to improve the quality of life for rural communities. The project aims to increase agricultural output by the introduction of improved versions of traditional agricultural tools as a sustainable way to raise both the cultivated area and yields. Those tools were fabricated by trained local blacksmiths at a workshop established by UNIDO (World Bank, 2005). In 2004 and 2005 the project distributed up to 1500 animal draught cultivators directly helping a total of 3,000 farmers. (A pair of farmers, each with an ox, will share one Nuba cultivator.) The outcome of the project in terms of significantly enhanced agricultural productivity was considered as dividend for making and keeping peace in the Nuba Mountain Region. In addition, 20,000 agricultural hand tools were provided to selected villages in 2005. Beneficiaries have been selected in over 40 villages in Dilling County and Dilling Locality. In addition to training local blacksmiths in fabricating improved versions of agricultural tools to increase agricultural productivity, and new devices were introduced for reducing post-harvest losses. UNIDO distributed hand-driven crop processing and income-generating machinery to women's groups. Some of these machines (milk separators and sewing machines) others (sorghum grinders, sesame seed oil extractors and food processors) enabled the villagers to reduce post-harvest losses significantly. Training programs are being organized for every aspect of the project.
The project eradicated extreme poverty in 147 villages of the Nuba Mountain region, and replication of the project in other parts of rural Sudan is expected to lift many more out of poverty on a sustainable basis.

Source: UNIDO

4.2.3. Thinking globally and acting regionally for value-chain development

The diversification of products and markets for both import and export capacity, along with a diversification of its value chain across countries in a given sub-region, can offer the LDCs competitive advantage. What has been achieved by the emerging large economies, such as India, China, and Brazil, at the national level can be achieved by LDCs at the regional level. Regional integration of the LDCs with industrially more developed countries of the given region serving as dynamic growth poles is critical for industrial upgrading and capacity development in LDCs; hence, the need to think globally and act regionally.

The LDCs are already part of several regional economic communities (RECs). In order for the regional integration to be successful, it is necessary that supply-

side rigidities are removed, markets integrated to avoid fragmentation and incentives provided for increasing trade capacity development.

In East and South Africa, the North-South corridor which aims to create a free trade area across its member states is one such effort of three regional economic communities in Africa: the Common Market for Eastern and Southern Africa (COMESA), EAC and SADC. Countries such as South Africa and Botswana, which are part of these networks, have the potential to serve as growth poles in order for the LDCs of the corridor to think globally and act regionally.

Similarly, countries such as Cambodia and Laos – and soon, Timor-Leste – can benefit from their membership of the Association of South-East Asian Nations (ASEAN). Mapping the commodity belts of a given sub-region with a view to integrating the key ingredients of new industrial realities across countries in a given region can make an indelible impact on promoting regional industrial complementarities in a mutually beneficial win-win scenario.

4.3. Operational interventions to convert commodities into products in a context of social inclusion and regional integration:

(a) Enhance institutional capacity building for assessing competitive performance analysis to promote a developmental State

Industrial governance is underpinned by enhanced adaptive capabilities and skills of civil servants in conceptualizing, formulating, implementing, monitoring and auditing industrial policy instruments which make an indelible impact on economically efficient, ecologically friendly and socially desirable pattern of industrial development, with an accent on social inclusion. To this end, regular programs in industrial policy management may be conducted.

The success in enhancing value addition and the resultant prosperity is a matter of policy choice. The policy response to address critical issues is a discovery process. The success in discovering the right policies to address the right issues and for the right purpose in the right way depends on the extent and effectiveness of public- and private-sector capabilities. As part of its umbrella industrial policy support program, UNIDO has built a module to strengthen the capacity of support institutions to design, implement and monitor industrial policies.

UNIDO's approach is to support the policy process rather than a specific outcome. The advantage is that UNIDO enhances the government's ownership and management capacity by training civil servants, building a centralized information system and setting up teams using the existing institutional structure.

Given the weak institutional set up in LDCs, the objective of UNIDO's intervention for medium- and long-term is the creation and training of autonomous 'pockets of excellence' in influential government and private-sector agencies and the set-up of sound industrial policies. In this context, industrial observatories to centralizing all industry-related data in a given country should also be developed.

Box 7. Phases of the Implementation Modality for Enhancing Industrial Competitiveness

I. Raising awareness on industrial policy, competitiveness and regional complementarities.
II. Training on industrial diagnosis and trade competitiveness analysis.
III. Setting up the Competitiveness Intelligence Unit (CIU).
IV. The Industrial Competitiveness Observatory.
V. Setting up public-private round tables to transform knowledge into action.

Source: UNIDO

Outputs:

- ***"Pockets of excellence" are created in influential government and private-sector agencies and associations.***
- ***LDCs develop regional and national industrial policies***
- ***Industrial observatories are created to centralize all industry-related data in a given country***

Target Beneficiairies:

- ***Ministry of Industry***
- ***Ministry of Planning and Economic Development***
- ***Private-sector agencies***
- ***Private-sector associations***

(b) Establish an inventory of the modern industrial applications of promising products for regional integration and Establish value chains across borders

Countries endeavouring to promote agro-industrial development as a potential source of wealth creation in line with emerging norms of economic efficiency, ecological compliance and social inclusion, should first establish an inventory of the modern industrial applications of each country's resource base. An array of disaggregated products produced in semi-processing for further processing for final products, complying with international standards of quality control, can enable countries to penetrate market destinations according to the degree of processing.

Having established the inventory, it is important to disseminate knowledge pertinent to the distance to the technological, processing, design and marketing frontiers. The task of reducing the distance to those frontiers entails unveiling viable avenues of keeping pace with the rapidly changing facets of those frontiers. Palm oil was originally transplated from west Africa to Malaysia. Today, Malaysia is a star performer, turning out varieties of palm oil-based products. The reason is very simple. Malaysia applied science and technology to each aspect of palm oil development, i.e, from efficient farm management to final processing of disaggregated products. LDCs endeavouring to replicate Malaysia's success story should first understand the distance travelled by Malaysia to reach its technological and sceintific frontiers. The state will have to play an aggressive role in disseminating such knowledge and unveil viable avenues of replicating Malaysia's best practice.

The scope for geographical expansion of the commodity belts across borders, with a view to srengthening the intra-regional industrial complementarities for value addition could be a potential source of dynamic growth. In this sphere South-South knowledge, information, technology, and investment flows could play a crucial role. Geographical expansion of agricultural commodity belts through value chain across borders entail upstream planting, pooling, transport and storage, and subsequently processing and packing before it is moved to wholesaling and retailing activities. All those activities could be coordinated and effectively implemented across borders according to comparative and competitive advantages of those activities in different countries. In many LDCs in general and African LDCs in particular, both cost of production and doing business is very high due to infrastructual bottlenecks and supply-side rigidities. The availability of excellent infrastructure, relevant skills and institutional capabilities, particularly in industrially more developed countries of a given region is an added advantage to facilitate the process.

Box 8. The North-South Corridor: A Test Case for Benefiting from Regional Industrial Complementarities

The North-South Corridor encompasses a number of LDCs. Ever since the corridor was established in 2009 there has been a dramatic decline in transaction costs. Border restrictions for the movement of goods have been dismantled. The corridor is a golden opportunity for the LDCs of the region to expand their commodity belts through value addition across borders. South Africa and Botswana are industrially more developed regions of the corridor. The dramatic growth of garment exports from Lesotho was due largely to the fact that Lesotho benefitted from the excellent infrastructural base of South Africa. In the same vein other LDCs of the region can now benefit a lot. The ingredients of new industrial realities in terms of knowledge, skills, information, innovation, technology and networking can easily be sourced by the LDCs of the region from relatively more developed countries of the region.

Source: UNIDO.

Related services include supplier capacities to comply with value-chain specific standards, the promotion of commercial linkages between large manufacturing companies or retailers and local enterprises, the development of capacities of SME support institutions such as industry associations. Those aspects are relatively well developed in industrially more developed countries, and LDCs could benefit a great deal from such facilitating factors in a given region.

Outputs:

- ***LDCs realize inventories of their country's resource-based industrial development potential.***
- ***LDCs assess the distance to the technological, processing, design and marketing frontiers for their potential capabilities and disseminate pertinent knowledge accordingly.***
- ***Intra-regional industrial complementarities for value addition are promoted by LDCs through regional industrial growth poles and clusters.***

Target Beneficiairies:

- ***Regional Economic Communities (Africa and Asia)***
- ***Ministry of Industry***
- ***Ministry of Planning and Economic Development***
- ***Private-sector associations (national and regional)***

(c) Build technological capabilities, sequence the policy initiatives for knowledge- and technology-based entrepreneurship and reduce the cost of incremental innovation at the firm level

The state should play a major role in accelerating the pace of technological effots and building technological capabilities. An institutional mechanism should be in place for enhancing the impact of FDI on domestic capability building. A generic technology roadmap and a set of sector-specific technology roadmaps can spell out sequentially the movement of capabilities in the promoted products alongside the type and nature of interventions, monitoring and appraisal mechanisms to ensure that the targets set are met. Sector specialists can actually undertake such activities. Demonstration centers should be established to drive knowledge acquisition and diffusion of technology for value addition.

Effective transfer of technology requires enhanced capabilities to acquire, assemilate, adopt, adapt, learn and invent. Thus, the state should sequence the policy initiatives for innovative entrepreneurship. The first step is to create a pool of technical experts of world class by significantly enhancing the quality of science and engineering-related studies in universities. This should be followed by effective entrepreneurship development courses to expose them to

new ways of doing business in an internationally competitive environment, where it is not the question of the survival of the biggest or smallest, but the fastest. Only those who keep pace with the rapidly changing facets of doing business survive. Having achieved the above, the state could offer financial and non-financial incentives in order to help emerging dynamic entrepreneurs (one-time grant for translating an innovative idea is better than a loan).

Furthermore, knowledge is a source, and innovation is a force. The purpose of R&D today is not to reinvent the wheel, but to enhance adaptive capabilities to use modern technology and to commercialize new knowledge. Most innovations in LDCs are incremental in nature. Governments play a key role in R&D execution and funding. This is mainly due to the low level of resources devoted to R&D by enterprises. There are also formidable challenges due to the lack of awareness and the high cost of doing research at the enterprise level. Added to this, fragmented flows of information within national systems of innovation lead to the absence of required linkages between science and technology actors, as well as universities and firms. Innovation is generally based on the acquisition of embodied technology. The lack of enhanced capabilities often impedes effective transfer of technology. The issue should be addressed effectively by reducing the cost of incremental innovation at the firm level. It is also critical to understand how to operate capacity at optimal levels, adapt it to local factors and conditions, and upgrade it as technologies improve and new products appear. This can be achieved by non-R&D routes to innovation at the firm level, which is indeed a good option for LDCs in view of the high cost of doing R&D at the enterprise level.

In addition, governments which treat knowledge and skills as factors of production play a major role in revamping educational institutions which attune the system of education to suit the changing pattern of demand from the industrial sector. Issues which merit action on the labour front are:

- ensuringthat all product value-chainspecific “Processing, Development and DemonstrationCentres” have basicskill-traininginfrastructure;
- establishingnationalvocational training institutesthatwillboth train and upgrade instructorswhowill provide training in these centers, and also provide training onvarious services and tradesthatcould support operations of processing firms in prioritizedvaluechains; and
- formulating a scheme that will facilitate subsidised training of manpower by vocational training and other centres.

Outputs:

- ***LDCs strenghen their national systems of Innovation.***

- *Demonstration centres in the promoted products are established to drive knowledge acquisition and diffusion of technology for value addition.*
- *Effective entrepreneurship development curricula are developed in particular in innovative sectors.*
- *National Vocational training institutes are established and functional.*

Target Beneficiairies:

- *Private-sector agencies*
- *Private-sector associations*
- *Industrial Technical Centers*
- *Vocational training Centers*
- *SMEs Incubators*

(d) Promote public-private partnership and support SME consortia for inter-firm technical collaboration and upgrading

The private sector is ill-equipped to take the lead role in industrial development in LDCs without strong support from the state. Therefore, the state must initiate interventions with constant public-private dialogue and implement programs on the basis of public-private partnership. Such partnership needs to involve private-sector stakeholding enterprises ranging from traders and micro-sized processing enterprises to farmers. Public-private-sector partnership should be aimed at the following: Business Information Centers (serving as a central access point of SMEs, which enable vulnerable groups to be integrated in the modern economy through ICT services); and local software industries and knowledge and technology-based youth entrepreneurship development programs through ICT. Such initiatives could play a major role in enabling SMEs to survive in a highly competitive environment. In addition, these services should be engaged in the dissemination of best practices, the development of methodologies, the transfer of skill and innovative business models.

Government support is also critical for SME consortia aiming at promoting technological upgrading and effective transfer of technology. The success of LDCs in climbing the ladder of technology upgrading hinges largely on the capacity to leverage resources and pursue a strategy of rapid catch-up.

LDC firms should tap into advanced markets through various forms of contract manufacturing, and thereby be able to leverage new levels of technological capability from these arrangements. This is an advanced form of “technological learning”, in which the most significant players have not been giant firms (as in Japan or Korea), but SMEs (as in Taiwan) whose entrepreneurial flexibility and adaptability have been the key to their success.

The success in technology upgrading in Taiwan was due largely to the efforts of public sector research and development institutes, such as Taiwan's Industrial Technology Research Institute (ITRI) which since its founding in 1973 has acted as the nerve centre and propellant for leveraging of advanced technologies from abroad, and for their rapid diffusion or dissemination to Taiwan's firms. The role of ITRI helped small firms overcome the scale disadvantages. Such a mechanism should be in place for the technological upgrading of firms in LDCs.

Outputs:

- ***Public-private partnerships are promoted.***
- ***Business Information Centers enabling vulnerable groups to be integrated in the modern economy through ICT are created.***
- ***Technological Upgrading and effective transfer of technology programmes are implemented for SMEs.***

Target Beneficiairies:

- ***Private-sector associations***
- ***LDCs firms***
- ***LDCs most vulnerable groups: Women and Youth***

(e) Enhance trade capacity building for selected products for climbing the ladder of value addition

Two most notable market access initiatives are the EU's Everything But Arms (EBA) and the African Growth and Opportunity Act (AGOA). The utilization of these market-access preferences by LDCs has been low. The failure to make optimal use of market-access preferences is ascribed to highly complex rules of origin, non-tariff technical barriers to trade, supply-side rigidities, and the lack of productive capacities. The era of globalization witnessed further marginalization of LDCs. Commodity boom-led growth pushed many more millions of people into the poverty trap. As articulated during the LDC IV conference, 40 percent of LDC exports face substantial non-tariff barriers including import quotas and licensing, domestic content requirements, sanitary and phytosanitary requirements, customs procedures in developed country markets, and contingency measures. Amidst those barriers, some countries see the opportunity to gain greater market access by improving product standards, for example, Rwanda's washed coffee fetching higher market prices in international markets. The above example speaks volumes of the importance of value addition. Enhanced income is a matter of value addition and value addition is the outcome of policy choices. Trade capacity building is the key to unlock the potential for value addition as a potential source of prosperity. The way forward is to concentrate on a few internationally tradable products in each LDC – the development of which should make an indelible impact on poverty reduction – and create pockets of the key ingredients of industrial

dynamism in order for those commodities to climb the ladder of value addition. This could be part of industrial upgrading programs implemented at the regional level.

Upgrading programs are expected to support specific actions aimed at improving the institutional environment and technical support institutions (public and private) involving a range of specialized intermediaries for the selected priority products/value chains. As regards the enterprise level, an overall diagnosis of the market position of the manufacturing enterprise, of its financial performance, of management, organizational and process quality aspects, as well as of technical capacities pertaining to production operations, technical performance and environmental aspects, is at the basis of a supply-side development plan developed with and for the business owners. The enterprise level support envisaged through the proposed program covers assistance for the implementation and monitoring of SME upgrading activities.

Outputs:

- ***Regional industrial Upgrading and Quality are developed by the Regional Economic Communities (RECs).***
- ***The capacities of National Accreditation, Standardization, Quality and Metrology bodies are enhanced.***
- ***Technical support institutions are created to support Industrial Upgrading of LDC firms.***
- ***LDC firms are upgraded.***

Target Beneficiairies:

- ***RECs***
- ***Regional private-sector associations***
- ***National Accreditation, Standardization, Quality and Metrology bodies***
- ***SME Technical support institutions***
- ***LDC firms***

(f) Strengthen factor conditions, especially energy for productive use

LDCs confront an environment of adverse factor conditions. Notably, while many LDCs have seasonal comparative advantage in several agro-based raw material inputs to manufacture value-added products, other factor conditions are not very favorable. These poor factor conditions are related to: the lack of skilled-labor, capital, power and energy, basic and specialized industrial infrastructure, related and supporting firms and institutions. This circumstance hinders the evolution of a competitive value-adding and employment

generating processing sector. The provision of factor conditions should be considered as a public good. A major constraint confronting African LDCs in particular is inadequate access to reliable, affordable, energy services. The high cost of energy is one of the reasons for the high cost of production and doing business. The solutions can certainly be found within LDCs, especially in Africa. As an example, the Grand Inga project can likely help make a major breakthrough in addressing Africa's power constraints. Still, in order to unlock the projects potential strong political will and regional cooperation will be necessary. An estimated 40,000 Megawatts of electricity could be generated by the project, which could enable the Democratic Republic of Congo to export electricity as far as Cairo and Cape Town. It has also been estimated that the Sahara desert can be converted into a solar energy hub. The implementation of such mega-projects needs political will and multilateral and bilateral funding. These large projects might also help to spur momentum on the wide development of distributed generation in rural areas. It is thus realistically possible for African LDCs in particular to embark on a focused effort that shifts their energy pathway to a completely new level. What is required includes a combination of political will, human and institutional capacity development, multilateral and bilateral funding, improved financial environments, good planning, and other technical assistance. Such an endeavour would move people and their economies to real development.

Outputs:

- ***Renewable energy projects including in particular minihydro power plants, biomass projects and solar projects are developed.***

Target Beneficiairies:

- ***LDCs most vulnerable groups (for productive use)***

(g) Facilitate capital flows particularly into agro-industry

The private sector in LDCs often suffers from inadequate access to capital, as well as high cost of institutional finance. LDCs also suffer from a lack of institutions and instruments to finance enterprises. To address this it is essential to establish SME banks to provide refinancing facilities for enterprise financing initiatives by commercial banks, and to monitor their efforts, provide direct financing to SMEs, and channel investment subsidies and grants from the government to enterprises.

Granting collateral-free credit by means of evolution of a credit guarantee fund is also important. Such a fund could provide part-guarantee to loans offered to SMEs by commercial banks. The objective of the facility is to make credit available to SMEs. Adopting an enterprise credit-rating mechanism to standardize evaluation of credit proposals, and training financial institutions on credit scoring, entrepreneur assessment and project appraisal techniques are

practical ways of putting into action an effective institutional mechanism for funding SMEs. Imposing lending targets on commercial banks in terms of their offering term, as well as working-capital loans to enterprise in prioritized value-chain activities promoting venture-capital instruments, would also help support such a mechanism.

Outputs:

- ***Credit Guarantee Funds for Agri-SMEs are promoted.***
- ***Financial institutions capacities are reinforced.***

Target Beneficiairies:

- ***LDC firms***

(h) Spread FDI spillover on domestic capacity and capability-building and networking with tacit knowledge

The impact of FDI on domestic capacity and capability building in LDCs is minimal. In order to have positive spillovers of FDI on domestic capacity and capability building, the host countries should have a minimum level of science and technology. FDIs offer capital, technology, skills, and market access. If this is not eventually translated into domestic capacity and capability building, the pattern of development fostered by FDI flows would promote static benefits and undermine dynamic benefits. Dynamic benefits should lead to effective transfer of technology and know-how. Effective transfer of technology would eventually result in local firms learning to invent products which suit local conditions.

Backward and forward linkages between local firms and foreign investors have proven to be conducive for the transfer of technology and know-how towards the local private sector. Institutional capacity in LDC host countries needs to be strengthened to ensure greater market transparency that allows foreign and domestic investors to have easy access to validated and up-to-date information regarding the possibilities of backward or forward integration.

Moreover, networking with tacit knowledge can facilitate the process of learning and benefiting from accumulated knowledge and experience. According to the International Organization for Migration (IOM), Africa has already lost one-third of its human capital to brain-drain. Of the estimated 3.6 million Africans in the Diaspora spread all over the world, the IOM believes that more than 300,000 are highly qualified professionals. More than 30,000 of these professionals have PhDs. For more than a decade now, Africa has been losing about 20,000 skilled professionals annually. As a result, there are more African scientists and engineers in the United States than there are in Africa. When incentive systems may not be enough to attract them back to the continent, it

is important to reflect on other mechanisms to benefit from the accumulated experience and enhanced knowledge and skills of Africans living abroad.

A planned "brain-gain" scheme to benefit from the African tacit knowledge for a given period may perhaps be an effective option. The scheme entails offering attractive incentives in order for them to serve in relevant institutions for a given period.

Outputs:

- ***Brain-gain programmes are developed for LDCs'diaspora.***

Target Beneficiairies:

- ***Private-sector agencies***
- ***Private-sector associations***
- ***LDCs' diaspora***

(i) Promote South-South and triangular investment and technological flows

South-South technology, knowledge, investment, and information flows could play a major role in strengthening industrial innovation systems. A vast number of research findings in LDCs remain dead investments for want of funds and technical assistance. The commercialization of those findings could make a big impact. The process could be facilitated by South-South cooperation. In addition, it is being proved that the impact of South-South investment flows on domestic capability building is greater than North-South investment flows. Enhanced capability building stemming from South-South investment flows will eventually attract more North-South investment. Almost all countries announce tax holidays. But investments continue to flow to selected locations which encompass the key determinants of investment flows, such as infrastructure, utility services, capacities and capabilities. Increasing productive capacities to enhance trade, technology and investment flows between developing countries and LDCs could result in: enhancing the drivers of productivity and competitiveness through capability building; upgrading technology, learning and innovation; strengthening linkages between industry, agriculture, trade, technology, FDI and employment; improving industrial supply responses to trade liberalization; promoting intra-industry trade; enhancing the role of South-based transnational corporations (TNCs); and promoting inter-regional trade and regional integration.

Box 9: UNIDO's South-South Response

The UNIDO Centre for South-South Industrial Cooperation (UCSSIC), India, was established in 2007 with a mandate to design practical and innovative projects to facilitate the transfer and

diffusion of appropriate technologies, the replication of best practices and promote training, skill development and capacity enhancement in entrepreneurship, trade and investment in fields with social and economic development potential for developing countries in general and LDCs in particular.
During the past four years it has taken up over a dozen projects with a total delivery of almost USD 5 million. These include the establishment of a Bamboo Technology and Production Centre in Timor-Leste, a cluster development project in four locations in Uganda and Ethiopia, a biomass gasification renewable project in Nigeria and Benin, a rural health centre-based solar energy project in Bangladesh, a youth entrepreneurship programme for the MRU countries, a seafood development project in Timor-Leste and the establishment of a South-South Training Facility for Testing Laboratories to enhance the capabilities of food-technologists in developing countries.

Source: UNIDO

Outputs:

- ***South-South capacities are utilized to develop new productive capacities.***

Target Beneficiairies:

- ***Private-sector agencies***
- ***Private-sector associations***
- ***LDC firms***

4.4. UNIDO's Compact for LDCs

Strategic Objective	Operational Interventions	Outputs	Target beneficiaries
Commodities	*Enhance institutional capacity building for assessing competitive performance analysis to promote a developmental State*	*"Pockets of excellence" are created in influential government and private sector agencies and associations.* *LDCs develop regional and national industrial policies* *Industrial observatories are created to centralize all industry-related data in a given country*	*Ministry of Industry* *Ministry of Planning and Economic Development* *Private-sector agencies* *Private-sector associations*
	Build technological capabilities, sequence the policy initiatives for knowledge- and technology-based entrepreneurship and reduce the cost of incremental innovation at the firm level	*LDCs strenghen their national systems of Innovation.* *Demonstration centres in the promoted products are established to drive knowledge acquisition and diffusion of technology for value addition.* *Effective entrepreneurship development curricula are developed in particular in innovative sectors.* *National Vocational training institutes are established.*	*Private-sector agencies* *Private-sector associations* *Industrial Technical Centers* *Vocational training Centers* *SMEs Incubators*

	Promote public-private partnership and supporting SME consortia for inter-firm technical collaboration and upgrading	*Public-private partnerships are promoted* *Business Information Centers enabling vulnerable groups to be integrated in the modern economy through ICT, are created* *Technological Upgrading and effective transfer of technology programs are implemented for SMEs*	*Private-sector associations* *LDC firms* *LDC most vulnerable groups: Women and Youth*
	Facilitate capital flows particularly into agro-industry	*Credit Guarantee Funds for Agri-SMEs are promoted* *Financial institutions capacities are reinforced*	*LDC firms*
	Promote South-South and triangular investment and technological flows	*South-South capacities are utilized to develop new productive capacities*	*Private-sector agencies* *Private-sector associations* *LDC firms*

Communities	*Strengthen factor conditions especially energy for productive use*	*Renewable energy projects including in particular minihydro power plants, biomass projects and solar projects are developed*	*LDCs' most vulnerable groups (for productive use*
	Spread FDI spillover on domestic capacity and capability-building and networking with tacit knowledge	*Brain-gain programs are developed for LDCs'diaspora*	*Private-sector agencies* *Private-sector associations* *LDCs'diaspora*

Regional industrial Infrastructure	*Establish an inventory of the modern industrial applications of promising products for regional integration and Establish value chains across borders*	*LDCs realize inventories of their country's resource-based industrial development potential* *LDCs assess the distance to the technological, processing, design and marketing frontiers for their potential capabilities and disseminate pertinent knowledge accordingly* *Intra-regional industrial complementarities for value addition are promoted by LDCs through regional industrial growth poles and clusters*	*Regional Economic Communities (Africa and Asia)* *Ministry of Industry* *Ministry of Planning and Economic Development* *Privat-sector associations (national and regional)*
	Enhance trade capacity building for selected products for climbing the ladder of value addition	*Regional industrial Upgrading and Quality are developed by the Regional Economic Communities (RECs)* *The capacities of National Accreditation, Standardization, Quality and Metrology bodies are enhanced* *Technical support institutions are created to support Industrial Upgrading of LDC firms* *LDC firms are upgraded*	*RECs* *Regional private-sector associations* *National Accreditation, Standardization, Quality and Metrology bodies* *SMEs technical support institutions* *LDC firms*

5. Delivering on the Operational Strategy

In delivering on the present Operational Strategy, UNIDO will continue to ensure that its development results targets are achieved. Management for development results, inter-agency coherence, along with the UN-OHRLLS Roadmap, monitoring results and ensuring impact, and increasing efficiency in resource use, will be a critical part of the process.

In cooperation with development partners and regional economic commissions, UNIDO will also develop regional and national programmes and projects in LDCs, aligned with the strategy.

A dedicated Trust Fund is proposed through voluntary contributions to promote, support and implement the objectives of the current strategy.

Table A1: regional Groupings of Least Developed Countries

Country	Region	Relevant Regional Organization
Kiribati Samoa Solomon Islands Timor-Leste Tuvalu Vanuatu	Pacific	Asian Development Bank (ADB) UN Economic and Social Commission for Asia and the Pacific (ESCAP) Pacific Islands Forum (PIF)
Cambodia Lao PDR Myanmar	South-East Asia	Asian Development Bank (ADB) UN Economic and Social Commission for Asia and the Pacific (ESCAP) The Association of South -East Asian Nations (ASEAN)
Afghanistan Bangladesh Bhutan Nepal	South Asia	Asian Development Bank (ADB) UN Economic and Social Commission for Asia and the Pacific (ESCAP)
Burundi Eritrea Ethiopia Madagascar Rwanda Tanzania Uganda	East Africa	African Development Bank (ADB) UN Economic and Social Commission for Africa (ECA) East African Community (EAC) The Common Market for Easter and Southern Africa (COMESA)
Comoros Djibouti Mauritania Somalia Sudan Yemen	Arab States	African Development Bank (ADB) UN Economic and Social Commission for Africa (ECA) UN Economic and Social Commission for Western Asia (ESCWA) The League of Arab States (LAS) The Common Market for Easter and Southern Africa (COMESA)

Country	Region	Relevant Regional Organization
Lesotho Malawi Mozambique Zambia	Southern Africa	African Development Bank (ADB) UN Economic Commission for Africa (ECA) Southern Africa Development Community (SADEC) The Common Market for Easter and Southern Africa (COMESA) Southern Africa Customs Union (SACU)
Angola Chad Central African Republic Congo DRC Equatorial Guinea Sao Tome and Principe	Central Africa	African Development Bank (ADB) UN Economic Commission for Africa (ECA) The Common Market for Easter and Southern Africa (COMESA) Economic Community of Central African States (ECCAS) Monetary and Economic Community of Central Africa (CEMAC)
Benin Burkina Faso The Gambia Guinea Guinea-Bissau Liberia Mali Niger Senegal Sierra Leone Togo	West Africa	African Development Bank (AfDB) UN Economic Commission for Africa (ECA) Economic Community of West African States (ECOWAS) West African Economic and Monetary Union (WAEMU)
Haiti	Central America and the Caribbean	Inter-American Development Bank (IADB) UN Economic Commission for Latin America and the Caribbean (ECLAC) Caribbean Community (CARICOM)

Source: UN-OHRLLS

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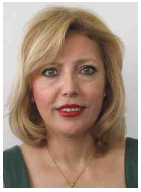

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