



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



INVESTMENT FOR NEW OPPORTUNITIES FOR EMPLOYMENT

Stimulate job-creating investment for a
modern & inclusive agro-industry

Funded by BMZ Special Initiative
on Training and Job Creation





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01

THREE KEY AREAS FOR SPECIFIC ACTIONS

In the 21st century, agricultural sector remains the driving force for economic growth of many countries, accounting for about 50% of exports and employing about 60% of the population in Least Developed Countries (LDCs). However, the agricultural sector is not yet performing to its optimum in terms of productivity, job creation, foreign exchange generation and food security. One of the key challenges facing the agroprocessing sector are supply of skilled workforce and gender equality, provision of well-developed working premises and business management support, etc. In order to address those challenges and make agriculture and agribusiness more efficient, productive and competitive, the sector needs a shift from the dependency on producing raw agricultural commodities towards agro-industrial processing development that not only creates employment opportunities but foster higher productive jobs involving skills development, innovation and technology transfer.

To this end, the German Federal Ministry for Economic Cooperation and Development (BMZ) and the United Nations Industrial Development Organization (UNIDO) join forces as part of the 'BMZ Special Initiative on Training and Job Creation'. Resulting from this collaboration, the INOE project 'Investment for New Opportunities for Employment' has been designed by UNIDO in line with its Programme for Country Partnership (PCP), an innovative model for accelerating inclusive and sustainable industrial development. The INOE project will be implemented by UNIDO in Ethiopia and Senegal to foster youth employment by building partnerships and promoting investments in a context of business ecosystems and cluster development that will stimulate a shift in investment and human resources from agriculturally driven growth economy towards industrial oriented economy.

Based on the BMZ Special Initiative, the project covers **three key areas for specific actions** :

1. **Business ecosystems and cluster development**, which addresses industrial zones development, improvement of export opportunities and the reduction of investment barriers;
2. **Sustainable investments**, focusing on cooperation with private firms and the promotion of sustainable value chains;
3. **The promotion of small and medium sized enterprises (SMEs)** to foster competitiveness, develop new markets and promote investment and technology cooperation between German/European and African SMEs.

1



Business ecosystems and cluster approaches foster strong linkages from agriculture to agro-industry to market by modernizing related agro-industries & services including jobs creation and skills development



enhance export



ease access to regulations/
financial services



develop business enabling
environment



Jobs creation and skills
development meet employers'
needs within the context of
agriculture sector transformation.

2



Sustainable investments and FDI opportunities focus on partnerships with private firms and the promotion of sustainable value chains



Collective learning and innovative behavior support job strategy for SMEs and private sector development & raise regional and national competitiveness

3



Entrepreneurship and SMEs support through agro processing hubs model (Agro-Industrial Parks and regional poles) fosters entrepreneurship and active role of the private sector



Employment internship & apprenticeship opportunities stimulate a shift in investment and human resources from agriculture to agro-industries

“ The BMZ Special Initiative (SI) on Training and Job Creation ('Sonderinitiative Ausbildung und Beschäftigung') is an initiative of the German government in response to youth unemployment challenges in Africa. The goal of the initiative over the next few years is to create 100,000 jobs and 30,000 training places in Africa, to improve local working conditions, and to promote sustainable economic growth. In 2019, 230 million euros were made available for this purpose. The Special Initiative on Training and Job Creation is also contributing to the implementation of the 'Marshall Plan with Africa' and to the G20 investment partnership called Compact with Africa.

(Source: www.bmz.de)

”





02

UNIDO & BMZ COOPERATION WITHIN THE SPECIAL INITIATIVE

UNIDO developed the Programme for Country Partnership, a partnership business model to mobilize external partners and resources to increase the impact of UNIDO's technical cooperation. In Ethiopia, the PCP is closely aligned with the country's Growth and Transformation Plan (GTP) and the Industrial Development Strategy, while in Senegal it is aligned with the Plan Sénégal Emergent (PSE) to guide the country's transformation towards "an emerging country in 2035".

Anchored on UNIDO's convening role, the PCPs mobilize development partners, United Nations agencies, financial institutions and the business sector - under the leadership and ownership of the national government - to advance inclusive and sustainable industrial development based on the national economic development plans and UNIDO's ISID mandate (Inclusive and Sustainable Industrial Development).






“ Key intervention areas of PCPs focus on agro-industrialization with the establishment of Integrated Agro-Industrial Parks (IAIPs) in Ethiopia, Industrial Parks (IP) and Agro-poles in Senegal targeting regions with the potential for high agriculture economic transformation, SMEs development and job creation. ”

Through the PCPs, UNIDO is well positioned to cooperate with BMZ in the delivery of the Special Initiative in Senegal and Ethiopia. Both partners' objectives focus on the creation of sustainable and decent employment opportunities by promoting a dynamic private sector and competitive value chains :

- **In their focus on sectors:** Increased agricultural productivity, improved industry and service sectors, as well as viable Micro, Small and Medium sized Enterprises (MSMEs) that tap into global and regional opportunities.
- **In their approaches:** Developing tools to overcome value chains demand and supply side constraints, creating formal entrepreneurial opportunities for women and youth, and promoting public-private partnerships while introducing robust monitoring and evaluation mechanisms.

Since the PCP methodology of UNIDO builds on leveraging, bundling and blending partnerships for the achievement of the Sustainable Development Goals (SDGs), the organization has an existing structure and therefore comparative advantage to identify and deliver quick results that are aligned with the Special Initiative. This will be done by building on ongoing initiatives of UNIDO and its PCP partners.

UNIDO's approach will build on the following principles:

-  Integrated, sectoral approach (e.g. agribusiness);
-  Combination of short-term and mid-term activities to build a more conducive business environment;
-  Existing feasibility studies and infrastructure;
-  Existing UNIDO methodologies and tools, e.g. on investment promotion, SMEs support based on benchmarking, 'Subcontracting and Partnership Exchange Programme' that could be customized to the needs of the PCP countries;
-  Robust monitoring and reporting system that allows continuous improvement, knowledge sharing and development of new initiatives.

€ 8,000,000

The INOE project follows the Sustainable Development Goals:

The budget for UNIDO's technical response to BMZ Special Initiative for Ethiopia and Senegal directly supporting sustainable job creation (employment and entrepreneurship opportunities) especially for women and youth through innovative, dynamic and environmentally sustainable approaches in agro-industrial value chains and related industries.

2 ZERO HUNGER



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



17 PARTNERSHIPS FOR THE GOALS



Under the BMZ SI and built on the UNIDO's PCP approach, the INOE project in Ethiopia and Senegal is designed to address both countries common challenges :

- Agriculture dominates employment but contributes little to overall value addition, indeed a majority of the population are hence locked into subsistence and low-productivity activities ;
- Underdeveloped potential for agri-business and higher value added exports ;
- Large youth populations, high unemployment rates especially among women and youth ;
- Inequality in regional wealth distribution leading to rural exodus in order to seek employment opportunities ;
- Existing Micro, Small and Medium sized Enterprises base lacking technology, innovation, skills and access to finance thus limiting formal sector growth ;
- Inexistent or inadequate regulations, laws, rules and policies in favour of employment (including youth and women) and the development of SMEs.

The INOE project will also address specific national issues and aligned with the national development agenda and focuses on sectors with high growth potential with the aim of supporting Ethiopia and Senegal in achieving their industrial development goals. While contexts differ, the development challenges in Senegal and Ethiopia in the agri-business sector remain similar and synergies will be explored in terms of learning across the countries as well.

BUILDING CLUSTER PARTNERSHIPS TO CREATE JOB OPPORTUNITIES



“ The INOE project will address poverty alleviation for women and men, transfer of knowledge and expertise through capacity building schemes, bridging the gap between technology and labour-market skills. Throughout the project’s interventions in both countries, a special emphasis will be placed on including fragile and vulnerable communities promoting societal justice while sustaining environmental green growth. ”

Through innovative, dynamic and environmentally sustainable approaches, such as business ecosystems and clusters development promoted by the agro processing hubs model, the project aims at supporting the increase of agricultural productivity and the modernization of related industries and service sectors as well as the jobs creation and skills development that meet employers’ needs within the context of agriculture sector transformation.

- **At micro level:** The youth, women and small-holder farmers adopt sound and environmentally sustainable business practices to create employment and income opportunities and access to finance and markets;
- **At meso level:** The institutions increase the delivery of support services to MSMEs, youth, women, cooperatives and small holder farmers to enhance job creation, partnerships and sustainable enterprise growth;
- **At macro level:** The Governments of Senegal and Ethiopia mainstream legal and policy instruments/mechanisms for job creation and investments promotion into national policies;
- **At cross-cutting level:** The project supports knowledge transfer and sustainability to foster an entrepreneurial spirit and culture.

INOE PROJECT STRATEGIC OBJECTIVES

JOB CREATION

Develop the industrial network involving innovative job creation approach through business ecosystems and clusters such as Special Economic Zones, Agro-Industrial Parks/ Agropoles and Rural Transformation Centres/ Regional Poles :

- Decent jobs for youth and women ;
- Increased income ;
- Fair & gender equality work conditions.

INVESTMENT PROMOTION

Boost agro-processing potential and help creating employment internship/apprenticeship opportunities within local business ecosystem and MSMEs clusters in order to stimulate a shift in investment and human resources from agriculture to agro-industries :

- Active role of the private sector ;
- Technological transfer and creation of linkages ;
- Commercial agricultural value chains.



TRAINING AND SKILLS DEVELOPMENT

Promote business enabling environment mobilizing development partners, technical/financial partners and the private sector (e.g. German/European companies) to foster Foreign Direct Investment (FDI), technology/skills transfer and local entrepreneurial ecosystems with higher demand for skilled workers :

- Learning and innovative skills ;
- Regional & national competitiveness ;
- Private investments.

01. JOB CREATION

UNIDO's approach adopted to create an enabling environment for youth will ensure that policy and entrepreneurial ecosystems are in place, youth entrepreneurs have access to networks and peer-to-peer support, to information and technologies, to markets, as well as to adequate means of financing while ensuring that capacities of formal support structures are strengthened.

02. TRAINING & SKILLS DEVELOPMENT

UNIDO's approach includes curricula on respecting quality, norms, standards, and certification processes that are part of statutory/regulatory requirements throughout the value chain, with the aim of establishing good practices and increasing the number of available skilled youth.



03. INVESTMENT PROMOTION

UNIDO's unique networks and programmes, such as the Network of Investment and Technology Promotion Offices (ITPOs), National Cleaner Production Centres, the South-South Cooperation Programme, the Subcontracting Partnership Exchange (SPX) Programme and the Regional AfrIPANet Programme, will enable the entire investment promotion cycle from the identification of partners to ensuring the viability of projects and complement UNIDO's capacity-building activities.

FROM AGRICULTURE TO AGRO-INDUSTRIES: INVESTMENT & HUMAN RESOURCES SHIFT



Since the 1970s, UNIDO Department of Agri-Business has provided a range of technical cooperation services to assist developing countries in adding value to the output of their agricultural sector, and has spearheaded the development of agro processing hubs such as Agropoles, Integrated Agro-Industrial Parks (IAIPs) / Rural Transformation Centres (RTCs) and Special Economic Zones. The INOE project will rely on UNIDO's expertise in agro processing hubs designed to address national and local challenges in particular with regards to employment, training and investment promotion issues.

As integrated clustering model that gather companies, suppliers and institutions sharing infrastructures, services and technologies in the production of goods and services, each Agro-Industrial Park or Agropole is designed in line with circular economy principles to:

- ensure correct management of the value chains increasing value addition and reduce wastages;
- provide specific support for specialized production infrastructure;
- circumvent business climate through simplified procedures, tax advantages and access to financial services.

The agro processing hubs enable favourable business environments and a connection between agricultural production areas and end markets enhancing national agro-industrial potentialities and the modernization of related industries and service sectors. Relying on the Agro-Industrial Park in Ethiopia or the Agropole in Senegal, the INOE project implementation will benefit small-holders farmers, MSMEs and the private sector by:

- developing new national employment resources in particular for youth and women;
- developing a labour market consistent with the resultant densification of the industrial network involving innovative job creation approach and training;
- enhancing strong and viable territorial entities ensuring sustainable entrepreneurial ecosystems;
- generating comparative and competitive labour market advantages to attract private investment and innovation. UNIDO has also comprehensive expertise in industrial development, including policy advice, impact assessment of new technologies, technology transfer, quality and environmental concerns, and private sector development.

Within the INOE project, UNIDO provides advisory services for the development of a comprehensive and sound legal and regulatory environment conducive to sustainable and inclusive food system growth. This includes enhancing compliance with national food safety regulations and with international norms and standards for improved access to global markets as well as supporting the development of an enabling business environment to allow agro-food businesses to grow and be competitive.



INOE ETHIOPIA

In line with the Growth and Transformation Plan, the INOE project will target MSMEs that are directly involved in or provide service to the priority agro value chains for the respective IAIP/RTC. These will include for SNNP region IAIP/RTCs : Avocado, Honey, Dairy, Meat ; for Oromia region IAIP/RTCs: Cereals (wheat, barley), fruits and vegetables, dairy, meat poultry honey; for Amhara region IAIP/RTCs : Maize, sesame, potato, dairy, meat; and for Tigray region IAIP/RTCs : Sorghum, sesame, dairy, meat. The INOE project is designed around three strategic objectives job creation, training and skills development, and investment promotion, and focuses on several core activities such as:

1. The upgrade of local business ecosystem

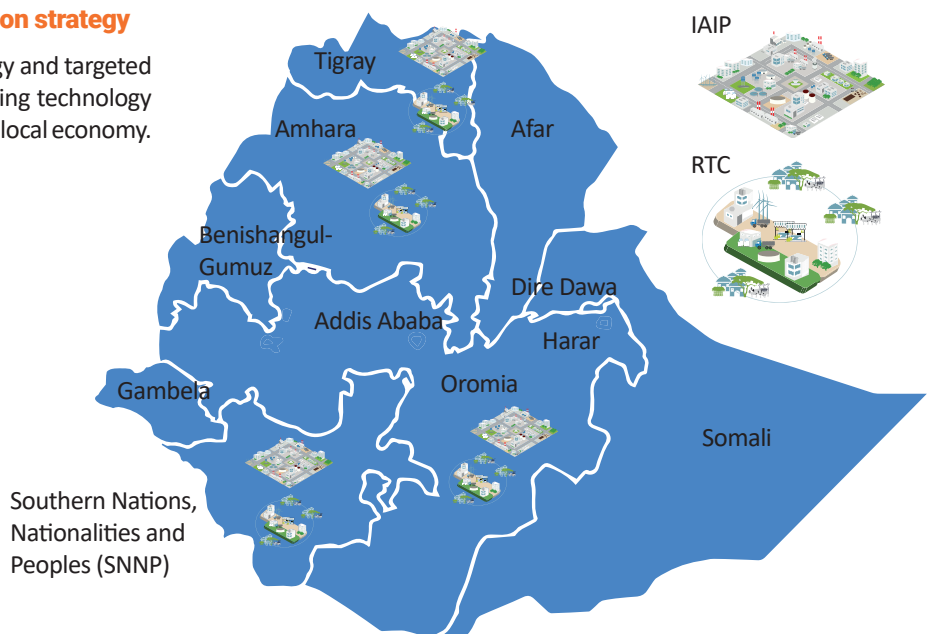
- Strengthen local business ecosystem and MSMEs clusters around the IAIPs and their secondary Rural Transformation Centres.
- Establish innovative financial tools for foreign and local companies in agro processing and allied industries in the IAIPs ecosystem.
- Establish partnership opportunities between local and German or European companies.

2. The development of the capacity of key investment actors

- Strengthen the capacity of key investment authorities/agencies to facilitate business creation and partnerships.
- Enhance local economic information and knowledge management system.

3. The enhancement of investment promotion strategy

Develop adequate investment promotion strategy and targeted incentives packages to attract quality FDI, fostering technology and skills transfer and backward linkages with the local economy.





INOE SENEGAL

The PCP has promoted the industrial component of the Plan Senegal Emergent through the implementation of Special Economic Zones, Agropoles and regional poles. The INOE project will target MSMEs that are directly involved in or provide service to develop dynamics and economic initiatives creating jobs identified in the selected sectors (cashew and mango), and to define/valorize opportunities in circular economy (waste recycling, energy production and production of appropriate technologies). The project is designed around the INOE three strategic objectives job creation, training and skills development and Investment promotion, and focuses on several core activities such as:

1. The consolidation and creation of wealth and decent jobs

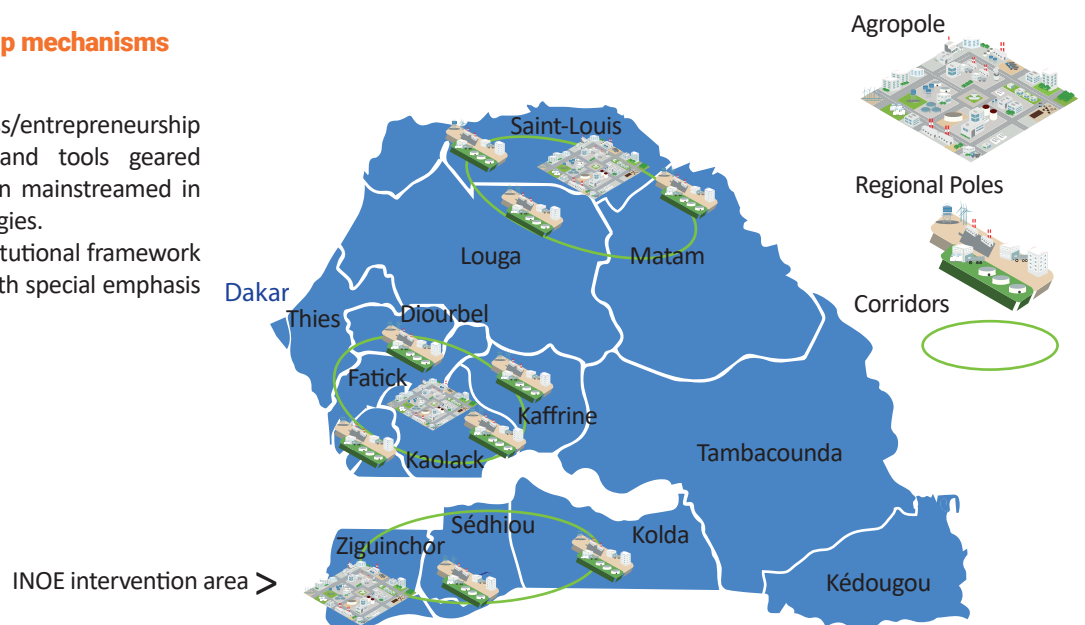
- Define/valorise the dynamics and economic initiatives creating jobs in the selected sectors and opportunities in circular economy.
- Provide skills development and training schemes for youth/women, and develop incubation and acceleration services through partnerships with (German/EU) companies.
- Establish networks and clusters in Casamance towards sustainable enterprise growth.

2. Financial and technical support mechanism

- Strengthen technical/financial support mechanisms and structures to effectively support business needs and establish partnerships.
- Establish local economic information and knowledge management system as well as observatory.

3. Business/entrepreneurship mechanisms and tools

- Support the business/entrepreneurship mechanisms, incentives and tools geared towards youth and women mainstreamed in national policies and strategies.
- Enhance the legal and institutional framework of agro processing hubs with special emphasis on Diamniadio.



PROJECT METHODOLOGY IN SENEGAL

Among the initiatives developed by UNIDO in Senegal, the Innovation, Development and Entrepreneurship for All (IDEA) methodology aims at promoting employment through enterprise creation, development and their integration into the Agropoles or Industrial Parks. It has been designed to provide continuous support throughout the main phases of enterprise and cluster development and to address local realities and the specific constraints of youth and women entrepreneurs operating in environments where informal sector remains a challenge. IDEA will be the backbone of UNIDO's contribution within the INOE project in Senegal to support the development of the southern Agropoles.

IDEA's approach is based on five key features that are sequential or modular in nature to tailor the implementation phase to the actual needs of the beneficiaries or counterparts:

- i. identifying market opportunities and value chains with growth and job creation potential;
- ii. skills development and training ;
- iii. soft incubation and acceleration;
- iv. creating clusters and business networks;
- v. sustainable enterprise growth and public policy recommendations

Based on market assessments (Step i), UNIDO has identified that the main market opportunities and training needs in the agri-business sector are along the fruit and vegetable value chains (including but not limited to mango and cashew) and product diversification.

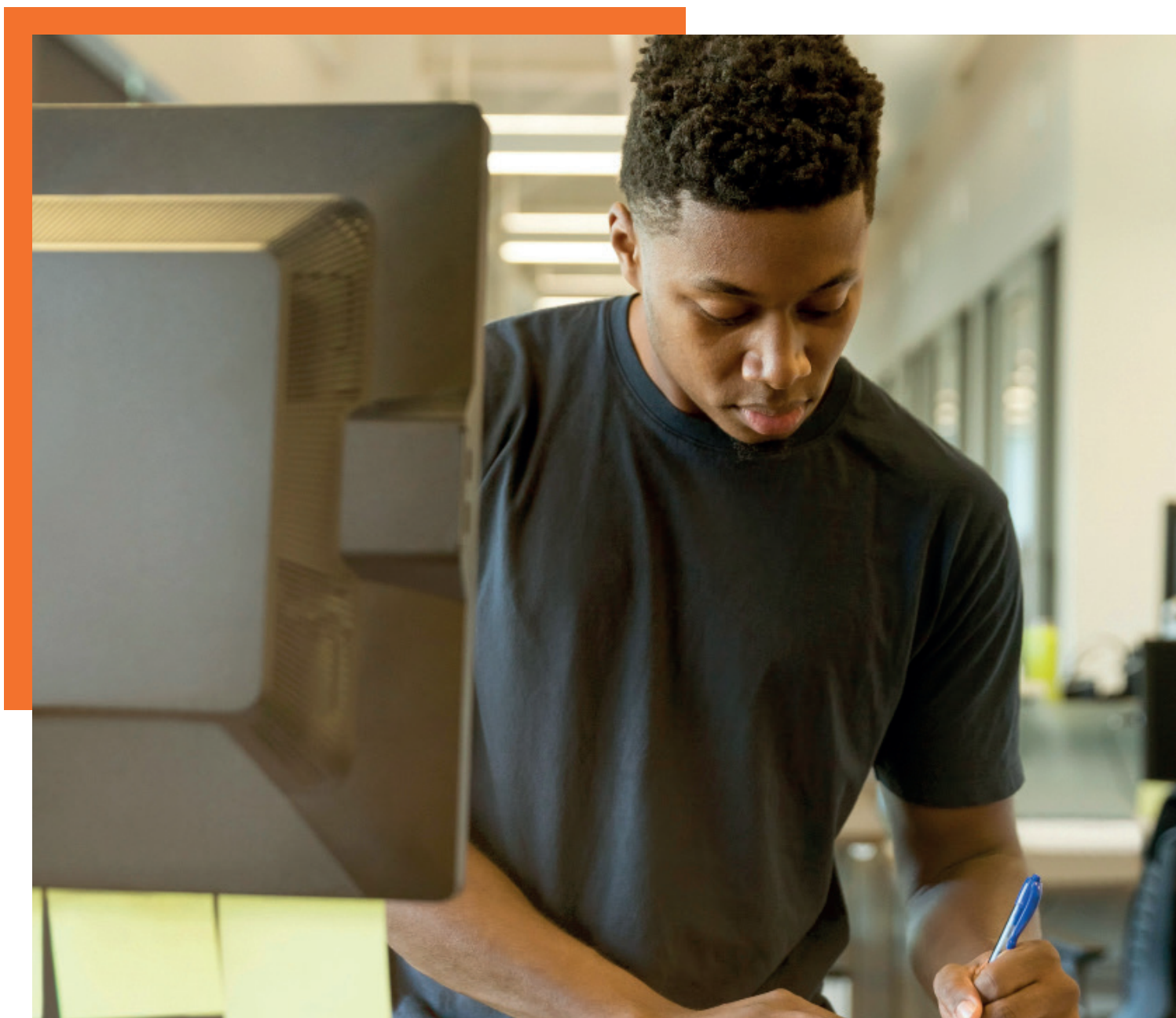
Skills development and training (Step ii) will consist of the following:

- Strengthening the professional and technical capacities of young women and men by providing them with adequate support for the creation, development and management of profitable agri-businesses (on- and off-farm) ;
- Business skills training based on beneficiary needs assessment on topics such as finance, marketing, quality control, packaging ;
- Study tours to visit existing or newly created MSMEs ;
- Revitalization of public and private training structures and delivery of technical training courses, including apprenticeship schemes, in the field of agribusiness and related areas to enable these training structures to act as incubators (based on long term UNIDO experience in the region gained through implementing projects IDEA1 & 2) ;
- Mobile units will deliver on-site TVET and business support services to Agripreneurs. The IDEA trucks will provide on-site training and business support services to individuals and companies active linked to the industrial parks. Operated by graduates from the training centers, each truck will be able to support businesses and farms in remote areas. The IDEA truck operators provide their services to requesting farmers and entrepreneurs through a mobile scheduling & booking application.



Soft incubation and acceleration (Step iii) of existing MSMEs will include the following :

- Formalization and strengthening of a critical mass of MSMEs in the agribusiness and related sectors in order to enter and populate the Agropole South. This will be done through provision of technical assistance, business advisory services, access to innovative financing, and clustering to strengthen business operations. The supported MSMEs will accept apprentices and interns from Step ii intervention;
- Online incubator (IDEA apps) will provide a range of technical/ financial solutions aiming at developing entrepreneurs/ MSMEs' business plan ;
- Creating clusters and business networks as well as sustainable enterprise growth (Steps iv and v) will include the initiation of a supplier development programme, which will organize local producers and connect them with fruits and vegetable processors and larger companies in Senegal (in southern, other regions and Dakar), including hotels and supermarkets.



05 |

CONCLUSION





The INOE project is fully in line with the existing agricultural and agro-industry development strategies of the countries and relies on guaranteeing through close collaboration with the government and coordinating agencies that project initiatives, lessons learned and best practices easily become focal areas for government to build on in their future plans and programmes.

While ensuring national and regional leadership and ownership of the interventions such as through effective governance structures (national steering Committee, regional technical Committees, etc.), the project aims at fostering a high degree of participation and engagement of both public and private sector stakeholders. Built on the existing capacities and networks, the project long-term approach supports the promotion of policy frameworks for policy change and develops critical capacities at local and national levels for value chain development, standards compliance, conformity assessment and risk assessment.

Not only, the project will maximize on past investments and programmes, but also will it utilize the positive results and best practices as references and benchmarking tool for replication in other countries. The introduction of the circular economy model at the micro level (products, companies, consumers), meso level (eco-industrial parks) and macro level (city, region, nation and beyond) is key to foster more inclusive and sustainable industrial development while modernizing the agroindustry's model. Therefore, the favorable business environment supported by the INOE project will boost agro-processing potential while helping to create employment opportunities, which will participate to stimulate a shift in investment and human resources from agriculture to agro-industries.

Through entrepreneurship initiatives, workers in particular youth and women can take the lead role in the local business ecosystem and MSMEs clusters around the IAIPs and Agropoles and their secondary regional poles which are strengthened and enable in return more quality jobs creation accelerating the development of the national agroindustrial sector and its competitiveness and international recognition.



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

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

E-mail: unido@unido.org, Internet: www.unido.org