

## **United Nations Industrial Development Organization (UNIDO)**

### **Support to NEPAD**

#### **Period of Report: July 2006 to June 2007**

UNIDO continued its technical assistance programmes in Africa within the framework of the African Productive Capacity Initiative (APCI), adopted by the African Union (AU) in 2004 as the Sustainable Industrial Development component of NEPAD. Its primary aim is to increase manufacturing value-added in selected industrial sectors identified in all five sub-regions in close collaboration with African Governments and the private sector.

In December 2006, two Expert Group Meetings (EGMs) were convened in South Africa and Cameroon, respectively, under the auspices of UNIDO, NEPAD, the AU and UNECA to facilitate regional integration, using the value chain approach as a means of identifying a workable strategy for improving industrial performance in the Southern African Development Community (SADC) and Economic and Monetary Community of Central Africa (CEMAC) sub-regions. The specific objective of the EGMs was to facilitate the APCI process, as well as highlight the role of the private sector and non-state actors in the industrial development process, with a view to improving industrial performance and promoting employment. The EGMs also provided a means for completing the development of consolidated regional industrial development strategies for the Southern and Central African regions. In addition to the many issues discussed, the EGMs affirmed the respective commitments of the sub-regions to general principles and industrial development goals.

In the context of NEPAD, APCI addresses issues related to both private sector development and the manufacturing sector, and their contributions to (i) strengthening the backward and forward linkages between agriculture and industry; (ii) the environment initiatives; and (iii) increasing Africa's share of exports in the global market.

#### **Support in specific areas**

##### Regional Programme

Within the framework of APCI, UNIDO and WTO jointly launched the Cotton Initiative for Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte D'Ivoire, Mali, Nigeria, Senegal and Togo through the introduction of programmes in the field of quality, standards and technology upgrading.

##### Small and Medium-Scale Enterprises (SMEs)

The focus of UNIDO programmes in Ghana, Guinea, Sierra Leone and Sudan ranged from alleviating immediate livelihood constraints to training internally and internationally displaced people in crisis or post-crisis environments in productive skills

to enable them participate effectively in economic recovery and reconstruction.

Strong emphasis was placed on improving the competitiveness of small-scale industries. Efforts in this area focused on efficient business licensing practices, and private sector-led business advisory services. Activities also focused on the application of ICT, as well as entrepreneurship and technical training of youth and women in UNIDO integrated technical assistance programmes in 18 African countries.

### Environment

In 2006, UNIDO implemented a US\$5.7 million project to combat living resources depletion and coastal area degradation in the Guinea current large marine ecosystem. In support of the NEPAD environmental action plan and GEF Large Marine Ecosystem projects, UNIDO also executed a capacity building project for the implementation of integrated coastal management in Africa. Both projects are still on-going.

In close cooperation with the Ministries of Environment and with the Ozone Units of the recipient countries, UNIDO already elaborated and implemented seven investment projects in Africa<sup>1</sup> with total approved funding of approximately US\$6.4 million to phase-out approximately 467.4 equivalent (standardized) tonnes of Ozone Depleting Substances (ODP tonnes), from commercial and domestic refrigeration, aerosols, solvents and fumigants sectors. The Montreal Protocol-related programme created unique opportunities for UNIDO to promote the latest available alternative technologies in the respective industrial sectors and sub-sectors.

On the Stockholm Convention on Persistent Organic Pollutants (POPs), UNIDO is currently developing projects to facilitate its implementation in 19 African countries by assisting them to formulate their National Implementation Plans. The projects include capacity building activities, reducing negative effects on the environment from local industries, and reducing negative influences on health from POPs. The total allotment of the projects is US\$8.6 million, mostly implemented by national organizations.

Finally, in the Climate Change field, UNIDO implemented a country service framework project in Nigeria in 2006. Previously, UNIDO had implemented a project for 11 sub-Saharan Francophone countries, in order to provide government focal points to the UN Framework Convention on Climate Change (UNFCCC) and representatives from the private sector with training and assistance to improve their capacity to handle the Clean Development Mechanism (CDM) project cycle.

### Standardization, Quality and Metrology

The West African Economic and Monetary Union (UEMOA) Quality Project, funded by the EU, improved the quality and safety of export products relating to conformity assessment requirements of markets in Benin, Burkina Faso, Côte d'Ivoire, Guinea-

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<sup>1</sup> In: Egypt, Côte d'Ivoire, Nigeria and Libya (Phase-out projects); Fumigants in Morocco (cut flowers and horticulture) Libya (horticulture) and Zimbabwe (tobacco).

Bissau, Mali, Niger, Senegal and Togo. At the request of UEMOA and the EU, UNIDO is preparing a second phase with a budget of 14 million Euros in order to consolidate the results achieved in UEMOA countries and extend activities of the programme to other Economic Community of West African States (ECOWAS) countries and Mauritania.

UNIDO and WTO have undertaken a programme to assist developing countries to achieve increases in their exports by removing supply side constraints and conforming to the technical and regulatory requirement of the market. The pilot countries in Africa include Egypt, Ghana, Kenya and Mauritania.

### Sub-contracting

The Subcontracting and Partnership Exchange (SPX) Programme assisted Cote d'Ivoire, Ghana, Mauritius and Senegal in increasing productivity by enabling institutions in the public and/or private sectors to strengthen linkages with national and international production systems. UNIDO established SPX Centres, technical information and matchmaking centres for industrial subcontracting and partnerships between buyers and suppliers in Abidjan, Port Louis, Accra and Dakar. These Centres facilitate production linkages between small, medium-sized and large manufacturing firms. UNIDO intends to further strengthen the SPX African network by developing additional subcontracting centres in Burkina Faso, Mali, Madagascar, Cameroon, Congo, Nigeria, Uganda and South Africa.

### Agro-industries and sectoral support

The activities implemented in 2006 on agro-processing covered many countries, including Ethiopia, Nigeria, Cameroon, Equatorial Guinea, Ghana, and Tanzania. The emphasis was on improving the productivity, competitiveness, and income generating potential of agro-industries in the African countries. Specifically, the interventions aimed at building a national framework for improved governance; building an institutional capacity for sustainability; and direct assistance to a group of pilot enterprises/operations.

In rural areas, assistance was provided for capacity building in post harvest technology transfer and dissemination to reduce the post harvest losses, create income and employment, and increase the quantity of safe food for consumption and of good quality raw material for the food industry. The establishment of strong linkages with industrial and market outlets supports rural industrialization and poverty reduction.

The number of small-scale food processing operations established at post harvest level in Africa is increasing (125 in 2005). The pilot food processing operations established so far have trained many farmers and small-scale food processors, including women and exporters of organic and high quality products. The success of the pilot operation approach has attracted the interest of the private sector and increased cooperation with partners. A joint project (amounting to US\$ 4-5 millions) is under preparation with WFP to complement its programme on "Food for Assets" in Northern Uganda.

At the industrial level, assistance concentrates on technology upgrading and food safety assurance required to meet the WTO sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) agreements, thus preventing non-tariff barriers for trade.

### **Innovative approaches**

In support of APCI, a financial mechanism (African Productive Capacity Facility - APCF) has been established. UNIDO has provided seed money to start implementation, while Cameroon and Nigeria contributed financially and the Egypt offered to provide technical expertise.

UNIDO facilitated the signing of Memorandum of Understanding between the Islamic Development Bank and selected Western African Countries in order to open credit facilities for specific sectors.

At the 17th Conference of the African Ministers of Industry (CAMI-17) in June 2006 in Cairo, Egypt, UNIDO and the AU signed a Memorandum of Understanding (MoU) which defined the path for cooperation between the two organizations and identified critical areas for joint action. In the declaration of CAMI-17, African ministers of industry reaffirmed their full support to the actual mandate of UNIDO, and the role of political leadership of the AU in achieving the goals set out in the various industrial development programmes at the sub-regional and regional levels.

Two days before CAMI-17, the Intergovernmental Experts of the Whole on Industrialization in Africa held preparatory meetings on the conference theme: Productive Capacity Building – Africa’s Challenge to Global Trade, at which they reviewed progress made in the implementation of the APCI. Delegates agreed that the two main challenges were the need to (1) secure funding for the sub-regional action plans and (2) agree on institutional arrangements for the effective implementation and coordination of the plans.

### **Challenges and constraints in resource mobilization**

UNIDO has agreed that financing and policy harmonization are the two main obstacles to be addressed in the implementation phase of APCI. UNIDO emphasizes the urgent need for decision makers to propose effective institutional mechanisms. On financing, UNIDO called on national governments and regional commissions alike to set aside financial resources. However, the funding prospects of the APCI will depend on the relevance and success of the programmes to be developed for the client countries.

### **Advocacy work**

UNIDO’s overall approach was to build a core group comprised of representatives of the AU, NEPAD, RECs, private sector organizations, support institutions and selected donor representatives to advocate for the NEPAD/APCI. In addition, UNIDO develops strong partnerships with other UN Agencies (WTO, ILO) and cooperates with financial institutions, such as the Islamic Development Bank and the African Development Bank.