UNIDO

PARTNER FOR PROSPERITY
ACCELERATING GROWTH IN SOUTHERN AND EASTERN MEDITERRANEAN THROUGH PROMOTING SMEs AND JOB CREATION

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Outline

I. UNIDO and highlights of Successes in the MEDA region

II. UNIDO and the UfM

III. Priority Actions
Long-term Goal
To contribute to the achievement of the Millennium Development Goals (MDGs), in particular to poverty eradication through sustainable industrial development.

Thematic Priorities
- Poverty Reduction through Productive Activities
- Trade Capacity Building
- Environment and Energy

Programme Components
- Industrial Policy, Business Environment and Institutional Support
- Rural and Women’s Entrepreneurship Development
- SME Cluster Development
- Agro-processing and Value Chain Development
- Rural Energy for Productive Use
- Sustainable Production in Poor Communities
- Technology Diffusion
- Promotion of Domestic Investment, FDI and Alliances
- Enterprise Upgrading for Trade Enhancement
- Competitiveness Analysis and Trade-related Policies
- Innovation Systems, Technology Management and Foresight
- Modernization of Export-oriented Agro-industries
- SME Export Consortia
- Corporate Social Responsibility for Market Integration
- Standards, Metrology, Testing and Conformity
- Renewable Energy
- Climate Change and Industrial Energy Efficiency
- Cleaner and Sustainable Production
- Water Management
- Montreal Protocol
- Stockholm Convention
I. Highlights of UNIDO in the MEDA region
UNIDO activities in the UfM Member States
SUDAN – Youth Productive employment:
VTC: Khartoum State, YED Malakal, YED Wau

To develop **sustainable livelihoods and create productive employment opportunities** for IDPs and youngsters, including women, through the rehabilitation of vocational and technical skills training, apprenticeship programmes, and skills upgrading courses, as well as trade testing activities to be combined with YED/business development.

The project focus on institutional strengthening of NGOs/CBOs and capacity building of partners that will continue to provide subsequent business support services including training after completion of the project (after assistance period).

Euro +10m
Within the context of their partnership the United Nations Industrial Development Organization (UNIDO) and Hewlett Packard (HP) focus on assisting unemployed and underemployed youth to acquire business and IT skills to enter professional life or to start their own business. Through their current activities UNIDO and HP recognize the potential of joint ICT based initiatives in enhancing efforts to tap into the unused potential of unemployed young people in Africa and the Middle East.
Iraqi youths acquire computer hardware skills at the Nassriyah training centre.
Post-crisis: Re-build/rehabilitate Industrial assets – Lebanon and Iraq
After the 2006 war destroyed hundreds of Lebanese enterprises, UNIDO and the Lebanese Ministry of Industry joined efforts and soon responded with a 4.5 million dollar project to revitalize over 150 small enterprises in the south of the country, the Bekaa Valley, and in South-Beirut.

The project helped increase the number of employees in these enterprises from just over 100 to over 650.

LAISER concentrates its activities on five agro-industrial sectors: food and beverage, olive oil, textiles, woodwork and leather. It focuses on the provision of essential equipment, assistance to rehabilitation of civil works (excluding major structural works or building shells), and capacity development for general and market-specific skills.
Upgrading Tunisia’s industrial sector

On 17 July 1995, Tunisia signed an association agreement with the European Union. This agreement, which provided for the progressive establishment of a free trade area, offers to competitive Tunisian companies an opportunity to integrate into a developed economic area with more than 500 million consumers. Nevertheless, it carries threats linked to the liberalization of foreign trade.

To prepare and adapt the industrial enterprises and their environment to the new context, characterized by more competition, the Tunisian Government, in consultation with the social partners, designed and implemented a national programme for upgrading the economy and the industrial bases, starting by a pilot-upgrading programme with UNIDO’s assistance.

It focused on improvement of business environment and competitiveness of enterprises and enabled to strengthen three sectors: textiles and clothing, leather and footwear, and food.

UNIDO has contributed to the country’s efforts to increase productivity, reduce costs and improve quality in the manufacturing sector, making it more competitive, increasing its share in global markets, boosting exports and creating employment.

Today, the important economic declines that Tunisia must face are succeeding one another. Nevertheless, after 11 years of implementation, it can already be argued that the upgrading programme has recorded significant results and has been a remarkable success:

- 2,300 enterprises have been upgraded, a total upgrading investment of USD 1.4 billion has benefited from this programme so far;
- Total upgrading grants: USD 600 million;
- Increase in employment in beneficiary enterprises: 12%.

SMEs upgrading, restructuring and modernization

The Industrial Modernization and Upgrading Programme, launched by UNIDO in 2008 in the Syrian Arab Republic and funded by Italy, reached completion at the end of 2010.

“I’M UP-Syria” was designed to develop the competitiveness of the country’s manufacturing sector, with a focus on textile industry value chains, to enable it to benefit from new trade opportunities in regional and global markets.

The aim was to reinforce productive capabilities at the enterprise level as well as to develop the local skills needed to replicate the upgrading process on a larger scale.

As a first step, UNIDO assisted 36 enterprises in drawing up and implementing a detailed plan for marketing, product development, human resources management, cost-accounting and production planning, as well as for energy-saving and environmental measures.

National consultants skills were upgraded as well as the staff of the Ministry of Industry of the Syrian Arab Republic.

A credit line was developed and approved to facilitate access to finance for productive investment.
Implementation of the AIDMO - Arab Standardization Strategy 2009 -2013

• to support the regional efforts, coordinated by AIDMO, aiming at achieving regional integration, **harmonization and effective coordination in the quality infrastructure ensuring compliance with international trade rules and regulations**, establishment and or strengthening of regional support quality infrastructures for the improvement of quality, and for the delivery, along international good practice, of **support services in standardization, conformity assessment and accreditation**.

• The development goal is **to facilitate regional trade and regional harmonization** through strengthening the regional coordination mechanisms on quality infrastructure.
Morocco: EXPORT CONSORTIA –
National ownership and PPP for Market Access

Morocco – now

- 20 export consortia have been established and 13 are under development
- Moroccan export consortia federation grouping 20 consortia has been established
- Set-up of an export consortia financial support scheme by the Ministry of Foreign Trade (public-private partnership: fund managed by Moroccan Exporters Association)
- Moroccan Garment Association established an export consortia promotion unit

Morocco – project beginning

- No support scheme for export consortia
- Budget of approx. US$ 880,000 (since 2004)
- Team of 2 promoters
ETRACE Egypt builds food safety, quality and productivity enhancement capacity

- ETRACE is a centre of excellence, part of the Network of innovation and technology centers of the Ministry of Industry and Trade.
- It helps farmers, food manufacturers and packing houses to meet European and international quality, safety and traceability standards and foster market access through technical and financial assistance.
- Transfer know-how on traceability systems, technology and chemicals management and upgrading
- It operates at the national, regional and international levels.
Supplier Development in Egypt
UNIDO – GFSI – METRO

- METRO Group opened 2 stores in Egypt in 2010, each requiring 20,000 products on shelves, 90% locally sourced (€15+ million investment per store ...)

- UNIDO has very successfully completed a first pilot programme in Egypt to test the GFSI “Global Markets Protocol – Basic Level” with 18 suppliers in 2009 + 66 suppliers 2010

- A Global Markets Protocol Intermediate Level Pilot Programme implemented with 25 suppliers

- Over 800 growers (primary production, GAP) are also benefitting from the project

- 90% accepted as Suppliers!!
LibanPack

Lebanon

• Established under the MACLE project as a non-profit private sector-led packaging institute
• Provides support on laboratory equipments and technologies for packaging
• Provides technical support and training in product design, labeling and packaging.
• Foster transfer of know-how on packaging management and upgrading
• It operates at the national and regional levels.
• In the **Eastern Mediterranean subregion**, Governments need to incorporate into their economic development efforts the necessary energy related and environmental concerns.
• UNIDO focus on activities related to renewable energy, industrial energy efficiency, cleaner and sustainable production, water management, and the implementation of the Montreal Protocol and other international environmental protocols and agreements.

• In the **Gulf countries**, environmental management and control need to be improved. UNIDO focus on promoting modern technologies and processes that are cleaner and more environmentally sustainable, both within and outside the framework of the multilateral environmental agreements (MEAs). Protecting water resources from contamination and excessive consumption will be a special area of focus.

• In **North Africa**, natural resource degradation and depletion, especially water, is an increasingly serious problem. UNIDO focus on building national capacities to address industrial pollution.

• In the **Arab LDCs**, UNIDO focus on promoting the use of renewable energy to support and secure sustainability of productive activities.
Major challenges

- High unemployment in the target countries (>15% in the majority)

- Constraints to SMEs in the region:
  - Difficult business environment
  - Lack of access to quality/cost-effective Business Development Services, finance & financial services, business information...
  - Lack of intra-regional VC integration (labor, trade, capital, investment, standards, quality, legislation)

- Need to continue reforms business environment

- Asymmetries and market failures

- Environmental challenges......
Main constrains for SME suppliers

- **Compliance** with national and international standards and market requirements including private standards (quality, safety, certification, environmental and occupational health standards)
- High **costs and complexity** of certification
- Access to modern **technology** and **financial resources** and **management/manufacturing practices**
- Prove of **reliability** (consistent production volumes and quality, fast delivery)
- **Product diversity**
- Competitive **pricing**
- Strong **competition** to enter modern-segment value chains
II. UNIDO’s response: principles, objectives and components
Background

- The Union for the Mediterranean (UfM) includes 43 countries: 27 EU member states + Southern Mediterranean and the Middle East countries (Algeria, Egypt, Jordan, Lebanon, Mauritania, Morocco, Palestinian Authority, Syria, Tunisia, hereinafter Southern and Eastern Mediterranean [SEM] countries)

- UfM aims to bring the two shores of the Mediterranean closer together through the development of major regional projects meeting the populations’ needs

- The Union intends to contribute to the success of other initiatives undertaken in the interests of the peace, stability and development of the region
UfM: 6 Areas for Action

- Land and Maritime highways
  Interconnection of Med Ports, upgrading of technical capacities and logistics, motorway connection, etc.

- De-pollution of the Mediterranean
  Waste water management, desalination, protection the marine environment, preservation of the natural resources and wealth of the deep sea, integrated Mediterranean Water Strategy etc.

- Energy Efficiency
  Mediterranean Solar Plan/Mediterranean Ring

- Civil Security
  Mediterranean College, Interoperable Information System, Coordinated Prevention, Warning & Disaster Management Systems

- Higher Education and Research
  Mediterranean University, Med Center for Research, vocational training, etc.

- Business Development Plan
  Integrated approach to foster cooperation between business community, assistance for SMEs coordination, etc.
UfM’s Mediterranean Business Development Initiative

Integrated Approach to *foster cooperation* between business community, assistance for SMEs

It aims at:

- Facilitating the creation and development of SMEs
- Assisting existing entities in partner countries operating in support of SMEs by:
  - assessing their needs
  - defining policy solutions
  - providing resources (technical assistance & financial instruments)
  - providing direct support to SMEs (business partnerships)

- Based on the principle of co-ownership and expected to be complementary to those of the existing entities working in the field
UNIDO’s involvement: Major Milestones

**Sep 2007:** The UNIDO DG instructed ITPO Marseille to explore UNIDO’s possible involvement to the French initiative “Union for the Mediterranean”

**End 2007-early 2008:** various consultations held by ITPO Marseille and the UNIDO HQ with the UfM Task Force of the French Presidency

**May 2008:** Presentation of UNIDO’s TC strategy to the Mediterranean to the Task Force

**2008-2009:** UNIDO’s continuous consultations with Egyptian and French Co-Presidencies

**Apr 2009:** DG was invited by UfM to a meeting on financial infrastructure for the Mediterranean Region in Alexandria, Egypt. UfM requested UNIDO to formulate a proposal for cooperation and to organize a joint Regional meeting in Marseille to discuss details and implementation modalities

**May-Jul 2009:** Questionnaires to UNIDO Representatives in the MEDA region

**Jun-Aug 2009:** Consultations with UfM and stakeholders

**Sep-Dec 2009:** Consultations with UNIDO TC Branches, ITPOs and field offices
Principle of UNIDO’s Response

- Addressing objectives of the UfM’s Mediterranean Business Initiative
- 9 Mediterranean recipient countries
- Business-oriented (direct impact on employment and economic growth as locomotive for the political initiative)
- Facilitation of the North-South & South-South partnerships and intra- and interregional integration
- Facilitation of B2B and C2C partnerships along Value Chains & access to finance
- Development of bankable projects « ready-made » to financial institutions and banks
Global objective

To contribute to the socio-economic growth, poverty reduction, regional integration and environmental sustainability of the SEM countries with focus on the development and integration of agro-food and green industries

Economic Growth and Poverty Reduction through

- Employment creation
- Trade Development
- Innovation & technology promotion
Specific objectives

i. To promote **business development and productive employment creation for young graduates** through promoting investment in local SMEs and access to know-how/technologies/funds/markets

ii. To strengthen capacities of the **BDS and technical support institutions** with special focus on SMEs and employment creation

iii. To facilitate **business linkages and networking**, with special focus on North-South cooperation among regions/Clusters and Value Chains

iv. To strengthen the **private sector SMEs** and increase their competitiveness on the regional and global market and **access to public and equity funds**
Programme beneficiaries

- Recipient countries: *Algeria, Egypt, Jordan, Lebanon, Mauritania, Morocco, Syria, Tunisia, and West Bank and Gaza*
- New and existing SMEs operating in agro-food and green industries with access to regional and global Value Chains
- Young graduates
- Local and regional agencies and financial institutions dealing with SMEs, employment & investment promotion:
  - Chambers of commerce and industry
  - Institutions financing SMEs
  - Incubators, technopoles, academia
  - Cleaner production centers
# Programme components

<table>
<thead>
<tr>
<th>Component I</th>
<th>Assessment and benchmarking survey of the opportunities and constraints in the area of SME development and employment of youth graduates in beneficiary countries (taking into account experience of Turkey, Italy, France and Spain).</th>
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<tbody>
<tr>
<td>Component II</td>
<td>Reform of the institutional framework, the business environment and financial instruments related to SME development and young graduates employment.</td>
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<td>Component III</td>
<td>Upgrading technical support agencies for SME development and young graduates employment including coordination and partnership with support agencies in North Mediterranean countries.</td>
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<tr>
<td>Component IV</td>
<td>Technical assistance for development of SMEs in agro-food and green industries through creation, technical upgrading, investment promotion, partnership and access to financial services.</td>
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Programme outcomes (I)

Component I (assessment and benchmarking)

- Assessment and benchmarking survey of the opportunities and constraints in the area of SME development and employment of youth graduates in beneficiary countries (taking into account experience of Turkey, Italy, France and Spain).

Outcome I.1 Thorough analysis and action plan for the reform of institutional framework and business environment (including financial instruments) related to the development of SMEs and employment of graduates in the beneficiary countries.

Outcome I.2 Mapping, thorough diagnostic and upgrading plans developed for technical support institutions in charge of promotion of SMEs and employment in the beneficiary countries (SME support and investment promotion agencies, incubators, employment agencies, Business Development Service centers, NCPCs, etc.).

Outcome I.3 Design and formulation of a comprehensive package of actions and incentives for strengthening SMEs and promoting employment for young graduates.
Programme outcomes (II)

Component II
(macro-level support)

- Reform of the institutional framework, the business environment and financial instruments related to SME development and young graduates employment.

Outcome II.1 Enabling framework and institutional support conducive for the growth of SMEs and youth employment (coherent policy, regulatory and institutional framework)

Outcome II.2 Capacity building for the development of more effective financial services for facilitating entrepreneurship development and SMEs access to finance
Programme outcomes (III)

### Component III
*(meso-level support)*

- Upgrading technical support agencies for SME development and young graduates employment including coordination and partnership with support agencies in North Mediterranean countries.

<table>
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<tr>
<th>Outcome III.1</th>
<th>Capacities of the technical support institutions reinforced in promoting SMEs and employment creation for young graduates (training, study tours, software, small equipment, documentation)</th>
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<td>Outcome III.2</td>
<td>Development of partnership cooperation activities between South and North Mediterranean technical support institutions</td>
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<td>Outcome III.3</td>
<td>Capacity building for 8 selected vocational training centers operating in agro-food and green industries (one per beneficiary country)</td>
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<tr>
<td>Outcome III.4</td>
<td>Training provided for 500 national experts, trainers, engineers and technicians on approaches and methodologies in the project formulation and appraisal, development and creations of SMEs, entrepreneurship, promoting youth employment and green industries</td>
</tr>
<tr>
<td>Outcome III.5</td>
<td>Assistance for the development and creation of pilot incubators in the beneficiary countries (one per beneficiary country)</td>
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Programme outcomes (IV)

Component IV
(micro-level support)

- Technical assistance for development of SMEs in agro-food and green industries (on pilot basis) through creation, technical upgrading, investment promotion, partnership and access to financial services.

Outcome IV.1 Mapping and identification of SMEs operating in agro-food and green industries

Outcome IV.2 Diagnostic and formulation of bankable projects for development of selected SMEs (20 SMEs per country on pilot basis)

Outcome IV.3 Cluster-based approach developed and implemented by selected SMEs operating in agro-food and green industries (15 SMEs per country on pilot basis)

Outcome IV.4 Investment projects developed and promoted for the creation of SMEs in agro-food and green industries (20 new SMEs per beneficiary country)
Expected outputs and impact

- Capacities of existing SMEs strengthened and emergence of new small- and medium-scale manufacturing units in agro-food and green industries Value Chains
- Increased employment opportunities for young graduates with jobs created directly in the SME sector & related services
- Green industries promoted, resource and energy efficiency tools mastered, and production costs reduced
- South-South and North-South integration of the region streamlined
- As a result, contribution provided to the achievement of MDGs 1, 7 and 8 (Eradicate extreme poverty, Ensure environmental sustainability, Develop a Global Partnership for Development)
Potential partners

- Agence Française de Développement (AFD)
- World Bank
- European Investment Bank
- German KFW
- The Forum of Mediterranean Banks, represented by OCEOR (France)
- Caisse d’Epargne (France) & FransaBank (Lebanon)
- Caisse des Dépôts France, Caisse des Dépôts Morocco, Cassa Depositi e Prestiti (Italy) etc...
- SMEs and potential buyers (manufacturers and supermarket chains)
Priority Actions

1) Partnerships - Programme for long-distance fostering care of SMEs/Small Businesses

- To apply ethical business principles to foster North-South partnerships to support SMEs/small businesses in crisis (high risk of closure and layoff of staff) applying child long-distance adoption schemes to SMEs/Small Businesses

- To foster integration of agro-food and green suppliers into Regional and Global supply chains (manufacturing and retail/supermarkets)

- To promote of Cluster to Cluster (C2C) partnerships with focus on innovation, transfer of Know-how and social and environmental sustainability in agro-food and green industries

2) Special programme for productive employment for young graduates with jobs created directly in the SME sector and related services
Thank You for your attention

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