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Effective Initiatives on Upgrading Entrepreneurship Skills for Integrating Countries Into GVCs

by

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Session 2: Upgrading Entrepreneurial Skills to Promote Inclusive and Sustainable Value Chains

Effective initiatives on upgrading entrepreneurship skills for integrating countries into GVCs

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Presentation Joern Rieken
**Integrating into GVCs**

- Policy decisions on GVCs

a. Selecting GVCs (e.g. fruits & vegetables, automotive) depending on modes & means of integration targeted on, as
   - Factors – quantity, quality, comparative cost advantages
   - Markets – distance, regional competitiveness, requirements
   - Institutions – service quality, security, reliability
   - Timeframe
   - Partners: structure (TNCs, semi-processors, traders), responsibilities

b. Trade-friendly environment – specific incentives for limited sectors

c. Focus on specific support measures to increase productivity of land, capital/institutions, labour (incl. professional education)

d. Focus on few specific institutions (e.g. VET, trade promotion).
Integrating into GVCs
- Challenges for evaluation

Structural
• Physical transaction costs
• Legal adjustments (e.g. FEZ, edging out)

Distributional (shareholder / stakeholder)
• Investor / Government: investments (capital / programmes) to gains (RoI / welfare)
• Investor / employees: investments (training / relocation) to gains (RoI / salaries)

Inclusiveness
• Gender, vulnerables

Sustainability
• Investment: capital (volatility), human resources (qualification), national welfare (infrastructure, institutions)
• Product: lifetime (e.g. hazardous effects), after livetime (e.g. recycling)
• Production: means (externalities, e.g. carbon footprint) & modes (shareholder / stakeholder participation, distribution of benefits)
**Integrating into GVCs**
- UNDP’s role

Supporting governments to increase **national shares of value addition** from integrated GVCs by advise on designing and implementing policies securing “Inclusiveness & Sustainability”.

Strategy: implementing pilot projects for copy-paste to national level

I. Securing inclusiveness

*Agricultural producers & agro-processors* supported to integrate into national and GVCs by

- Information: mobile phone based Agricultural Information Marketing Systems (AIMS)
- Product quality and quantity requirements: matchmaking with sourcing companies
- Export requirements: trainings on processing (SPS, HACCP)
**Integrating into GVCs**  
- UNDP’s role

II. Securing sustainability:
   a) product, b) means of production, c) support institutions

   **A. Product:**
   
   i. Support shift towards cultivation of products with lower environmental impacts, lower requirements of farm-external inputs, and higher value addition per cultivated area (cotton towards F&V)
   
   ii. Reducing after-harvest losses by establishing storage facilities with cooling opportunities close to location of production

   **B. Means of production:** environment friendly by
   
   i. Reducing energy input (e.g. by green houses)
   
   ii. Reducing hazardous effects (e.g. pesticides, fungicides)
   
   iii. Reducing soil destructing effects (e.g. cultivation methods)
Integrating into GVCs
- UNDP’s role

II. Securing sustainability

C. Support institutions:

i. Semi-public, partially public welfare oriented support institutions, targeting on upgrading productivity of stakeholders, are strengthened in capacities for offering demand-driven services
   • Trade/export promotion agencies: matchmaking with GVC stakeholders, providing in-service trainings

ii. Self-help organizations
   • Agricultural cooperatives: marketing, management
   • Small hydro & irrigation water-user associations: maintenance, investments on sustainability (e.g. drainage)

Indicators for inclusiveness & sustainability:

Number of additional jobs, percentage of wage increase, quotas for remote areas / vulnerables / women, “fair labour” conditions, et. al.
Integrating into GVCs
- Summary

Securing inclusiveness & sustainability

- Levels: product, means of production, support institutions
- Means: indicators with minimum criteria and quota, measuring impacts, e.g. of capacity development, matchmakings, preferential credits
- Projects: Aid-for-Trade (AfT), Area-based Development (ABD), Poverty and Environment Initiative (PEI)
Thank you!

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