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**Expert Meeting on**

**Investment, Innovation and Entrepreneurship for Productive  
Capacity Building and Sustainable Development**

**30-31 March 2015**

**Effective Initiatives on Upgrading Entrepreneurship Skills for Integrating  
Countries Into GVCs**

**by**

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# UNCTAD Multi-Year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity Building and Sustainable Development

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

# Effective initiatives on upgrading entrepreneurship skills for integrating countries into GVCs

Geneva, 30 March 2015

Presentation Joern Rieken

# *Integrating into GVCs*

## - Policy decisions on GVCs



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- 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 lifetime (e.g. recycling)
- Production: means (externalities, e.g. carbon footprint) & modes (shareholder / stakeholder participation, distribution of benefits)



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# *Integrating into GVCs*

## **- UNDP's role**



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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*



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## **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:*** environmentally 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.



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# *Integrating into GVCs*

## - Summary



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## 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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