



8TH GLOBAL
COMMODITIES FORUM

**BUILDING SKILLS FOR
SUSTAINABLE DEVELOPMENT**

23–24 APRIL 2018

Room XXVI, Palais des Nations, Geneva, Switzerland



Building skills is vital for the achievement of the Sustainable Development Goals, but remains challenging for a number of developing countries, notably Commodity Dependent Developing Countries (CDDCs). In general, many CDDCs are trapped in a vicious cycle: the shortage of skilled workers dissuades investments in value added activities, limiting the number of skilled jobs in the commodity sector, which, in turn, limits the incentives for young adults to invest in their education and acquire more skills. Those workers seeking careers in skilled trades often choose to pursue education and jobs abroad, contributing to the so-called “brain drain” from developing countries and further undermining prospects for investments in industrial development.

According to UNCTAD’s 2016 State of Commodity Dependence report, 91 developing countries were commodity-dependent in 2014-15, meaning they relied on exports of unprocessed commodities, such as agricultural produce, mineral ores or crude oil, for 60 per cent or more of the total value of their merchandise exports. In 61 of these countries, the rate of dependence was more than 80 per cent. The economic, environmental and social consequences of this dependence are severe, with the boom-bust cycle of commodity prices playing havoc with countries’ macroeconomic management.

In addition to an extreme concentration of the national economy, commodity dependence underlines that many developing countries add little value to their commodities and struggle to diversify into other manufacturing sectors, which constrains the industrialisation of their economies. For example, in most developing countries, agriculture is predominantly undertaken by labour-intensive small farms that employ manual techniques and offer few industrial perspectives. By comparison,





the mineral, oil and gas sectors can provide developing countries with some limited technology transfer and skilled jobs, for example related to the infrastructure used to extract crude oil or transport natural gas. Nevertheless, in both agricultural and mineral value chains, value added activities generally offer the greatest potential for technological and human capital development. Adding little value to their commodities, many developing countries miss out on these opportunities.

Value addition is therefore a central component of commodity-led development strategies. These include vertical integration strategies – i.e. moving up the value chain – such as Ethiopia offering incentives to investors in its agro-processing sector,¹ to Indonesia imposing an export ban on nickel and bauxite ores to compel the construction of smelters in the country.² Meanwhile, horizontal diversification strategies involve leveraging skills and resources in the commodity sector to develop non-commodity industries, for example Iran using revenues and engineers from its oil sector to develop export-oriented manufacturing of agricultural machinery, medical equipment and greenhouse irrigation systems.³

Skilled workers are prerequisite for any new value added activity. After initial investments in infrastructure, buildings and equipment, new ventures need sufficient skilled workers to operate their machines. In the commodities value chain, calibrating skill-building programmes to employers' needs can be tricky. For example, in the Republic of the Congo, the Government partnered with Total E&P Congo to establish masters' programmes in engineering and geology, as well as a technical training school. While the programmes are well established and have produced a steady flow of graduates, Congolese employment in the oil sector has underperformed expectations and employers continue to complain of a shortage of skilled workers, as well as a mismatch between their needs and the training graduates receive.⁴

Furthermore, closing the gender skill gap is necessary to redress the disparity in opportunities available to men and women in the commodities sector. Men tend to secure a disproportionate share of jobs created in commodities sectors – especially high-skill, high-wage jobs – a trend that is more pronounced in extractive activities. Many factors contribute to this disparity, including negative perceptions and attitudes, or discrimination related to gender stereotypes. But there are also many practical obstacles, such as gender skill gaps in schooling, financial literacy and business and technical training, which prevent women from accessing opportunities in the commodities sector and its value addition activities.

The Forum

In this context, UNCTAD will host the eighth Global Commodities Forum on 23-24 April 2018 at the Palais des Nations in Geneva. Participants will examine and debate the theme of Building skills for sustainable development, with sessions exploring the roles that skill development plays in the commodities sector, to move up the value chain, contribute to industrial development (SDG 9) and provide decent work (SDG 8) and professional education and training (SDG 4).

Participants at the Forum will debate the policies and investments necessary to build skills as a main channel for commodity-led development strategies. For governments, this includes establishing responsive, scalable training programmes, ideally in collaboration with industry, before commercialising new value added activities. Participants will also look at how to achieve efficiencies by mirroring integration strategies for commodities industries in their associated training programmes, for example through regional or multi-vocational approaches. Participants will also hear how “sustainable job creation” is a useful concept in aligning industrial and human capital policies in commodity-led development strategies. From the industry

¹ Government of Ethiopia, 2016. “Growth and Transformation Plan II (GTP II), 2015/16-2019/20.” Available at: https://europa.eu/capacity4dev/resilience_ethiopia/document/growth-and-transformation-plan-ii-gtp-ii-201516-201920.

² Asmarini, Wilda and Munthe, Bernadette Christina, 2017. “Indonesia eases export ban on nickel ore, bauxite.” Reuters, 12 January.

³ UNCTAD, 2016. “Report of the Global Commodities Forum 2016.” UNCTAD, New York and Geneva, UNCTAD/SUC/2016/5.

⁴ UNCTAD, 2017. “Establishing development linkages in the extractive industry: Lessons from the field.” UNCTAD, New York and Geneva, TD/B/64/3.



perspective, participants will look at how skills are a win-win channel, by which companies can improve their bottom line, meet corporate social responsibility engagements, comply with local content requirements and deliver durable benefits to host communities.

In addition to these general questions, Forum participants will debate the specific question of how human capital development strategies should: a) adapt to changing skills requirements in the mining sector due to technological advancements and evolving norms related to, for example, environmental stewardship, climate change and local content; and b) prepare for the transition to a lower-carbon energy mix, including the role of natural gas, in pursuit of universal access to affordable, clean energy (SDG 7); and c) contribute to increasing the participation of women in skilled vocations in value added activities (SDG 5).

UNCTAD launched the Global Commodities Forum in 2010, as a high-level, neutral, and multi-stakeholder platform to deliberate issues related to the production and trade of commodities, with a focus on developing countries. The Forum is part of UNCTAD's "Breaking the chains of commodity dependence programme". Its objective is to generate partnerships and innovative policy ideas for government, private sector and civil society leaders.

Expected outcomes

- Guidelines for a technical cooperation project proposal on multi-vocational training in agricultural value added activities
- Guidelines for a policy analysis project proposal on sustainable job creation in extractive industries
- Recommendations for adapting employment and human capital development policies to increasing automation in mining industries
- Best practices in public-private partnerships on establishing training institutions and programmes for extractive industries
- Industry best practices for using skill development to meet business, social and regulatory objectives.

Who should attend

The GCF assembles stakeholders from throughout the commodities economy, including high-level representatives from national governments, businesses and international organizations, as well as experts from civil society, academia and the press.

Funding

The first three editions of the GCF were funded mainly by a large grant from the Common Fund for Commodities (CFC). The GCF has also received generous financial support from: the governments of Switzerland, China and France; the UN Food and Agriculture Organization; Gaznat; Afrexim Bank and Audit Control and Expertise (ACE).

If your organization has a stake in the responsible and inclusive development of the commodities value chain, please consider supporting the GCF and contact us at the coordinates below.

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REGISTRATION

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