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Sustainable Industrialization for Shared Prosperity

Public Private Partnership in the era of post-2015 Development Agenda

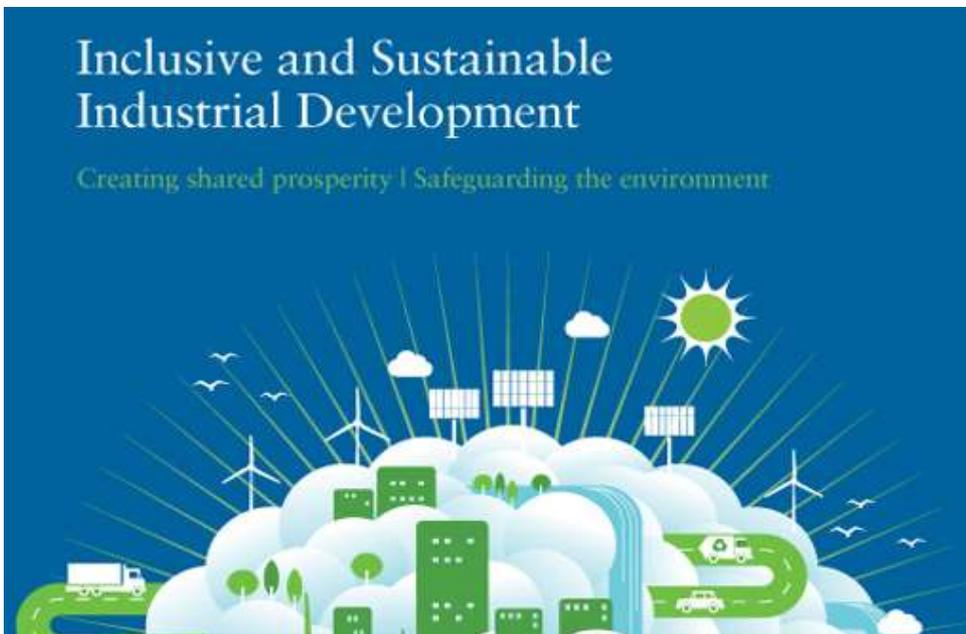


INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Partnering with the Japanese Private Sector for achieving Inclusive and Sustainable Industrial Development



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Presentation outline

- **UNIDO's Approach on Inclusive Sustainable Industrial Development Approach**
- **Building concrete and new business and partnership opportunities with the Private Sector: The PCPs**
- **Private sector Involvement in UNIDO's TC Projects**
- **The Programme for Country Partnerships and the involvement of the Japanese Private Sector**



UNIDO's new approach for ISID

The **Inclusive and Sustainable Industrial Development (ISID)** constitutes the core mandate of UNIDO in the framework of the United Nations post-2015 development agenda, through the Lima Declaration;

The ISID key pillar is to help countries to **achieve higher level of industrialization** in their economies and to benefit from the globalization of markets for industrial goods and services;

ISID calls for **greater partnerships with all relevant development** actors to combine their knowledge and their resources for the purpose of maximizing the development impact

*“To achieve inclusive and sustainable industrial development for our member states (...) we need to develop **stronger partnerships** to make **our development impact even bigger**. This means further expanding strategic partnerships (...) also **with private sector companies**.”*

Li Yong, Director General of UNIDO





UNIDO's new model of intervention: The ISID Partnership approach

The rationale of UNIDO's partnership approach:

- Extend beyond the stand alone grant-funded, capacity-building assistance and create strategic links between industrialized and developing countries.
- Develop an integrated strategy on partnerships and achieve larger flows of resources for ensuring sustainability and stronger support to national strategies and priorities.
- Test, codify, standardize and replicate the new partnership-based business model.
- Contribute to the further improvement of efficiency and effectiveness of traditional technical cooperation deliveries.
- Monitor and report the impact of partnerships.

The ISID Partnership approach will be implemented through the **Programs for Country Partnership (PCPs)** through collective actions with local and international development partners, **including private sector.**



Building concrete and new business and partnership opportunities with the Private Sector: The PCPs

UNIDO's new business and partnership model: Programmes for Country Partnership (PCPs);

PCP implementation principles:

1. A strong country ownership and alignment with national industrial plans;
2. A clear reflection of UNIDO's ISID objectives;
3. An opportunity to deploy a multi-disciplinary and integrated array of UNIDO services;
4. Rigorous monitoring and reporting mechanisms towards PCP stakeholders to measure the concrete benefits and tangible results
5. A close alignment with national resource mobilization strategies and the potential to scale up technical cooperation services through the establishment of partnerships;

Private Sector's essential role in implementing and leveraging the PCPs:

- **Unleash business core competencies (expertise, networks, resources, investments) from private companies to amplify the development impact in PCP countries**



Implementing the Partnership Approach with the Private Sector in the framework of the PCPs (1)

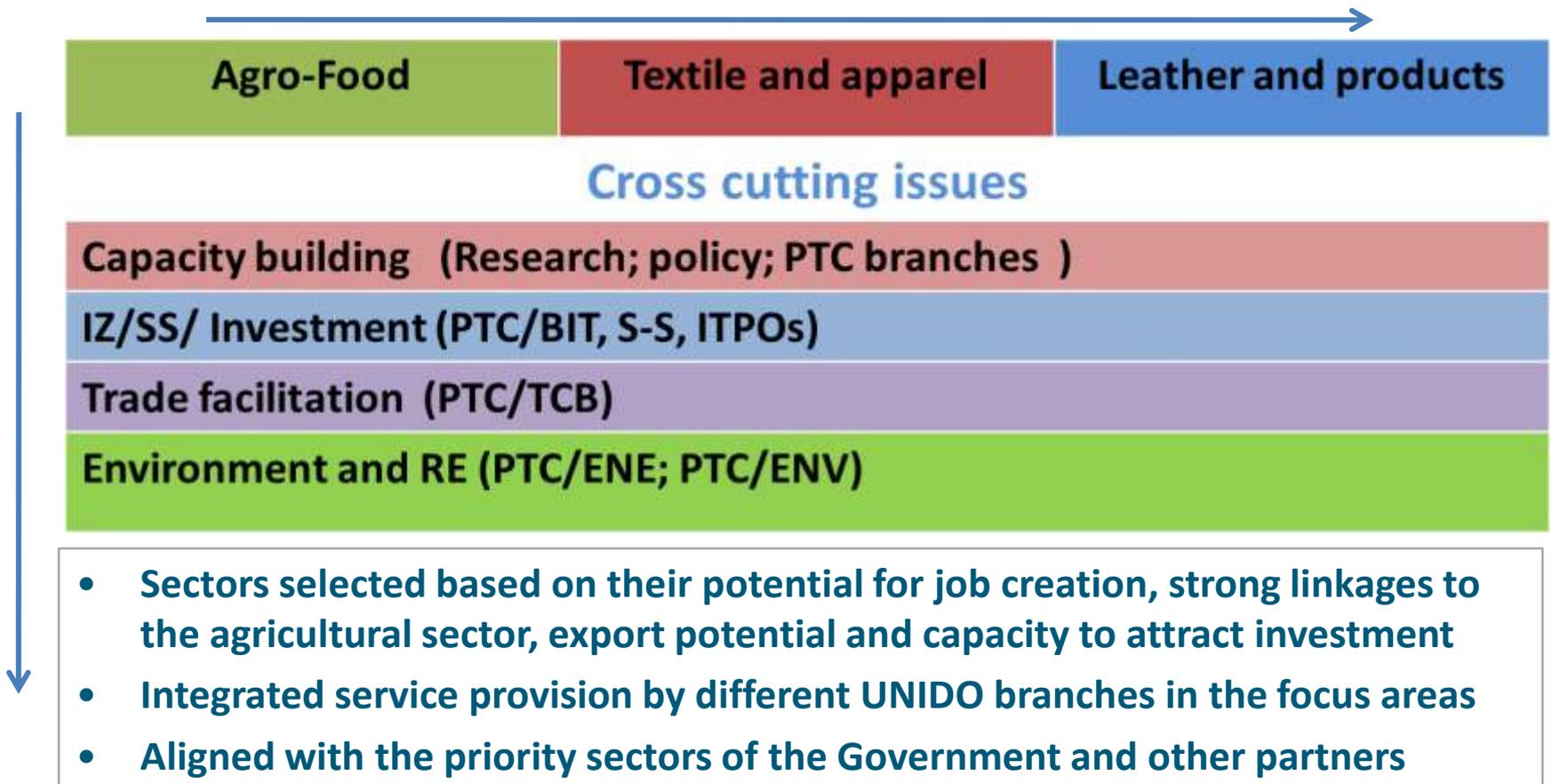
The PCPs aim **at scaling-up investment to maximize the development impact through partnerships:**

- Create partnership with the Private sector and Development Finance Institutions **to attract large scale investment for job creation, improve market access and increase export earnings;**
- Synergize with projects of technical and financial partners, private sector and Government for **efficient and sustainable resource mobilization and allocation**

Two PCP Pilot Countries: **Ethiopia and Senegal**

- **Two main priority areas of interventions: the establishment of industrial zones and agro-industry sector development**
- Strengthened by **cross-cutting interventions** including energy, environment, innovation, trade facilitation, investment promotion, South-South and triangular cooperation towards the development and the upgrading of national and local private sector;

Implementing the Partnership Approach with the Private Sector in the framework of the PCP-ETH (2)



Implementing the Partnership Approach with the Private Sector in the framework of the PCP-Senegal (3)



Design and Implementation of Industrial Policy (PRF/RSI)

**Operationalization of the 1st
Integrated Agro-poles
(PTC/AGR)**

**Operationalization of the 1st
Integrated industrial platform and
mining and industrial hub (PTC/BIT)**

Cross-cutting issues

Investment Promotion and Private Sector Development (PTC/BIT)

South-South and Triangular Industrial Cooperation (PTC/PRM)

Trade facilitation (PTC/TCB)

Environment and energy (PTC/ENE; PTC/ENV)

Partnering with the Private Sector: An example with UNIDO, Africa and the private sector

What are the needs of the private sector in Africa?

- Technology transfer, Investment, Finance, Energy, Environment, Social Health and Education

What are the UNIDO tools to support partnerships with the private sector in Africa?

- AfrIPANet, Investment Monitoring Platform, SPX Network, COMFAR, Centres for Resource Efficient and Cleaner Production
- Through these instruments, UNIDO provides information to private sector, as well as accompaniment and aftercare services through IPAs, network of private sector associations and ITPOs

UNIDO's approach for partnering with the private sector

Partnership Proposal



Areas of cooperation

- Poverty reduction through productive activities
- Trade capacity-building
- Energy and environment

Corporate Screening



Due diligence

- Review company profiles against environmental, social & governance criteria

Commitments and Accountability



Design partnership model:

- Roles and responsibilities
- Joint funds mobilization
- Roadmap & KPIs
- Results

Scale-up the impact



Up-scaling

- Best practice sharing
- Expand geographic & content scope

UNIDO's recent partners from the private sector:



Partnership Example | AEON

OBJECTIVE

- Enable suppliers to gain access to new market opportunities, increasing the availability of safe and sustainable products

GEOGRAPHIC SCOPE

- Malaysia

RESULTS & OUTLOOK

- Increased productivity of small-scale food processors to meet AEON's quality & safety standards
- Capacity built for 100+ SMEs
- Roll-out to Asian region in (non-)food upgrading programmes

Partnership Example | Komatsu

OBJECTIVE

- Upgrading the training infrastructure to modern Industry needs that will enable youth to benefit from employment opportunities

GEOGRAPHIC SCOPE

- Liberia

RESULTS & OUTLOOK

- Established vocational Training infrastructure for youth
- Employment opportunities
- Qualified heavy equipment operators
- Stability in the country through facilitating a more productive workforce



UNIDO's instruments for private sector: AfrIPANet

The African IPA Network (AfrIPANet) was established in 2001 with initially 10 countries and currently includes 43 IPAs and 49 country members. AfrIPANet developed the 1st African Investor Survey, initially covering 4 key countries, first in 2001 and has since been extended to 22 additional countries;

Within the framework of AfrIPANet, UNIDO has implemented fully-fledged Capacity Building and Investment Promotion Programmes for reinforcing African IPAs as one-shop-centers for domestic and foreign investors, including:

- Capacity building for investment policy development;
- Service upgrading with the creation of new financing unit for SMEs and enterprise development;
- Investment Generation Campaigns through specific Investor Forum activities.

In the coming years, AfrIPANet aims at improving the capacities of IPAs in mobilizing domestic and foreign quality investments that promotes ISID;

Within AfrIPANet, the Investment Technology Promotion Offices (ITPOs) are focal points for assisting domestic and foreign investors.

UNIDO's instruments for private sector: the IMP (1)

In 2010 AfrIPANet has integrated the online web based tool, the Investor Monitoring Platform (IMP), as a one stop data source for investors interested in AfrIPANet member economies and as a interaction tool between foreign and domestic investors and IPAs;

The detailed data are based on statistical sample of 7000 companies surveyed in the targeted countries, including **300 variables** are available for each company:

▪ Investment Characteristics :

- The size (Employment, Sales, Assets);
- The ownership (Foreign, Domestic, Joint Venture);
- Investment Motivation (Raw materials, Markets, Low cost & Export);

▪ Performance measures:

- Profit, Profit rate before taxes, Labor and capital productivity, Past and future investment, the Growth (for investment, employment, sales, exports);

▪ Impact indicators:

- Employment, wages, Local partners, Local content, Supplier development, Taxes, R&D;

UNIDO's instruments for private sector: the IMP (2)

The IMP enables to:

- Provide an **interactive data visualization toolkit** (histograms, bar, pie, bubble charts, heatmaps) for analyzing investment trends in Africa;
- Quickly research **different types of investors, their performance and development impact;**
- Establish a **common data source for the different stakeholders** in the arena of investment;
- Unite these stakeholders around a **common shared vision to promote investment** through the exchange of findings and ideas and **encourage inter-institutional and public-private dialogue;**



UNIDO's instruments for private sector: the IMP (3)

IMP's online Business Finder is a database of more than 5000 verified companies and investors operating in Africa registered with contact details. Companies can be found and contacted through specific criteria (company description, product descriptions, sector, size, location).

The screenshot shows the UNIDO Business Finder website. The top navigation bar includes 'Home', 'My Account', 'Companies', 'Administration', 'Use Guides', 'FAQs', 'Knowledge Base', and 'About'. Below this, there are sections for 'Explore Survey Data' with various charts and a 'Business Directory' link circled in red. The main content area displays a list of countries and their respective business sectors, such as Tanzania (40) with sub-sectors like agribusiness, capital intensity, and more. There are also search filters for 'Survey Group' and 'Country'.

The 'ADVANCED SEARCH' form contains the following fields and options:

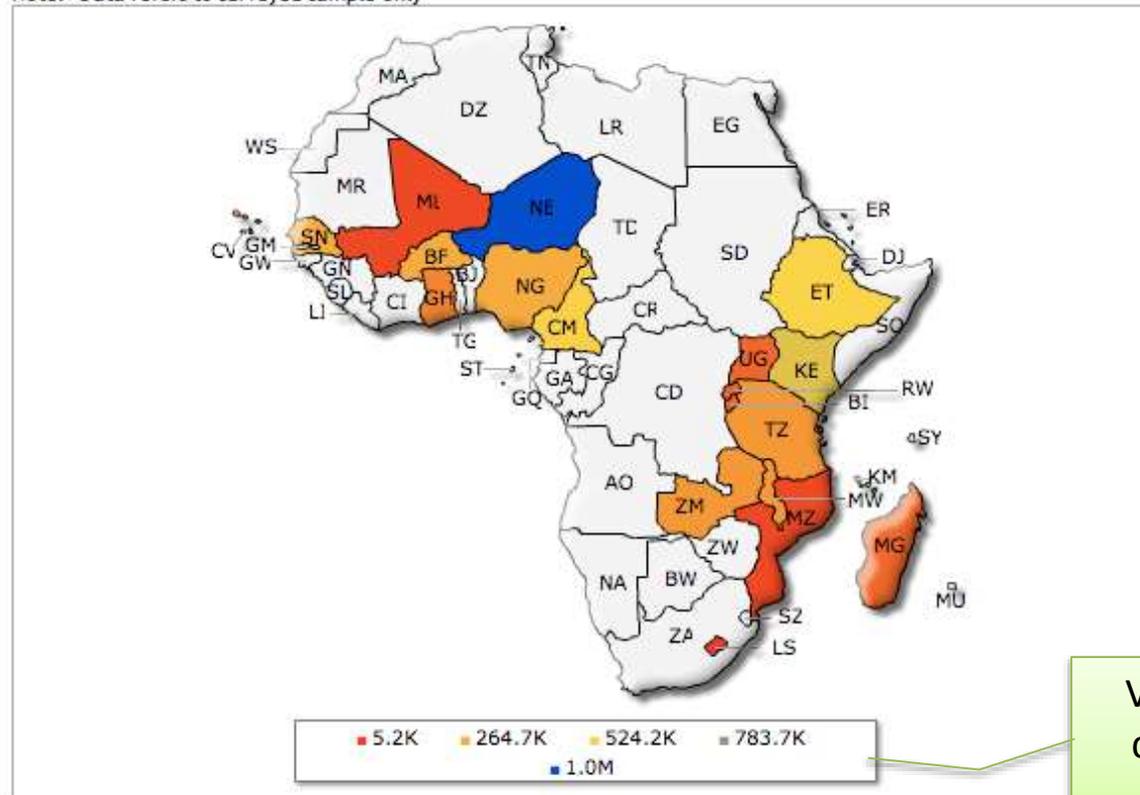
- Company/Institution:** Text input field.
- Company Description:** Text input field.
- Company Country:** Dropdown menu with 'Uganda' selected.
- City:** Text input field.
- Contact:** Text input field.
- Total Number of Employees:** Range selector with '80' selected.
- Year Established:** Range selector with '1999' selected.
- Total Assets:** Range selector with 'Equal To' selected.
- OwnerShip Type:** Dropdown menu with 'Joint Venture' selected.
- Stock Market Listing:** Radio button for 'None Specified'.
- Company Exports:** Radio button for 'None Specified'.
- General Company Sector (ISIC):** Dropdown menu with 'Type ISIC Code or description...' selected.
- Specific Company Sectors (ISIC):** Dropdown menu with '(D154) Manufacture of other food products' selected.
- General Company Product (UNSPSC):** Dropdown menu with '(50323445) Dried italia grapes' selected.
- Specific Company Products (UNSPSC):** Dropdown menu with 'Type UNSPSC Code or description...' selected.

UNIDO's instruments for private sector: the IMP (4)

An example of an investment analysis: Last major Investments in Africa, by Country

Survey Group **Africa Investor Survey**

Note. - Data refers to surveyed sample only



Do NOT use weights

Numeric Variable

(Median) Last major new i

Add More Filters:

Select a Variable

Selected Filters (Reset)

Variable Filters

Main sub-sector

- Agriculture, hunting and related service activities
- Manufacture of food products and beverages
- Manufacture of tobacco products
- Manufacture of textiles
- Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear

Values are plotted according to a data-interval-scheme, computed on-the-fly



UNIDO's instruments for private sector: the IMP (5)

The IMP allows investors and companies to explore and provides insights to important aspects, such as:

- **The understanding of investment trends** in different countries to identify proper business opportunities and partners;

Who is going where? Which policies are benefiting investor performance? Which sectors are strong and developing quickly? What attracted other investors to a location?

- Relating last major investments to the **most important incentives** provided (training, capital grants, infrastructure...) or **investment services provided** and their quality during the different investment phases;

- Benchmarking investors' operational indicators against averages and the identification of gaps that can provide investment opportunities;

- **Identify gaps that can provide investment opportunities** and get to know investor perceptions and needs.



UNIDO's instruments for private sector: the SPX

Subcontracting and Partnership Exchange (SPX) gathers **an international database of supplier profiles and supplier benchmarks** within specific industrial sub-sectors to link suppliers and buyers and **leverage large investors and public procurement towards SME development**;

SPX tools include:

- **SPX profiling and matchmaking:** the profiles of the areas of activities (equipment, processes, products) capacities of SMEs are generated to be promoted among buyers;
- **SPX Benchmarking:** Comparison of the operational performance of a company and its business practices with those of other companies of similar size and type in order to assess the quality of the businesses in relation to international practices
- **Supplier Development:** Capacity building support for SMEs in their upgrading process, responding to the needs indentified by the benchmarking diagnosis

SPX activities include the establishment of SPX Unit, capacity building and training for private sector associations, sensitization of local companies (suppliers and buyers), Database of benchmarked suppliers and buyer requirements linked to the IMP, SPX Meetings, study tours and delegates programmes with selected ITPOs

UNIDO's instruments for private sector: COMFAR

UNIDO's Computer Model for Feasibility Analysis and Reporting (COMFAR) is a software that aims at **assisting private and public stakeholders for project appraisal and feasibility analysis by facilitating short and long term analysis of financial and economic consequences for industrial and non-industrial projects;**

COMFAR activities include:

- Capacity building in identification, preparation and appraisal of investment project portfolio;
- Strengthens national and regional capacity through training for trainers schemes;
- Improvement of standards of pre-investment studies and bankable documentation (updated software, guidelines, documentation);
- Training programs tailored made to strengthen managerial and analytical needs of companies and institutions;
- Assistance in preparation and evaluation of investment project portfolio, pre-investment studies;
- Provision of tools, software and methodological advice.



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UNIDO's instruments for private sector: ITPO NETWORK and ITPO Tokyo



Implementing the Partnership Approach with the Private Sector in the framework of the PCPs

Advantages of the PCPs for the Japanese Private Sector

- Clearly defined priority sectors and areas for Private sector involvement
- Incentive package for Private Sector operations
- Concentration of financial, technical and human resources in the PCPs priority sectors
- Existence of coordination mechanism and dialogue platform with Government, local Private Sector and Partners
- Secured framework for Private sector interventions
- Upgrading of business support services
- Clearly identified investment opportunities

Implementing the Partnership Approach with the Private Sector in the framework of the PCPs

- Investment opportunities are now being identified within the two PCPs.
- The definition of the incentive package and investment profile development are undertaken and will be finalized in September 2015 in order to identify strong business opportunities for private investments in key sectors.
- The private sector is a key operational partner and is constantly involved in the design, the implementation and the monitoring of the PCPs.
- The private sector is also greatly involved into PCP national coordination mechanisms and has an crucial role within National Task Forces, Steering Committees, and Partner and Donor Working Group set-up for the Programme

Implementing the Partnership Approach with the Private Sector in the framework of the PCPs

- ITPO Tokyo
- PCP Promotional campaigns
- **COMMUNICATION AND INFORMATION: The Web-based UNIDO ISID Operation Platform**
 - Updated information on the PCP Countries
 - Status of implementation PCPs
 - Investment and business opportunities
 - Private Sector information



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Thank you for your attention