IDEA Creating a leading private sector
IDEA is a 5-step modular programme
IDEA fulfills LDC Member States’ needs

- **LDC Ministerial Declaration 2011**
  - Signed on November 25, 2011 in Vienna

- **UNIDO General Conference 2011**
  - “Economic Diversification Strategies: A key driver in Africa’s New Industrial Revolution”
  - Endorsement of the LDC Ministerial Declaration

- **UNIDO’s LDC Operational Strategy**
  - 3 pillars:
    - Adding value by converting commodities into products
    - Targeting the most vulnerable communities
    - Strengthening the new industrial regional complementarities

To be piloted in LDCs
IDEA creates transformational jobs unleashing the potential of youth and the informal sector

- The private sector is the key engine of job creation; (WB 2012: xiii)
- Micro- and small enterprises account for the bulk of employment, even in middle-income countries; (WB 2012: 105)
- 60 to 70 per cent of African families are sustained by the informal sector directly or indirectly; (UNECA 2010: 150)
- In much of Sub-Saharan Africa the quality of employment is a more important issue than the quantity (ILO 2012: 79)

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The informal sector has serious negative effects not only on economic performance

- It spills over to other dimensions like human security, economic and social stability;

- It detrimentally affects the State and its revenues;

- It seriously impairs the initiatives by UN agencies and other developmental partners;

- Coupled with high population growth rate, it puts strong pressure on labour markets for youth in particular in an environment in which decent work opportunities are in short supply.
IDEA creates a leading private sector

Informal sector, job seekers, University students, VTC graduates

Capacity Building

Beneficiaries anchored in a formal private sector

Investment/Finance

To be piloted in LDCs
### IDEA modular steps have clear outcomes

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<th>Outcomes</th>
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<td>High growth potential segments selected in targeted value chains</td>
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<td>Awareness Raising Campaign &amp; Selection</td>
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<td>3</td>
<td>Soft Incubation</td>
<td>Formalization, Business creation &amp; technical/managerial upgrading</td>
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<td>4</td>
<td>Clustering &amp; Networking</td>
<td>Clusters and networks established &amp; linked to targeted value chains</td>
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<td>5</td>
<td>Maturity appraisal</td>
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To be piloted in LDCs
Through IDEA, the market is accessible at an early stage

1. Market Assessment and Value Chain Analysis
2. Awareness Raising Campaign & Selection
3. Soft Incubation
4. Clustering & Networking
5. Maturity appraisal

Informal sector nebula
Job seekers/Students / VTC graduates

Formalization of existing business
Business creation

MARKET

To be piloted in LDCs
The market assessment identifies the value chain segments of intervention

1. Take a snapshot of the country’s economic activities and its priorities
2. Identify (2-3) specific value chain segments bottlenecked by informality
3. Evaluate links to potential markets with high growth potential and establish partnerships with leading enterprises

To be piloted in LDCs
The awareness raising campaign informs beneficiaries about the project to select & assess their capabilities and skills.

- **Informal Sector**
  - Job seekers
  - Students
  - VTC graduates

A. Awareness raising campaigns & activities

B. Gender sensitive selection

C. Capacity assessment to frame the modules of the capacity building activities

To be piloted in LDCs
Selected beneficiaries profit from a tailor-made soft incubation process

**SOFT INCUBATION**

- Stimulate
- Facilitate
- Induce
- Formalization

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**Skills Development**
- Sector specific technical, entrepreneurial & managerial skills: Insertion Cell & Transit Mechanism

**Coaching activities**
- Training of trainers, e-learning, technical support, etc.

**Financial Schemes**
- In-kinds, Micro-finance

To be piloted in LDCs
Beneficiaries grow faster via clustering and networking

- Overcome market stagnation
- Benefit from economies of scale
- Create market synergies
- Link to local, regional, international value chains

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Maturity assessment and the way forward

Sector A

MSME  MSME  MSME

Maturity Appraisal

Option 1
Autonomy achieved

Option 2
Further assistance required

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Further assistance can be provided if needed

Upgrading
- Modernization of equipment,
- Production systems, Training, etc.

Quality
- Metrology, International standards,
- Testing, etc.

Export Consortia
- Common export trademark,
- Lobbying, Joint advertizing, etc.

SPX
- Marketing strategies, Legal advice,
- Human Resources, etc.

Other …
- …

SPX: Subcontracting Partnership Exchange

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UNIDO and IDEA

To Our development partners
– This is the right moment to strengthen our work together

To Donors
– This is the right time for a greater contribution towards inclusive growth and development

To Member States
– This is the future

To be piloted in LDCs
Bibliography


