



SUBCONTRACTING AND PARTNERSHIP EXCHANGE (SPXs) CENTRES

Context

Increasingly, developing countries realize that already-established foreign direct investment in their economies can be leveraged for inclusive and sustainable industrial development (ISID) to benefit domestic enterprise growth and technological development. Through enhanced subcontracting linkages with the domestic industrial sector, foreign enterprises can assist in the upgrading of products and services of domestic suppliers as well as support their integration in international markets.

To this end, UNIDO has established a rapidly expanding Network of Subcontracting and Partnership Exchange (SPX) Centres. Over the last 25 years, SPX Centres in Africa, Asia, Europe, Latin America and the Middle East (over 30 centres) were established and are in operation. The UNIDO Network of SPX Centres are hosted in either private or public sector organizations and provide ongoing matchmaking services to build partnerships and linkages between buyers and suppliers.

Strategy

Each SPX aims at extending the local supplier base of major buyers, including large foreign multinationals and state-owned enterprises, by capturing their procurement needs and local content plans, benchmark the capabilities of domestic suppliers in relation to these needs and assess enterprise upgrading and investment requirements. SPX Centres employ extensive tools and methodologies and are increasingly becoming major service providers to both large buyers (to identify potential local suppliers and develop local supply chains) and local suppliers (to identify their development needs and assist them in realizing their development plans).

Through targeted technical assistance support by UNIDO, SPX Centres are equipped with professional capacity to assist enterprises in their development process through a range of support services including enterprise profiling, matchmaking, benchmarking and buyer engagement. UNIDO is stepping up its efforts to enhance SPX support to the internationalization process of SPX-serviced SMEs by providing them with dedicated promotion platform opportunities at internationally specialized subcontracting Fairs such as the Hannover Industrial Fair in Germany and MIDEEST in France. Increasingly, the SPX Programme provides solutions to transnational corporations (TNCs) and original equipment manufacturers (OEMs) in realising their local content strategies and corporate social responsibility plans in host countries.



→ Impact and Results:

SPX Centres manage a global enterprise profile database of around 6,000 suppliers and 500 enterprise benchmarks. Suppliers are matched with major buyers leading to further exchanges of request for quotations (RFQs) and to the generation of new business for local suppliers and subcontractors. Some impact and results examples include:

- South Africa (est. 2009, Department of Trade and Industry)
 - Opportunity pipeline of 250 products amounting to 48.8 USD Million worth of contracts, of which 9.0 USD Million already signed;
 - 100 companies introduced to OEMs, undertaking supplier development driven by state-owned OEMs e.g. ESKOM (electricity generation) and Transnet (infrastructure and transportation);
- Iraq (4 Enterprise Development Centres in Baghdad, Erbil, Thi Qar and Basra)
 - Annual publication of a local supplier directory comprising 358 firms;
 - 11 procurement contracts concluded worth 1 USD Million (2014);
 - 160 hours of complementary E-learning services supporting local subcontractor capacity building;
- Viet Nam (est. 2011, Viet Nam Chamber of Commerce and Industry)
 - Ongoing engagement with main country OEMs in the energy, automobile and motorcycle sectors (50 OEMs engaged, 24 matchmakings, 12 contracts concluded).

At a Glance

- MDGs:** Helping to improve employment and income generating activities through supporting SMEs in and around the world
- SCOPE:** 30 SPX Centres world wide
- BENEFICIARIES:** SMEs in targeted sectors and Buyer firms
- DURATION:** Ongoing in several SPX serviced countries
- DONOR:** Various, both external and self-funded
- BUDGET:** Typical yearly budget averages 1m USD covering several country specific projects
- HOST:** Private and/or public sector organizations