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Permanent Observer Mission
of the AFRICAN UNION
to the United Nations

- Concept Paper -

Africa Industrialization Day ***“Financing industrialization in Africa: Challenges and winning strategies”***

21 November, 6 pm - 8 pm,

Permanent Mission of the Arab Republic of Egypt to the United Nations

1. Background

The theme of this year's Africa Industrialization Day celebration is *“Financing industrialization in Africa: Challenges and winning strategies”*. The objective is to raise awareness on the challenges and opportunities in financing for industrialization, taking into consideration recent success stories and elaborating on how to further galvanize support for promoting Africa's industrialization.

More than ever in the past, the necessity for Africa to industrialize is being stressed at various international forums, ranging from TICAD VI to the G20 Summit, which put industrialization in Africa and Least Developed Countries (LDCs) in its programme for the first time. The 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), in particular Goal 9, the Addis Ababa Action Agenda and the Third Industrial Development Decade for Africa (IDDA III) resolution, also mark a transition to a new development paradigm with the recognition that Africa has to restructure and diversify its economies to be on a sustained growth path. Africa can more than double its overall GDP per capita by increasing its industrial GDP in the next ten years, however Africa needs to leverage the full strength of a wide range of strategies to finance its industrialization.

The challenges of financing industrialization in Africa are multiple. These include: inadequate flow of Foreign Direct Investment (FDI) into the manufacturing sector, as FDI is mostly directed towards natural resource exploitation; Poor domestic mobilization and allocation of resources; Inability to finance infrastructure that is critical for industrial development; Poor continental industrial development funds and regional investment funds; Lack of quality of investment flows into productive sectors and lack of an attractive competitive growth environment; Non-conducive business environments; and weak public policies that leverage African remittances for industrialization. Moreover, Official Development Assistance (ODA) falls short of the 0.7% promises.

However, the following five key enablers are examples of some opportunities to finance industrialization: **Catalyze funding into infrastructure and industry projects** that attract further FDI by increasing and channelling funding into GDP catalytic programmes; **Improve access to market finance** for African enterprises, advising governments, stock exchanges and regulators on development of liquid capital markets; **Foster partnerships**; **Increase firm capabilities** and generate important productivity spillovers (through technology and know-how transfers, FDI can lead to higher productivity jobs and high-value added industry niches); **Access to markets**, in particular small domestic markets; **Drive enterprise development and scale-up investments and financing to SMEs**

and establish linkages of SMEs to domestic projects/companies; **Foster successful industrial policies** that facilitate spillovers and backward linkages, and incentivize key PPP projects.

These enablers will require vision and commitment from political leaders but also from Financing Institutions, private sector and the broader development community, to provide support through technical assistance, capacity building, continuous dialogue, partnership and advisory services.

Overall, commitments to support Africa's economic structural transformation have never been stronger with regard to the adopted SDG 9. These commitments put world leaders and partners at a center stage for operationalizing Africa's industrialization. The time has come to transform these good intentions into tangible actions.

2. Agenda

The Reception will be jointly co-organized by the United Nations Industrial Development Organization (UNIDO), the Office of the Special Adviser on Africa (OSAA) and the African Union and will provide an opportunity for key stakeholders and development partners to address the topic.

Programme of the Reception

18:00 – 18:30	<ul style="list-style-type: none">• Welcoming remarks by H.E. Mr. Amr Aboulatta, Permanent Representative of Egypt to the United Nations• H.E. Mr. Peter Thomson, President of the General Assembly• H.E. Mr. Jan Eliasson, UN Deputy Secretary-General• H.E. Mr. Charles Thembani Ntwaagae, Permanent Representative of Botswana and chair of the African Group• Mr. Maged Abdelaziz, Under-Secretary-General and Special Adviser on Africa (OSAA)• H.E. Mr. Tété António, Permanent Observer of the African Union to the UN• Mr. Paul Maseli, Director and UNIDO Representative to the UN New York
18:30 – 20:00	Reception

3. Format

- Reception with speeches and a presentation by co-organizers.
- Open to all representatives from Permanent Missions and Heads of UN entities, Funds, Programmes and Agencies.
- Refreshments will be served.