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## **Concept Note**

### **20th Africa Industrialization Day**

#### **Inclusive and Sustainable Industrial Development: Agro-Industry for Food Security in Africa**

**20 November 2014**

**Addis Ababa**

## Background

The transformation of African economies to create shared growth, decent jobs and economic opportunities for all is part of the priorities of the new vision of the continent proclaimed by the Heads of States and Government of the Africa Union in their 50<sup>th</sup> Anniversary Solemn Declaration in 2013: The Agenda 2063 which is “A global strategy to optimize use of Africa's resources for the benefits of all Africans”. It defines “The Africa We Want”, envisioning “an Integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena”. Industrialization has been identified as one of the key pillars that will drive social and economic structural transformation in the next 50 years.

Furthermore, the Common African Position (CAP) on Post-2015 Agenda, which was adopted by the Heads of State in January 2014, reiterates that “the post-2015 process should galvanize political will and international commitment for a universal development agenda, focused on the eradication of poverty and exclusion as well as the pursuit of sustainable and inclusive development.”

To be able to achieve these visions and aspirations, African countries must define new pathways towards economic development. CAP identifies critical components of this road map, including: the development of adequate policy space and productive capacities, notably through infrastructure development; science and technology development and innovation transfer; value addition to primary commodities; and youth development and women’s empowerment.

In recent years, African economies have demonstrated their potential for achieving exceptional growth. In 2013, more than 10 of African countries had growth rates averaging 5 -6% higher than the global average. According to the African Development Bank, “Africa is now the fastest growing continent in the world”<sup>1</sup>. However, a significant portion of this growth was commodity-driven and did not create the much needed jobs for the growing youth population.

It is also not clear that this growth has improved the quality of life for the population. African countries remain the poorest in the world. According to 2013 Economic Report on Africa, “although Africa’s growth exceeded the world average in the 2000s, it did not translate into commensurate poverty reduction.”

African industries still remain the world’s least competitive and productive. The Manufacturing Value Added, (MVA) as a percentage of GDP the measure of the

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<sup>1</sup> The African Development Bank’s [Annual Development Effectiveness Review 2013](#)

contribution of the manufacturing sector to GDP, remains very low in Africa between 12-14%. As regards to the percentage of World Manufacturing Value Added, Africa stands at 1.5% compared to East Asia, 17.2%, Latin America, 5.8%; North America, 22.4%, Europe 24.5% (source: UNIDO Statistics, 2013). That is problematic when one considers that no country or region in the world has achieved prosperity and decent socio-economic conditions for its citizens without the development of a robust industrial sector.

In order to overcome the challenges of industrialisation African Union working in partnership with the United Nations Economic Commission for Africa (UNECA) and the United Nations Industrial Development Organisation (UNIDO) have been working on a number of initiatives that would transform Africa from being a commodity driven continent to an industrial, technological, innovation and knowledge driven continent.

## **Current Continental Industrial Development Initiatives**

### **African Productive Capacity Initiative**

In 2004, the Heads of State and Government endorsed the African Productive Capacity Initiative (APCI) and the African Productive Capacity Facility (APCF) as a NEPAD component of sustainable industrial development and called on the AU Commission and the NEPAD Secretariat, with the support of development partners, particularly UNIDO, to assist member states in the implementation of the strategy.

The APCI vision is to build the productive capacities and technological capabilities of African economies to be able to produce TRADABLE Goods: The ability to

- a. Produce goods that meet the quality requirements of present markets;
- b. Upgrade in order to meet the requirements of future markets
- c. The ability being determined by productive resources, entrepreneurial skills, production and market linkages, etc.

The approach of the APCI is premised on:

- a. building an African common vision of Productive Capacity – *based on the integrated regional value chain approach,*
- b. Highlight sectoral priorities as part of specific segments of the value chain – *based on comparative and competitive advantage, economies of complementarity and economies of scale.*

- c. Harmonize industrial policies/strategies at national/regional levels – *based on cooperation/ collaboration with involvement of RECS, and*
- d. identify sub regional programmes for productive capacity upgrading – *backed by a financial facility (APCF)*

In adopting the APCI and its APCF) as Africa's Industrial Development Programme of the African Union, the 16th Conference African Ministers of Industry (CAMI XVI) made the following pronouncements:

- a. Called on the Commission to incorporate the APCI and the APCF in its work programme within the framework of the ***Specialized Technical Committee*** as provided for in Article 14 of the Constitutive Act;
- b. Requested the Commission, UNIDO, the RECs and the private sector to implement the APCI and APCF; and
- c. Further requested the AU Commission to report periodically to Council on progress made.

### **Accelerated Industrial Development of Africa AIDA**

In 2009, the Executive Council adopted Strategy and the Action Plan for the implementation of the Accelerated Industrial Development of Africa AIDA which had been adopted by the 17<sup>th</sup> Conference of African Ministers of Industry (CAMI 17). AIDA was developed by AUC in partnership with UNIDO following various decisions with the realisation that there was a need for a robust framework that would holistically address issues Africa's industrialisation challenges and as such stimulate industrial growth.

In endorsing the strategy and action plan for the implementation of AIDA, the Executive Council requested the Commission, in collaboration with United Nations Industrial Development Organization (UNIDO) and the Regional Economic Communities (RECs), private sector institutions and operators, development partners and other stakeholders, to take necessary measures for the effective implementation of the Action Plan for the Accelerated Industrial Development of Africa and directed Commission, in collaboration with UNIDO, to submit to the Executive Council, every two years, progress reports on the implementation of the Plan of Action for the Accelerated Industrial Development of Africa

The Nineteenth Conference of African Ministers of Industry (CAMI 19) who met in Algiers, Algeria in March 2011 endorsed three Sectoral Initiatives, namely: African Agri-Business and Agro-Industries Development Initiative (3ADI), the African Mining Vision (AMV) as well as the Business Plan for the Pharmaceuticals Manufacturing Plan of Action (PMPA) as the priority sectors for the implementation of AIDA:

### **About 3ADI**

The African Agribusiness and Agro-Industries Development Initiative (3ADI) was launched by AUC and NEPAD during the High-Level Conference on the Development of Agribusiness and Agro-industries in Africa (HLCD -3A) that was held in March, 2010 in Abuja Nigeria as an African Union Programme to be implemented in partnership with the African Development Bank (AfDB), the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Economic Commission for Africa (UNECA) and the United Nations Industrial Development Organization (UNIDO) with a vision to spur the development of competitive, sustainable and inclusive agro-industries and agribusinesses in Africa as a pathway to increased economic growth and food security in the continent

3ADI was established for the implementation of three major political mandates calling for support in African agribusiness and Agro-Industries development for food security, trade and in support of the Regional Integration agenda, namely:

1. Strategy for the implementation of the African Union Plan of Action for the Accelerated Industrial Development of Africa (AIDA), as adopted at the 18th session of the Conference of African Ministers of Industry (CAMI) in October 2008
2. The Abuja Declaration (Assembly/AU/DECL) on Development of Agribusiness and Agro-industries in Africa;
3. The AU Summit Sirte Declaration on Investing in Agriculture for Economic Growth and Food Security (Assembly/AU/Decl.2(XIII) Rev.1) of July 2009 that explicitly acknowledged the need for proactive measures and interventions to increase investments in agriculture for the enhancement of the contribution of the sector to attainment of Africa's accelerated economic growth

Following the Launch of 3ADI, a Programme Framework with an integrated Financial Facility to support agri-business and agro-industrial development in

Africa was designed through a series of consultations with African experts and organizations. Together, the Programme Framework and Financial Facility constituted the backbone of the 3ADI when it was endorsed by African Union Heads of State and Government during High-Level Conference on the Development of Agribusiness and Agro-industries (HLCD-3A).

## Objectives

The major objective of the 3ADI was to increase private sector investment flows into the agriculture sector in Africa by mobilizing resources for agribusiness and agro-industrial development from domestic, regional and international financial systems. Specifically the initiative would:

- a. leverage the current attention to agriculture for development in Africa to accelerate the development of agri-business and agro-industries sectors that ensure value-addition to Africa's agricultural products, respond to domestic market requirements and contribute to intra-Africa trade;
- b. enhance the governance of agribusiness and agro-industry and support a well-coordinated effort by African countries, African Regional Economic Commissions (RECs), relevant UN and other international agencies, and the private sector to share knowledge and harmonize programmes in ways that capture synergies, avoid fragmented efforts, and enhance developmental impacts;
- c. support an investment programme that will significantly increase the proportion of agricultural produce in Africa that is transformed into differentiated high-value products, such that by 2020 more than 50 percent of Africa's food products sold in local and national markets are in the processed form and such that the proportion of Africa's agricultural exports that are processed into final consumer products more than doubles, fully meeting food safety standards demanded by consumers in the Continent and in the global market.

On the implementation of 3ADI as part of AIDA the 19<sup>th</sup> Conference of African Ministers of Industry Ministers requested AUC working with partners to:

- a. Encourage full participation of Regional Economic Communities in the implementation of 3ADI taking into account existing regional agro-industry development programmes;

- b. Create a Regional Integration Award at the level of the African Union Commission to recognize leading enterprises which are actively involved in building regional value chains and fostering integration;
- c. Encourage the creation of regional value chains for strategic products through tax incentives;
- d. Encourage regional banks to provide lines of credit and other financial facilities, such as guarantees, to finance the establishment of regional value chains in sectors of strategic importance for Africa; and
- e. Harmonize norms and standards at sub-regional level and accordingly strengthen the control, testing and certification system; among others

### **About the African Mining Vision:**

The Africa Mining Vision was adopted by Heads of State at the February 2009 AU summit following the October 2008 meeting of African Ministers responsible for Mineral Resources Development. It is Africa's own response to tackling the paradox of great mineral wealth existing side by side with pervasive poverty.

At the December 2011, 2nd AU Conference of Ministers Responsible for Mineral Responsible Development a concrete Action Plan was agreed. This provides the roadmap for implementing the Africa Mining Vision in the future. Under the Action Plan, the pillars of the Vision will be implemented through nine programme clusters.

On the implementation of the African Mining Vision (AMV), as part of AIDA, the Conference adopted the following recommendations among others:

- a. Member states should align the promotion of value addition in the minerals industry to the overall industrialization strategy. In that regard, concrete projects targeting specific minerals should be developed and implemented. At continental level, the African Mining Vision should be unpacked into a coherent value addition and industrialization strategy in harmony with Africa's industrialisation strategy;
- b. Member States should impose a resource rent tax and use the additional revenue to invest in R&D, innovation, infrastructure and HRD as part of strategies for value addition in the minerals sector within the framework of an overall industrialization strategy;

- c. The AU should spearhead the development of frameworks to assist Member States in renegotiating and negotiating mining contracts so as to ensure that value addition requirements are incorporated. And that
- d. Work already underway under the operationalization of the African Mining Vision should be accelerated;

### About PMPA

The 19th Conference of Ministers of Industry (CAMI-19) deliberated on the potential role of the pharmaceutical sector in the overall industrial development of the continent and recommended the integration of the Pharmaceutical Manufacturing Plan for Africa into the programs of action of the AIDA and committed to support its implementation. The Ministers made, *inter alia*, the following specific pronouncement:

- i. Explicitly include the pharmaceutical industry as a priority sector in the AIDA implementation Strategy;
- ii. Support the revision of the AU Pharmaceutical Manufacturing Plan for Africa (PMPA) in the light of action taken and insights gained at different levels in recent years in promoting the industry on the continent, particularly, initiatives pursued by the NEPAD Agency and the RECs as well as ensure the incorporation of industrial development considerations in the business plan envisaged for the operationalisation, advocacy, funds mobilization and implementation of the PMPA;
- iii. Support the strengthening of the governing structure of the PMPA to effectively and efficiently deliver on its mandate;
- iv. Jointly, with AU Ministries of Health, provide leadership in developing the local pharmaceutical manufacturing industry, with a view to bridging an observed disconnect, and thus to mobilizing synergies, between public health and industrial development actors and perspectives;
- v. Foster the involvement of, and coordinate the inputs from the wider stakeholder community, notably the private sector, in the formulation and implementation of pharmaceutical industry development strategies, policies and programmes, geared at the furtherance of a commercially viable local pharmaceutical industry as a supplier of quality essential medicines and other health commodities;
- vi. Undertake, with the support of relevant partners such as UNIDO, WHO, African Regional Intellectual Property Organisation (ARIPO), World



Intellectual Property Organization (WIPO) and African Intellectual Property Organization (OAPI), a detailed assessment of the existing initiatives on local pharmaceutical production on the continent, with a view to identifying, documenting and disseminating good practices, planning/supporting and scaling up the development and implementation of sub-regional (REC) strategies/business plans within the framework of the PMPA;

Following the endorsement by CAMI 19, in September 2011 a partnership between the AUC and UNIDO was established which culminated in the development of the “PMPA business plan”- a document which was later endorsed by the AU Summit of Heads of State and Government in June/July 2012 as a package of generic solutions geared towards addressing specific challenges confronting the pharmaceutical sector in Africa.

Cognizant of the complexity of the pharmaceutical manufacturing system, the package of solutions proposed by the PMPA Business plan seeks to provide through a multisectoral approach generic technical assistance packages to interested member states and regional economic communities in the following areas of critical importance in the pharmaceutical system: Human Resource Development across sectors, strengthening regulatory infrastructure, Good Manufacturing Practices (GMP), WHO prequalification, strengthening market data systems, research and development, innovation, financing, policy coherence, creating business linkages platform, strengthening trade associations as key portal for dissemination of expertise to industry among others.

### **Purpose of the Africa Industrialization Day**

November 20 is the date proclaimed by the 25<sup>th</sup> Ordinary Session of the Assembly of Heads of State and Government of the Organization of African Unity (OAU) as Africa Industrialization Day. On December 22, 1989, this date was also declared as Africa Industrialization Day by the UN General Assembly.

The purpose of this day is to raise global consciousness regarding the industrialization challenges faced by the continent in the field of industrialization and to mobilize both African leaders and international Organizations to advocate for an accelerated industrialization in Africa.

The theme of the 20<sup>th</sup> edition is aligned with the 2014 ‘Year of Agriculture and Food Security in Africa’ declared by the Heads of State and Government Summit and with UNIDO’s new vision of Economic Development stated in the Lima Declaration adopted in December 2013, which is the ‘Inclusive and Sustainable Industrial Development (ISID).

This year's celebration will be observed in two parts. The first part will be a China-Africa conference on industrial development from 18-19 November 2014 (see separate programme). The second part will be the high-level session on the 20<sup>th</sup> of November

### **Overall Objective**

The proposed event will reflect on the progress made, and share best practices and lessons learned so far vis a vis the decisions and recommendations as detailed above, consolidate any achievements and discuss how to overcome the challenges faced by African governments in the quest for industrialisation, and in light of the new visions of Agenda 2063, post 2015 Development Agenda and of Industrial and Sustainable Industrial Development of UNIDO, focusing on the efforts to achieve Food Security through value addition.

### **The specific objectives**

1. Assess progress, achievements and challenges in the promotion of Agro-Industry as a strategy for enhancing food security in African Countries;
2. Draw relevant lessons and highlight best practices from African countries that have demonstrated an engagement in promoting a sustainable and inclusive industrial development in recent years;
3. Identify concrete national and regional strategies for inclusive market development through a public private partnership;
4. Seize the opportunity to build and renew partnerships among stakeholders, governments, and the partners.

### **Possible guiding questions**

The meeting is expecting to debate and answer on the following questions below:

1. What has been the progress achieved by African Governments in developing industrial policies that aim at promoting sustainable and inclusive industrial development through agro-industries, and food security these last years?
2. If Africa's transformation is to be carved on commodity based industrialisation through agro –industries, agribusiness and integrated regional value chains development, What should be the steps at national and regional levels?

3. How are partners' priorities aligned with the continental agenda of agro-industry development for food security?
4. What kind of public private partnership should be established to promote Business Models that are inclusive of Small Farmers, Women and Youth?

### **Expected outcomes**

- a. A summary report on the lessons learnt with actionable recommendations.
- b. The identification of key areas where the partners can improve their collaboration with AUC in the implementation of the Action Plan for Accelerated Industrialization of Africa "AIDA".

### **The Way forward**

Industrialization is an effective poverty reduction strategy. AUC in partnership with Partners, RECs and Stakeholders should continue its efforts aiming at prioritizing industry in the development strategy to support the Post-2015 Agenda as well as 2063 AU Agenda.

### **Organizers:**

The High-level session is organized by The Department of Trade and Industry of AUC, in partnership with the United Nations Industrial Development Organization (UNIDO), the UN Economic Commission for Africa (UNECA) and other members of the Industry, Trade and Market Access (ITMA) cluster of the AU-UN Regional Coordination Mechanism,.

### **Format**

Moderated by the Department of Trade and Industry of AUC, the 20<sup>th</sup> African Industrialization Day will be structured in three sessions: an opening segment, one High-level interactive thematic discussion, and a brief closing session.

The opening segment will comprise of opening and introductory remarks by the co-organizers, including a keynote address by the Representative to Africa Union & Director of Regional Office of UNIDO and welcome remarks by the AU Commissioner of Trade and Industry and the Chair of the ceremony.

One interactive thematic discussions moderated by the Ministry of Industry and Enterprise Development of Kenya will follow with the participation of experts from UNIDO, UNECA, EU, FAO, UN WOMEN,, Private Sector (PANAAC, PAQI) and international NGO (OXFAM, ECDPM) respectively. The closing session will be done by the AU Commissioner of Trade and Industry (Chair?).

## **Participants**

The meeting is expected to be attended by AUMember States, Regional Economic Communities, NPCA, AfDB, PACCI, ABR, Africa's Economic Partners and stakeholders from International Organizations, including UN Women, ECDPM, EU, China, South Korea, Japan, US,UK UNIDO.UNECA, FAO, WFP,UN Private Sector and NGOs.

## **Date and Venue**

The second part of the celebration of the 20th Africa Industrialization Day will take place on 20 November, 2014 at the African Union Commission Headquarters in Addis Ababa (New Complex Building-Medium Conference Hall).

Contacts: for any information about the 20<sup>th</sup> Africa Industrialization Day, please write to [BambaSa@africa-union.org](mailto:BambaSa@africa-union.org) with copy to [HusseinH@africa-union.org](mailto:HusseinH@africa-union.org)