

AFRICAN UNION

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EXECUTIVE COUNCIL

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EX.CL/419 (XIII)

**REPORT ON THE IMPLEMENTATION OF THE PLAN OF
ACTION ON INDUSTRIAL DEVELOPMENT IN AFRICA**

INTRODUCTORY NOTE

REPORT ON THE MEETING OF STAKEHOLDERS OF THE ACTION PLAN FOR ACCELERATED INDUSTRIAL DEVELOPMENT OF AFRICA

The meeting of various stakeholders on the implementation of the Action Plan for Accelerated Industrial Development of Africa was organized in Cairo, Egypt, on 12 April 2008.

This meeting, which was jointly organized by the African Union Commission, UNIDO and the Government of Egypt, was in execution of Decision No. Assembly/AU/Dec.175 (X) taken at the 10th Session of the AU Assembly held in Addis Ababa in February 2008 under the theme “The industrialization of Africa”.

Participants at this meeting were: Lesotho and Egypt as members of CAMI, the AfDB, the European Investment Bank (EIB), the World Bank, SADC, COMESA, NEPAD, Union of African Chambers of Commerce, the ECA and UNIDO.

The main recommendation was: “To develop a strategy for the implementation of the Action Plan”. To that end, the participants agreed to group their activities under seven programme clusters, as follows:

- Programme Cluster 1: Industrial policy and institutional direction;
- Programme Cluster 2: Upgrading production and trade capacities in Africa;
- Programme Cluster 3: Promoting infrastructure and energy for industrial development;
- Programme Cluster 4: Human Resource Development for Industry;
- Programme Cluster 5: Industrial Innovation Systems, R & D and Technological Development;
- Programme Cluster 6: Financing and Resource Mobilization;
- Programme Cluster 7: Sustainable Development

The implementation of these programme clusters shall take into account positive experiences, as well as ongoing initiatives at national, regional and international levels. Also, these programme clusters will be executed following a sectoral approach and value chains.

The following steps were identified:

- Articulation of context for each programme cluster (four weeks)

- Development of projects and activities under each programme cluster (2 months)

ONUDI undertook to hire the services of a consultant to develop the entire set of programme clusters.

The various stakeholders indicated their desire to provide support to the programme clusters. The next meeting to review and finalize the implementation of the Action Plan will take place after three months.

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**RATIONALIZATION OF AFRICAN UNION PLAN OF ACTION FOR ACCELERATED
INDUSTRIAL DEVELOPMENT**

REPORT ON THE FIRST INDUSTRIAL STAKEHOLDERS MEETING

CAIRO, EGYPT, 12 APRIL 2008

INTRODUCTION

1. Africa, with all its natural and human resource endowments is known to be the least industrialized and least developed region of the world. For decades after independence, the continent still depends on the production and export of primary and raw materials, which are processed in the developed countries and resold to Africa at much higher prices. For Africa to achieve sustainable growth and development in the global world, it needs to add value to its raw materials locally, thus, creating employment and increased revenue. Industrialization is a necessary condition for economic growth and development in Africa. Through Industrialization the continent will put itself firmly on the path of development, which should imperatively lead to the creation of wealth and fight poverty, as well as paving the way to the realization of the millennium development goals.

2. The leaders of Africa have in recent years shown commitment to the industrialization of the continent in both short and long-term, and have taken a number of major initiatives to meet the challenges of development as evidenced by their decision to dedicate the January 2008 Summit to the theme: “the industrialization of Africa.” The dedication of the Summit to this theme shows the great importance and recognition African leaders attach to industrial development.

3. The 10th Ordinary Session of the African Union (AU) Assembly of Heads of State (HOS) and Governments held in January 2008 in Addis Abba, Ethiopia was dedicated to the theme of African Industrialization. During this summit, important decisions and actions were pronounced. One important decision was the endorsement and adoption, by the HOS, of the “Action Plan for Accelerated Industrial Development of Africa”. In approving and adopting the Action Plan, the African Union Commission (AUC) working with other stakeholders, were directed by the Summit to establish actionable priorities and further assist in the implementation of the Action Plan. In order to realize this directive, the AUC convened a stakeholders’ meeting in Cairo, Egypt, on 12 April 2008. The main objective of the meeting was to precisely have stakeholders inputs required to rationalize the Action Plan. The other objective was also to discuss arrangements for CAMI 18 meeting planned to be held in South Africa in November 2008.

4. The meeting was attended by various stakeholders including two CAMI Bureau members (Lesotho and Egypt); African Development Bank (AfDB); European Investment Bank (EIB); World Bank (WB); Southern Africa Development Community (SADC); Common Market for Eastern and Southern Africa (COMESA); New Economic Partnership for African Development (NEPAD); African Chambers Union (AUC); United

Nations Economic Commission for Africa (UNECA); United Nations Industrial Development Organization (UNIDO) and the African Union (AU).

ITEM 1: WELCOME ADDRESS AND OPENING REMARKS

5. H.E. Dr. Hany Barakat, First Under Secretary for Foreign Relations and International Agreements of Egypt (MFTI), made the welcome address. Mr. Felix Ugbor, Head of UNIDO delegation and Mr. Hussein Hassan, Head of African Union Delegation, also made opening remarks respectively. In his welcome address, Dr. Hany Barakat reaffirmed his government's commitment to Africa's Industrial Development. He further highlighted the importance of industrial development to overall economic and social development of the continent. He also pointed out that, the dedication of the January 2008 Heads of State summit to African Industrialization and subsequent adoption of the Action Plan for Accelerated Industrial development of Africa, demonstrated the importance that the African leaders placed on Industrial development and that the challenge was now on stakeholders such as the group that had gathered, to translate the Action Plan into concrete and implementable actions and activities.

6. In his opening remarks, Mr. Hussein welcomed the participants of the first Stakeholders meeting. He presented the chronological order of the AUC-UNIDO collaboration during years 2006-2007. He stated that the Department of Trade and Industry of the African Union Commission, in cooperation with the United Nations Industrial Development Organization (UNIDO) have organized a number of major activities. These include several bilateral consultative meetings, two Expert Group Meetings, as well as the first meeting of the Bureau of CAMI-17 (the Conference of African Ministers of Industry). The outcome of these meetings was fed into the deliberations of the First Extra-ordinary Session of CAMI, which was held in Midrand, South Africa, from 24 to 27 September 2007. The CAMI Conference developed a continental strategic Plan of Action on African Industrialization.

7. Mr. Hussein further stated that the 10th Ordinary Session of the African Union (AU) Assembly of Heads of State and Governments held in January 2008 in Addis Abba endorsed and adopted a Declaration and a Decision on Industrial Development of Africa and called for the effective operationalization of the Action Plan developed during the First Extra-Ordinary Session of the African Ministers of Industry (CAMI). The Summit also directed that a report on the implementation of the Action Plan be submitted to it by 2010. In conclusion, Mr. Hussein demonstrated the significance of this meeting as the steppingstone for furthering the process of mapping the "Action Plan for Accelerated Industrial Development of Africa".

8. In his address, Mr. Ugbor welcomed all participants to the Stakeholders meeting. He recalled the good memories and hospitality accorded him and other participants during the CAMI Bureau meeting held in Cairo, on 11 June 2007, in preparation for the First Extraordinary Session of the 17th Conference of African Ministers of Industry (CAMI-17). He expressed his sincere thanks and appreciation to the Government and people of Egypt for their generosity.

9. Mr. Ugbor informed the meeting that following the Bureau meeting in September 2007, the Extra-Ordinary Session was held in Midrand, South Africa. The outcome of that Conference was a draft Action Plan for Accelerated Industrial Development of Africa. This Action Plan was considered and endorsed during the 10th Ordinary Session of the Assembly of the African Union Heads of State and Governments in February 2008 in Addis Ababa.

10. Mr. Ugbor further stated that by endorsing the Action Plan, the Heads of State directed that the AU Commission should urgently convene a meeting of CAMI and industrial Stakeholders in order to rationalize and prioritise the activities listed in the Action Plan. This was in realization that the Action Plan contains a long list of good intentions, which has to be translated into actionable priorities and programmes. He added that in so doing, it would be necessary to identify priority investment opportunities, while assigning responsibilities to the stakeholders.

11. Mr. Ugbor stated that even though some countries such as Kenya, the Island of the Comoros, Sudan Darfur, and Congo DRC, were still lingered with political crisis during the January Assembly, nevertheless, the African Leaders still devoted the Summit to the theme of Industrial Development in Africa. This was a manifestation of the leaders commitment and determination to be in control of Africa's destiny. The African leaders appreciate the significance of achieving economic growth and development in the region.

12. In conclusion, Mr. Ugbor informed participants that Africa remains a strong focus and unique challenge for UNIDO. He said that economic growth has improved in many African countries in recent years, however, the benefits of globalisation has also largely bypassed many countries in the region. He pointed that the emerging consensus in the development community is that private sector-led industrial development, economic diversification, and international competitiveness are the most viable options in meeting Africa's development challenges and reducing poverty. Lastly, he assured the participants that his organization is ready to put its technical expertise at the disposal of the Africa region. He added that UNIDO will contribute to defining the priorities and programmes envisaged in the Action Plan and will also lead in the implementation of those aspects within its competence and resources.

ITEM 2: ADOPTION OF THE AGENDA

13. The agenda was adopted without any amendments

ITEM 3: IMPLEMENTATION STRATEGY FOR ACTION PLAN - PRESENTATIONS & DISCUSSIONS

14. UNIDO and AU made two presentations respectively. The first presentation provided the background information on the Action Plan. The main ingredients of the Action Plan were also highlighted. In his presentation, Dr. Suma informed the meeting that the team of the Industry division of the AU Commission had prepared a draft matrix of the Plan of Action, which is subject to further discussion and amendment during the meeting. He said that since the list of actions in the Plan of Action is long, it had been reduced into nine sub-groupings, namely: Human Resources Development; R&D, Technology and Data Base Development; Infrastructure; Industrial Policy and Planning; Standards and Quality Control; Legal and Regulatory Framework; Promotion of Trade in Industrial Goods; Institutional Capacity Building; and Financing. He said that two columns had been provided in the matrix for partners /stakeholders to express their interests and indicate the timeframe at which they envisage their accomplishment. In conclusion, he informed the participants that the nine sub-groupings of the matrix had been prepared at all four levels, namely: national, regional, continental, and international level. He added that the presence of the stakeholders at all levels, hopefully, would yield fruitful discussions and deliberations.

15. The second presentation focused on the work that had been initiated towards rationalization of the Action Plan. In his intervention, the head of UNIDO delegation, Mr. Felix Ugbor, informed the meeting that a combined team from his Organization (UNIDO) and the Department of Trade and Industry of the African Union Commission had earlier had a preliminary meeting in Addis Ababa, prior to the Stakeholders meeting. He said that the rationale of that meeting was to develop a Strategy for the implementation of the Plan of Action. He added that the Plan of Action in its current format is difficult to implement unless it is transformed into a strategy with activities and outputs.

16. Mr. Ugbor informed the meeting that during the last meeting in Addis Ababa, a zero draft strategy was developed, which is still work in progress. He said that six programme clusters were developed, namely: Programme Cluster 1 – Industrial Policy and Institutional Direction; Programme Cluster 2 – Upgrading Production and Trade Capacities in Africa; Programme Cluster 3 – Promotion of Infrastructure and Energy for Industrial Development; Programme Cluster 4 – Human Resource Development for Industry; and Programme Cluster 5 – Industrial Innovation, R&D, Technology and Innovation Systems. He further stated that he had hoped that on their return to Vienna, a

complete draft document could be prepared before the stakeholders meeting. Unfortunately, there was not enough time to engage the services of a consultant to develop the programme activities. Mr. Ugbor then informed the meeting that he had brought with him to the meeting a consultant by the name of Mr. Anthony, who will be engaged in developing programme activities.

17. During the deliberations, it was agreed that “Access to Finance” and “Sustainable Development” be included as Programme Cluster 6 and 7 respectively. In their interventions, some stakeholders indicated that their institutions have capacities in many aspects of the Plan of Action. However, due to the limited details in the draft strategy, they cannot commit at this stage. They, however, promised to report back to the respective departments of their institutions.

18. A draft matrix on the implementation strategy for the Action Plan highlighting some areas in which specific interventions could be developed was presented. After detailed discussions, there was consensus on the following seven clusters:

- Programme Cluster 1: Industrial Policy and Institutional Direction
- Programme Cluster 2: Upgrading production and Trade capacities in Africa
- Programme Cluster 3: Promote infrastructure and energy for industrial development
- Programme Cluster 4: Human Resource Development for Industry
- Programme Cluster 5: Industrial Innovations Systems, R & D and Technological development
- Programme Cluster 6: Financing and Resource Mobilization
- Programme Cluster 7: Sustainable development

19. During the discussions on the clusters above, the following were some comments, issues and recommendations made:

- A. Need to take stock of best practices and current initiatives being undertaken in the above-mentioned clusters, at national, regional and international levels.
- B. Need to anchor activities and projects that will develop under each programme cluster on a sectoral and value chain approach.
- C. Need to categorise programs, activities and projects into long term, medium and short term interventions
- D. As a way of maximising resource mobilization, need to leverage private sector investment by promoting public-private sector cost sharing arrangements where possible.

- E. Need to consider alternative sources of financing and resource mobilization e.g. by looking at sources of investment from the Diaspora. In this regard, incentives to attract Diaspora investment will have to be developed or established.
- F. Need to look at both soft and hard-core financing – Governments need to allocate more resources into hard-core projects necessary for industrialization.
- G. In order to have maximum impact from the implementation of the proposed programs of the Action Plan, there is need to carefully ensure that issues of logical and programmatic coherence between clusters and of the entire strategy are not over looked.
- H. Need to put each programme cluster into context.

20. Following the above discussions, a sub group consisting of AU (focal Point), UNIDO, ECA, NEPAD and AfDB was tasked to continue working on the development of the implementation strategy. In order to do this effectively, two main steps were suggested as follows:

- Step 1: articulation of context for each programme cluster – Four weeks
- Step 2: Development of projects and activities under each programme cluster – 2 months
- It was further proposed that the stakeholders at the meeting should reconvene after 3 months to review and discuss the draft implementation strategy.

ITEM 4: DISCUSSION ABOUT ARRANGMENTS FOR THE CAMI 18 MEETING IN SOUTH AFRICA

21. The meeting was informed by the representatives from South Africa that the CAMI 18 meeting is now scheduled to be held from 15 -18 November, 2008 in Sandton, Johannesburg, South Africa and not Cape Town as was initially proposed. Due to scheduling conflicts amongst different stakeholders, the Convention Centre in Cape Town that was initially earmarked could not be secured in time. A preparatory meeting between AU, UNIDO and South Africa, possibly in the margins of the UNIDO Industrial Development Board meeting that will be held in Vienna from 12-16 May 2008, was proposed.

22. It was further proposed that a CAMI Bureau meeting be held prior to the CAMI, to discuss among other things, the draft implementation strategy for the Action Plan as well as matters related to African Industrialization Day celebrations.

ITEM 5: CONSIDERATION OF THE ARRANGMENTS FOR THE INDUSTRIAL FORUM

23. The meeting was informed by UNIDO of its plan to facilitate a private sector CEO forum/meeting. The primary objective of the forum will be to solicit the Private Sector's, input on the Action Plan and seek their advice and involvement in its implementation. Dates for the forum will be communicated to all stakeholders. NEPAD pledged to work with the AU and UNIDO in the organization of such a forum. Given the importance of such a forum, UNIDO was further requested to consider inviting representatives of Regional Economic Communities as well as those from selected associations of women in business.

ITEM 6: ANY OTHER BUSINESS

24. The meeting urged that CAMI Bureau through appropriate channels of communications should endeavour and ensure that Industry is on the agenda of every African Union summit.

25. UNIDO informed the meeting that in collaboration with UNECA, a meeting on the Industry Trade and Market Access cluster is being planned. Details would be communicated to interested stakeholders in due course.

2008

Report on the implementation of the plan of action on industrial development in Africa

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