

AFRICAN UNION SUMMIT ON INDUSTRIALIZATION AND ECONOMIC DIVERSIFICATION

20th – 25th November 2022

Venue: Niamey, Niger

Theme

**“INDUSTRIALIZING AFRICA: RENEWED COMMITMENT
TOWARDS INCLUSIVE AND SUSTAINABLE
INDUSTRIALIZATION AND ECONOMIC DIVERSIFICATION”.**

CONCEPT NOTE

1. Background

1.1 Given the need to uphold the statutory political mandate to drive advocacy on Africa’s structural transformation and to build on the current momentum, the 33rd Ordinary Session of the Assembly of Heads of State and Government of the African Union (AU), held from 9th and 10th February 2020 in Addis Ababa, Ethiopia requested the African Union Commission (AUC) in collaboration with UNIDO, UNECA, AUDA-NEPAD and the Afro-Champions, to organize an African Union Summit on Industrialization and Economic Diversification in November 2020.

1.2 Due to Covid-19 pandemic attendant risks and mitigation measures, the organizing partners agreed to defer the Summit to November 2022.

1.3 In fulfillment of its commitment, the African Union Commission will be organizing the 2022 African Union Summit on Industrialization and Economic Diversification in collaboration with the relevant partners and stakeholders. The theme of the Summit is: **“Industrializing Africa: Renewed Commitment towards Inclusive and Sustainable Industrialization and Economic Diversification”.**

1.4 The Summit is planned to be held in Niamey, Niger, as per the invitation of the president of Niger, on 20th of November 2022, which is established annually as

Africa Industrialization Day (AID). Given the importance of industrialization and economic transformation in Africa, the AID day was adopted by the assembly of heads of state and government of the organization of African Unity at its Twenty-fifth Ordinary Session held on 26 July, 1989 Addis Ababa, Resolution AHG/res. 180 (XXV), which was followed by the UN General Assembly “UNGA” Resolution 44/237 of 22 December 1989. The AID provides an opportunity to key stakeholders to reflect on Africa’s industrialization by looking at how the continent can change its current status quo. Since 2018, the Africa Industrialization Day has been successfully commemorated with weeklong events, an innovation marking a departure from the one-day set-up tradition to afford more time given its significance to Africa’s cause for delivering structural transformation, as an entry point towards meeting the objectives of Agenda 2063, and SDGs, 2030.

2. Cross-cutting contextual issues:

1.1 Operationalization of the AfCFTA and nexus with Industry:

- Trading under the AfCFTA Agreement was launched on the first of January 2021. Once fully implemented, the AfCFTA will create a single African market for goods and services, covering an estimated 1.3 billion people with a combined GDP of over USD \$2.5 trillion across all AU Member States.
- In August 2020, the Secretariat of the African Continental Free Trade Area (AfCFTA) was officially opened in Accra, Ghana, a major milestone in the full implementation of the free trade agreement.
- These developments cap a heroic journey to build one-Africa integrated economy that started in earnest decades back, amplified by the 10th Extraordinary Session of the Assembly of African Union Heads of State and Government (HoS/G) in Kigali, Rwanda that paved way for signature to the African Continental Free Trade Area (AfCFTA)¹ Agreement.
- To achieve the aspirations of the operationalisation of the AfCFTA, Africa’s industrialisation and transformation agenda needs to be supported at the highest national, regional, continental as well as global levels.

1.2 Such a focus will be key to accelerate efforts in a selected number of key policy areas - such as energy and road infrastructure, trade facilitation, financial sector

¹ The AfCFTA is one of the flagship projects of Africa Union Agenda 2063, the continent’s 50-year Vision to build a peaceful and prosperous Africa, and the *Africa We Want*.

development, education development, agro-industrial transformation, green industrialisation and technological innovation and transformation. Advancing the AfCFTA and Africa-Industrialization side-by-side with deliberate efforts to realize the mutually reinforcing interdependencies between the two will provide Africa's critical success pillar and condition for Agenda 2063 aspiration's number one "A prosperous Africa based on inclusive growth and sustainable development" and specifically on goal Number 4: Transformed economies and jobs "transforming Africa's economies through beneficiation from Africa's natural resources, manufacturing, industrialization and value addition, as well as raising productivity and competitiveness".

1.3 COVID-19 and new narrative toward an accelerated industrialization:

- The advent of COVID-19 early 2020 has posed the most formidable risk to the smooth operationalisation of the AfCFTA, given its disruptive nature to business and commerce, whilst at the same time also putting a check on the vulnerability of African economies, obviating delays in the launch date of the free trade area. Thus, the COVID-19 pandemic has further heightened the risks of perpetuating the continent's trade and business vulnerability globally, with most of the commodity dependent nations.
- While COVID-19 is creating a major economic and health crisis, it also presents an invaluable opportunity for the continent to re-configure its development narrative, towards prioritization of initiatives that foster to accelerate Africa's industrialisation
- COVID-19 and its attendant disruption of global supply chains has brought to the fore the urgency and significance of driving industrialisation in the continent. More fundamentally, the pandemic has openly exposed the hollowness of African economies on several fronts including the fragility and weakness of Africa's industrial capabilities.
- There is no doubt that, at this juncture, development of strong regional and local/national value chains can be a game changer to build a resilient SMEs production capacity in the continent, to seize the business opportunities emanating from the COVID-19 induced disruptions of Global value chains. Industrialisation prospects for the continent are anchored on unleashing the growth of small and micro-enterprises guided by the African Union SMEs Strategy whose development was informed by evidence-based mapping of the peculiarities of the continent's production systems. By creating business enabling conditions across Member States that can enhance the longevity rate

of Micro, Small and Medium Sized Enterprises (MSMEs), the continent's industrialisation momentum can be fuelled.

1.4 IDDA III and Africa's industrialization Agenda

- Whilst the continent's industrial policy landscape stretches back to the 1980s² from the First Industrial Decade for Africa, all the way to the Accelerated Industrial Development of Africa (AIDA, 2008), and globally, the United Nations General Assembly (UNGA) has further magnified the significance of Africa's industrialisation through the adoption of Resolution A/RES/70/293 on 15th July 2016 that dedicated the period 2016-2025³ to the Third Industrial Development Decade for Africa (IDDA III), the performance have remained rather mixed. Under the circumstances, the development challenges currently confronting the continent, therefore necessitate the need for effective, efficient and timely deployment of action beyond political rhetoric for any meaningful impact on delivering sustainable human development in the continent in the medium- to long-term, more so.
- It is encouraging to note that IDDA III presents yet another opportunity to rally global partnerships and efforts to work as a collective to drive structural transformation in Africa, and as such should be optimally leveraged in this endeavour for any meaningful impact on delivering a sustainable and inclusive Industrialisation pathway for Africa. What is critical at the movement for Africa is to acknowledge, the need to chart a revived focus towards a rejuvenated pan-African industrialisation agenda, and framework informed by lessons learnt this far from previous programmes, taking full cognisance of the current and evolving social, economic and political trends, and developmental needs of the continent. The continent's capacity to deliver on Agenda 2063, hinges on industrialization, and to buttress this, the UN SDGs have assigned Goal 9 towards building industries and resilient infrastructure, as a way of strengthening developing economies' capacity to address structural challenges and poverty alleviation.

² Africa industrialization policy initiatives: First Industrial Decade for Africa (IDDA I, 1980-1990), the Abuja Treaty, 1991, Second Industrial Decade for Africa (IDDA II, 1991- 2000), Accelerated Industrial Development of Africa [AIDA, 2008], and the Third Industrial Decade for Africa, (IDDA III, 2016 -2025).

³ The period 2016 -2025: The Decade is not an isolated initiative, but the outcome of an inspiration anchored around several multilateral and bilateral frameworks that include Agenda 2063 and Agenda 2030 for Sustainable Development Goals, AIDA, G20 Initiative on Supporting Industrialization in Africa and LDCs, and the Africa Continental Free Trade Area (AfCFTA), and other bilateral frameworks across Asia, and Europe that seek to strengthen the continent's development prospects in medium- to long-term.

1.5 Other issues:

- o Industrialization should not be perceived as a *single pathway* for sustainable development in Africa. Rather, Industrialization, with strong multi-sectoral and multi-directional linkages to domestic economies, will help African countries to achieve higher economic growth rates and economic diversification. Success in Industrialisation will be at the core of Africa's efforts to address key structural economic growth and development weaknesses and fragilities, some of which COVID-19 has exposed - from poverty and inequality through to inadequately developed education, health, housing and sanitation services. Seeing beyond the current challenges requires policy makers to tackle head-on other supply side structural bottlenecks and barriers such as energy, and infrastructure for enhanced enterprise competitiveness. This also places due pressure on policy makers to improve business, and regulatory regimes to enhance private capital flows, absorption and adaptation of technology, ICTs, including artificial intelligence, and skills transfer to unleash private sector growth.
- o Furthermore, sustainable success on the Africa-Industrialisation front will only be achieved with deliberate efforts to integrate and systemically address Africa's underlying development features, such as the micro-small-medium enterprises and informal economy, the urban-rural transition, socio-economic diversity across the 55 AU member states, as well as linkages between education-skills development and industry. Cross-cutting issues such as gender, climate change, energy security, youthful population and growing unemployment, to facilitate the evolution of a sustainable, and inclusive industrialisation pathway for the continent.
- o Africa has a lot to learn from her own experiences on Industrialisation over the last 4-5 decades as well as from other continents. However, what is abundantly clear is that Industrialisation successes in Europe and the Americas and more recently in Asia cannot be replicated in Africa. Apart from just that, Africa has her own unique circumstances, and many of the factors that propelled industrial success in other continents no longer exist. This is why advancing Africa-Industrialisation has to also take deliberate consideration of what can and should work for Africa, while ensuring interdependencies with the rest of the world in those areas that can amplify the continent's benefits.

3. Main Objectives of the Summit

3.1 The African Union Summit on Africa's Industrialization and Economic Diversification will highlight Africa's renewed determination and commitment to Industrialization as one of the central pillars in attaining the continent's economic growth and development goals as articulated in Agenda 2063 and Agenda 2030.

3.2 In light of the key and strategic interdependencies between Industrialization and the African Continental Free Trade Area Agreement (AfCFTA), the Summit aims to rally desired political momentum, resources, partnerships and alliances towards an Africa-Industrialization drive. This is along the continent's resolve to drive structural transformation, built around leveraging Africa's rich and diverse natural resources, while at the same time embracing current advances in technologies, continental and global geo socio-political trends and emergence of tradable services.

3.3 The Summit is anticipated to unlock the evolution of a vibrant Pan-African enterprise and capital base that will unleash an inclusive and sustainable industrialisation path-way that carries along the participation of all economic agents, including SMEs, youth, and women in the generation of national wealth and creation of jobs as well as expansion of entrepreneurship opportunities for Africa's populations. The impacts of the novel coronavirus pandemic continue to drive the urgent and imperative need for bold actions to drive transformative change in key economic pillars such as Industrialization.

The specific objectives of the African Industrialization and Economic Diversification Summit are:

- i. Decide on a renewed continental policy framework on Africa's industrialisation aimed at rallying the continent's resolve and commitment to a bold set of policy and investment actions to accelerate the continent's industrialisation drive
- ii. Reinforce the development of regional industrial value chains to clearly articulate Africa's quest to industrialize, create jobs and entrepreneurship opportunities for

Africa's MSMEs, youth and women within the context of current and emerging continental and global socio-economic trends.

- iii. Provide high-level political support to drive a globally competitive Africa-Industrialization Programme through public-private alliances, at the national, regional, continental level, and aligned global policy coherence, coordination and linkages, investment financing. This should take full cognizance of current and emerging key cross-sector needs including energy and water, education and training, Science-Technology and Innovation, climate change, environmental resilience and crisis management.

4. Expected Outcomes

4.1 Renewed high level political resolve and commitment to accelerate Africa's Industrialization alongside advances on the AfCFTA provisions ;

4.2 Policy decision for an AU-led broad-based, cross-sector consultation to develop an up-to-date, implementable and results-based Africa-Industrialisation Policy Framework, embracing gains and lessons from the continent's experiences, taking cognizance of current and emerging global trends, with special attention to the continent's inclusive social and economic development priorities; and

4.3 Agreement on a Compact between governments and Africa's private sector, academia and the civil society to bring about desired and aligned policy decisions, investment financing, institutional and human capital dedicated towards Africa-Industrialisation, to boost prospects for the AfCFTA implementation.

5. Summit Theme and Sub-theme

The following theme and sub-themes are identified in line with focusing and achieving the set aim and objectives of the Summit.

5.1 Theme: Industrializing Africa: Renewed commitment towards inclusive and sustainable industrialization and Economic Diversification.

5.2 Sub-Themes:

- a) **Industrialization and the AfCFTA - realizing the inter-dependencies:** How to practically bring Africa-Industrialisation (manufacturing and tradable services) and the AfCFTA (markets and trade) mutually reinforcing each other
- b) **Industrialization, government fiscus and creating jobs:** Africa-Industrialisation - in expanding the continent's fiscal capacity (i.e. contribution to GDP) as well as creating jobs and entrepreneurship opportunities for Africa's youthful populations
- c) **Technological innovations, organizational capacity in driving enhanced and competitive Industrial performance:** Africa's Industrial capabilities (Industry 4.0 readiness, organisational efficiency, skills, etc...) in Africa's economic sectors - Mining, Tourism, ICT, and Financial Services, Arts and Culture, Agro-Industry, Fisheries, Aquaculture and Marine Industries, etc..
- d) **Regional industrial value chains:** Leveraging Regional Value Chains to optimise the continent's industrial capability along AfCFTA implementation
- e) **Partnerships and Alliances to deliver on Africa Industrialisation:** Rallying Domestic and International Public-Private partnerships for enhanced planning and Implementation capabilities for accelerated-expanded industrial growth in Africa.
- f) **Africa Industrialisation - multi-/cross-sectorial approaches as key condition for success:** Aligning key cross sector conditions and policies for success: Energy Security, Institutions, Policies and legislation, Human capital - skills and intellectual capacity, Environmental resilience and Climate change (Green Industries)
- g) **Youth and Women led MSMEs in driving success in Africa Industrialisation:** Africa- Industrialisation and special cross-cutting drivers for sustainable success: Youth, Micro-, Small Medium Enterprises, Women, Competitiveness, urban-rural transitions,
- h) **Resource governance and leveraging financial and non-financial resources into Africa- Industrialisation:** De-risking Africa-Industrialisation, catalysing domestic and international investments, technology transfer and local innovations to leap-frog Africa's industrial growth

6. Who will attend?

6.1 The Summit is also expected to draw the participation of: African Heads of State; African Ministers responsible for industry, trade, mining and investment and other relevant ministries; Heads of international development institutions including the UN agencies; Chief Executives of Regional Economic Communities; Regional and International Development Finance Institutions; representatives of the private sector, civil society, youth, women and other stakeholders involved in the industrialization of the continent.

7. Programme

7.1 The collaborators and strategic partners have develop a program focused on drawing the participation of African Heads of State and Government; the private sector; ministers responsible for, industry, minerals development, trade and investment; among other stakeholders.

7.2 The program has selected exhibitions.

8. Lead Organizing Institutions

8.1 The Assembly Decision designates the African Union, United Nations Industrial Development Organisation (UNIDO), United Nations Economic Commission for Africa (UNECA) and Afro- Champions as collaborators in the organization of the African Union Summit on Industrialization and Economic Diversification. Niger, as host of the Summit, will also be closely involved in the organization of the Summit.

8.2 AUC will work with the AUDA-NEPAD and development partners to mobilise technical assistance for the effective hosting of this strategic Summit. Given the cross-cutting nature of the Industrialisation Pillar in the programme frame of other key partners with a foot hold on the continent, it will be deemed prudent to enlist the participation of other strategic partners beyond those cited in the AU Ho/SG 33rd Ordinary Summit Resolution, to include but not limited to the following institutions; African Development Bank; African Export Import Bank, the Islamic International Finance Corporation, United Nations Conference on Trade and Development (UNCTAD), International Trade Centre (ITC), among others.

9. Venue and Dates

9.1 The African Industrialization and Economic Diversification Summit will take place in **Niamey, Niger** on the 20th -25th November 2022.

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