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**United Nations Development Programme (UNDP)
ETHIOPIA**

**Africa-China Poverty Reduction and Development Conference:
*Industrial Development: Cross-Perspectives from China and
Africa***

Welcome Remarks

by

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AUC

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Check Against Delivery

H.E. Dr Mulatu Teshome, President of the Federal Democratic Republic of Ethiopia

H.E. Si Shujie, Vice Minister of the State Council Leading Group Office of Poverty Alleviation and Development (LGOP), People's Republic of China

H.E. Mrs. Fatima Haram Acyl, Commissioner of Trade and Industry/ African Union

Excellencies, invited guests, ladies and gentlemen.

It gives me great pleasure to be here today at the opening of the Africa-China Poverty Reduction and Development Conference. I would like to use this opportunity to say a warm welcome to all of you, and in particular extend a warm African welcome to our colleagues and the dignitaries from China – welcome to Ethiopia, and welcome to Addis Ababa, the political and diplomatic capital of Africa.

I was personally present at the Africa-China Conference held here in Addis Ababa in 2010 and found the exchange of ideas and dialogue driven by a strong sense of vision as well as pragmatism highly stimulating.

Excellencies

We are meeting on the back of a growing recognition that enhanced cooperation between China and Africa is mutually beneficial for many reasons, but importantly towards efforts to reduce poverty. China has managed to lift millions of its citizens from poverty and in a short period of time. While China has the advantage of being one country with one policy, and Africa has 54 countries with 54 distinct contexts, Africa can still benefit from China's experience by using its collective institutions, such as the African Union.

It is therefore gratifying to note that when the Chinese Premier came to the African Union in May this year, both parties agreed on a number of ways to make that happen, including through holding this conference as a platform to discuss

strategies and policies of poverty reduction, exchange experience and to support mutual learning.

Such South-South co-operation can bring new opportunities for exchange and learning, for financing, to enhance trade and investment, and crucially for industrial development - the theme of this conference.

China, of course, plays a crucial and growing role in all these areas across this continent, and has been an important source of development, including for new roads, schools, ports, and hospitals.

Africa itself is undergoing a significant transformation, registering important gains in economic growth, poverty reduction, access to basic social services, and in human development overall. This year, 6 of the 10 fastest growing economies in the world are found in Africa.

Africa is now well poised to continue making development breakthroughs. In driving forward, it will be vital to draw on the evidence and lessons of what have actually worked to

transform development prospects already in Africa and indeed elsewhere.

With a specific focus on industrial development, this conference brings us together to discuss the transformation and potential of Africa. It will look at how the continent can draw on its own successes and those of China and elsewhere to advance human development and accelerate progress towards the Millennium Development Goals and those which will follow.

As we look to the post-2015 development agenda, what is emerging is a set of goals which include the inclusive and sustainable industrial development. Propitiously, the African Union's Agenda 2063 recognizes the importance of industrialization as an essential ingredient in driving transformational change and transformational development.

This conference also comes in the week of the 20th Africa Industrialization Day, which will take place on Thursday this week under the theme: "Inclusive and Sustainable Industrial Development: Agro-Industry for Food Security in Africa" - a

theme that is closely linked to the theme of today's conference.

This conference is therefore not only timely, but important for four main reasons.

First, despite the progress made, Africa and indeed China still face a number of common challenges. Many of these relate to poverty, social and economic inequalities, and environmental degradation.

Here in Ethiopia, for example, and indeed across Africa, the young demographic profile means millions of jobs will need to be created going forward. There are also growing number of university graduates entering the job market. They have hopes and aspirations for a bright future and decent work.

Yet, the continent's growth has not translated into sufficient jobs. The International Labour Organisation estimates that Africa will need to create over 18 million new jobs every year.

Connected the preceding, my second point is that African countries still have a way to go in diversifying their economies and linking in better with regional and global value chains.

Where large numbers of those living in poverty live on the land, as they do in much of Africa, agricultural and rural sector development are vital for poverty reduction and for expanding food security, as we have also seen in China's experience and in my own country, Ghana.

Clearly the agricultural sector can benefit from stronger investments in mechanization and processing capabilities, for example. But other areas of the economy also need support. Growth performance in Africa still remains highly vulnerable to external shocks due to dependence on few commodity exports and their price volatility.

In fact, trade between Africa and China is dominated by primary commodities and crude oil being exported from

African countries with manufactured items being imported from China.

A recent UNIDO report shows that the contribution of the manufacturing sector to GDP remains very low in Africa, around 12-14 percent. The contribution of African manufacturing to the global manufacturing value added is the lowest in the world, at 1.5 percent. The comparable figure in East Asia is 17 percent; and in Latin America it is at about six percent.

Despite the adoption of the Action Plan for Accelerated Industrial Development of Africa and its implementation strategy, concrete actions have yet to transform that commitment into reality on the ground.

Africa could learn from China's experience and incredible success in building an export-oriented manufacturing sector, and benefit also from the relocation of some labour-intensive industries away from China and other emerging economies.

When we look at these first two points together – the need to create more jobs for a young population and the scope for significantly expanded industry – we can see how expanding industrialization is essential not only to help developing countries foster inclusive growth, but also to creating much-needed job opportunities.

My third point, industrial growth alone will not solve Africa's challenges, especially if that growth is harmful to the environment or is not broad-based.

So this makes it so important to meet and to learn from the experience in other countries as to how best to boost industrial growth for equitable and sustainable development.

It also means it is important to ensure that collaboration between Africa and China gives due attention to skill transfer. Structural transformation in Africa requires strong domestic

capacity, especially in areas like infrastructure development, science, technology, and innovation.

I hope that these are issues which will be given the attention they deserve at this conference, and in national action plans and strategies going forward.

It is worth noting that UNDP has been approached by our counterparts in China and Chinese enterprises with a request to assist in the assessment of their practice of corporate social responsibility and sustainable development in their business operations in other developing countries, including Africa.

My fourth point is that learning is one thing. Doing is another.

In seeking to drive industrial growth, we need strong partnerships. We need donors and UN partners to help build capacities for planning and implementing industrialization strategies.

We need the private sector to provide its creativity, funding, and technology to support transformational change.

Most importantly, we need governments to develop smart strategies, provide strong leadership, and to lay down enabling environments conducive to business growth and investment.

China's leadership, for example, never assumed that the market on its own would deliver broad based or inclusive development. The authorities invested heavily in infrastructure and in human and institutional capacities.

On this front, there is some good news coming from Africa, where the average costs of starting a business in Africa has fallen by more than two-thirds in the past seven years. During the same period delays for starting a business have been halved. Investments in innovation and entrepreneurship can help drive small and medium enterprises in Africa.

But there is also room for improvement. For example, Africa currently invests only four percent of its collective GDP in infrastructure while China invests 14 percent.

We also need partnerships between governments, both to strengthen trade ties, but other ties too – in science, in technology transfers, in education, and in health. When we look at the recent Ebola crisis, there is an opportunity for China and Africa to work together to address this pandemic before it spirals further out of control and create avoidable development setbacks.

I hope this conference can contribute to the strengthening of such partnerships.

Ladies and gentlemen,

While we are gathered to draw lessons and inspiration from each other, we must remember that there is no single one model for success. We cannot indiscriminately copy-and-paste policy packages which have been developed elsewhere

without properly considering how they apply in different contexts and circumstances.

Rather than looking for a silver bullet or supposedly ideal policy prescriptions, we should aim to understand the general principles and approaches which can be customised to individual country circumstances. As I mentioned earlier, China is one country. Africa has 54 countries with 54 distinct contexts.

China's progress over the last three decades and Africa's progress over the last decade, as well as advances in other parts of the emerging world, demonstrates that transformational change is not only possible, but is already happening.

Well-crafted industrial development which supports inclusive growth and considers the environment will play a critical role in making transformation sustainable over the long-term.

Looking ahead, UNDP remains committed to continue providing support to initiatives that promote collaboration and partnership between African countries and China. That certainly includes follow up to this conference.

I wish you all fruitful deliberations and discussions.
