



IDDA3

Third Industrial Development
Decade for Africa 2016-2025

CONCEPT NOTE

High-level event on enhancing global
partnerships for IDDA3

Key for successful implementation of the
African Continental Free Trade Area (AfCFTA)

26 September 2018, New York

1. Background and context

African economies have been resilient and gaining momentum. Real output growth is estimated to have increased by 3.6 per cent in 2017 and is poised to accelerate to 4.1 per cent in 2018 and 2019. Overall, the recovery of growth has been faster than envisaged, especially among non-resource-intensive economies. African governments are more than ever determined to accelerate the gains that have been achieved through the implementation of targeted initiatives. The latest one of these initiatives is the Africa Continental Free Trade Area (AfCFTA) which was launched in March 2018 in Kigali with the free trading regime envisaged to create a market of 1.3 billion consumers, and a GDP of US\$3 trillion, and a building block towards the envisaged creation of the African Economic Community (AEC) in 2028. Since the launch the AfCFTA in March, signatures to the agreement had risen to 49 by June 2018.

The AfCFTA is expected to offer significant advantages for African countries including: creating bigger and integrated regional market for goods, resulting into easing access to cheaper raw materials and intermediate inputs; facilitating gains from economies of scale and economies of scope; providing opportunity for regional value chains to thrive, thus creating the critical production mass through exploiting economies of scale and hence reducing the cost of industrial production for the continent. Other expected benefits of the AfCFTA include catalyzing systematic structural transformation of countries from resource- and low technology-based economies to more diversified knowledge-based economies; encouraging intra-African capital flows, improving the attractiveness of African countries for investment flows from outside the continent; and stimulating cooperation in other areas such as innovation, technology transfer, and continent-wide infrastructure development. Intra- African trade stood at about 17% in 2016, yet in North America it is 40%, and 63% between countries in Western Europe. It is estimated that 40% of intra-African trade is informal trade; 70% of cross border traders are women.

The successful implementation of the AfCFTA is predicated upon the existence of African economies, which produce goods and services that can be traded amongst African countries

and beyond. Specifically, if the AfCFTA is to succeed, several critical elements related to industrial development must be addressed, including promoting value addition, improving regulatory frameworks (i.e. industrial policies, and industrial laws and regulations) etc. This is where the industrial development agenda, and the need for trade capacity-building, comes in. One of the measures of success of Africa's industrialization shall be the ability of its economies to significantly develop their manufacturing sector and other value addition activities, through the development of agribusiness and agro-industries, mineral beneficiation and a mineral-based manufacturing sub-sector, as well as support services to industry. With the foregoing in mind, the Third Industrial Development Decade for Africa (IDDA III) proclaimed by the United Nations General Assembly in 2016 through resolution 70/293 serves as a strong platform to engage in further and concerted efforts in favour of the continent's industrialization. The resolution highlights a number of high impact areas that should be targeted if meaningful achievements are to be made within this framework. These include but are not limited to technology transfer; product diversification, agribusiness value chain development; trade capacity building; renewable energy and energy efficiency; industrial policy; special economic zones and industrial parks; and actions on climate change and human capital development.

Generally, the multiplier effect of industry on other sectors of the economy underlines the inherent dynamic links between IDDA III and AfCFTA. One causal effect is that: a successful IDDA III shall inevitably impact AfCFTA; international trade is dominated by manufactured goods. The reverse causal effect is that the establishment of the AfCFTA and increased intra-African trade will benefit the manufacturing sector and promote economic diversification in line with IDDA III. Among other things, global partnerships for IDDA III can contribute to successful implementation of AfCFTA by undertaking a range of interventions and impacting all the cited targeted areas.

Mindful of the complexity of achieving the goals of IDDA III and inclusive and sustainable industrial development as a whole, the decade is also premised on the understanding that successful industrial development in Africa requires effective partnerships and concerted efforts by governments, investors, United Nations entities, development and/or international

financial institutions (DFIs and IFIs), civil society and other stakeholders. More importantly, today's global landscape requires new and innovative forms of North-South, South-South, and triangular cooperation. It also requires various forms of public private partnerships. The new innovative forms of partnerships are expected to increase the efficiency, effectiveness, and magnitude of the impact of IDDA III development interventions.

2. Objectives

The objectives of the event are to:

- (a) Explore key features of the IDDA III initiative and the AfCFTA that support industrial capacity to supply the expanded goods and services market created by the AfCFTA.
- (b) Identify and support key elements of the IDDA III that could be leveraged to enhance the requisite institutional mechanisms for effective AfCFTA implementation.
- (c) Reflect on innovative ways of leveraging global partnerships within the IDDA III framework to support for industrialization and trade capacity-building efforts in Africa.
- (d) Discuss ideas to mobilize financial and non-financial resources to support interventions in strategic industry and trade-related areas within the IDDA III framework for maximum effect.

3. Format

The event will be held in the form of a breakfast meeting in the margins of the 73rd Session of the United Nations General Assembly. It will be co-hosted by UNIDO, AUC, UNECA, AfDB and FAO. The event will be opened with welcoming remarks of the UNIDO Director General, Mr. LI Yong, which

will be followed by a key message of UN Deputy Secretary-General Ms. Amina J. Mohammed and remarks by His Excellency Mr. Paul Kagame, President of Rwanda, in his capacity as the current AU Chairperson (or alternatively by the AUC Chairperson).

Selected Presidents and Heads of States will then be part of a high level session centered around the theme: “Ushering in a new era of intra-African trade: Challenges and opportunities for African industrial growth”. The discussants will share insights and best practices on how to overcome constraints and challenges on Africa’s industrialization and regional trade. This will be followed by the launch of the IDDA III championship initiative by the UNIDO DG. After the ceremony, senior representatives of the private sector, academia, DFIs and co-organizing UN organizations will engage in a discussion focused on the following theme: “Strengthening the involvement of the international community in African industrialization following the launch of the AfCFTA.” Last but not least, an interactive session will be held with contributions coming from the high level participants. The event will be moderated by Ms. Zeinab Badawi, a professional moderator and prominent journalist (BBC).

4. Expected outcomes

The following will be the outcomes of the event:

- (a) High-level consensus on key features of the IDDA III initiative and AfCFTA that support their integration and synergies for their successful implementation.
- (b) High-level consensus on innovative ways of leveraging global partnerships on IDDA III for industrialization and trade capacity-building in African countries.
- (c) High-level consensus on effective approaches for mobilization of financial and non-financial resources for the implementation of IDDA III in general.

A joint communiqué highlighting the above outcomes – and a Declaration on IDDA III Champions, will be signed by the co-organizers.

Moreover, it is anticipated that the event will serve to raise broad awareness of as well as to deepen knowledge on the content of the second year of implementation of the IDDA III, through the presentation of the progress report prepared for the United Nations Secretary-General.

5. Participation

Expected participants include African Heads of State/Government, selected prospective IDDA III Champions, the United Nations Secretary-General; the Chairperson of the African Union Commission; AUC Commissioner for Trade and Industry; heads of organizing agencies; heads of African regional organizations; private sector representatives; representatives of development and/or financial institutions and banks partnering with African countries, such as the World Bank, the International Finance Cooperation and the International Monetary Fund; representatives of governments; representatives of the donor community; civil society and non-governmental organizations; academia and media.