



### Side Event Draft Concept Note

**Title: ACCELERATING POVERTY REDUCTION AND ECONOMIC GROWTH:  
“TRANSFORMING AFRICAN COUNTRIES INTO TIGER ECONOMIES”**

**Sponsor/Co-Sponsor:** UNIDO, UNCTAD, Alliance for a Green Revolution in Africa (AGRA)

**Date:** 22 September 2008

**Time:** 12:00 –2:45pm

**Venue:** Delegate’s Dining Room (Rooms 5,6,7,8)

**Chair:** Mr. Kandeh K. Yumkella, Director-General, UNIDO

[**Focal Point:** Graham Clough, [cloughg@un.org](mailto:cloughg@un.org), 212 963 6885 or Richard Kennedy, [r.kennedy@unido.org](mailto:r.kennedy@unido.org), 431 26 026 3819]

### Context

Half of the global population is still living in abject poverty and Africa remains particularly afflicted: Many of its people exist without adequate food, shelter, health, education or influence on decisions that affect their lives, and the Millennium Development Goal of halving the proportion of people living in extreme poverty by 2015 may not be met by many countries in sub-Saharan Africa. This trend is reinforced by civil unrest and war in some parts of the Continent, leading to the continued existence of failed and fragile states in what Paul Collier has coined the “bottom billion”.

Meanwhile the developed world moves on, drawing ever more closely together in global economic integration, rapid technological advance and increased prosperity. The stereotype of “Africa” in this global picture appears sidelined – or worse – a vast Continent largely reliant on foreign aid for many of its basic needs while not being able to translate its own rich natural resources, markets and people into sustainable economic growth.

However, a second look at the realities of the Continent reveals another truth: World Bank estimates show a sharp acceleration in economic growth, particularly in sub-Saharan Africa. The average growth rate has increased from 5.7 percent in 2006 to 6.1 percent in 2007 – the region’s fastest growth in more than three decades. Throughout the Continent burgeoning economic activity is flourishing: entrepreneurs developing and producing goods, trading with others, and setting in motion whole chains of industry. These are the green shoots, which – if encouraged by partners in international development – will transform Africa.

### **Main issues and challenges**

Industry plays a pivotal role in this transformation process by reducing poverty, modernizing societies and bringing economic prosperity. All the developed countries and the newly industrialized nations of Asia, without exception, have used industry and the private sector as the main vehicles for achieving economic growth and wealth creation for their populations. Clearly, Africa can do the same. The challenge is to bring about the full participation of African entrepreneurs in the global economy by promoting small and medium-sized enterprises and thus creating the “missing middle” between a few state-owned enterprises on the one hand and the myriad of micro-businesses in the informal sector on the other hand. In particular, this calls for diversifying production, developing products up the value chain, ensuring that these goods can be traded internationally and fairly, engaging transnational corporations, and encouraging them to link up to local business. Linking agriculture to other economic sectors, including through increased agricultural productivity, rural industrialization and the expansion of agricultural markets is, crucial.

A further challenge is the “greening” of economic growth. Africa can become a true world leader in de-linking industrial growth from environmental degradation by building upon clean production and developing its own environmental services industry. It is clear that African countries, first and foremost, need access to energy for economic development. It is also evident that the climate change agenda must be reconciled with the development agenda so as to be credible and realistic. But there is no doubt that opportunities abound for the Continent to fulfill its potential in using wind-, solar-, bio-, and small hydro-energy. Such sustainable industrial growth generates employment and encourages the development of new skills and attitudes. It acts as a catalyst in the adoption of new and improved technologies and helps to drive innovation.

So far, however, Africa does not have a vibrant private sector to provide employment opportunities for its teeming populations to create the individual and societal wealth that meets basic needs and beyond. Pockets of success exist, but this must be brought together into a cohesive whole through well-designed and implemented industrial policies: East Asia already demonstrated how properly developed policy can change societies and lives for the better. Today there is a real opportunity to reinforce dynamic sources of growth

through appropriate policy advice to governments and assistance in building up well-functioning, inclusive markets and effective support institutions.

### **Issues to be discussed**

- (1) Policies that are conducive to sustainable yet rapid economic growth – experiences and lessons learned from Asian tiger economies
- (2) Necessary response at international and regional level – how international industrial cooperation, including aid for trade, can facilitate inclusive and equitable growth in Africa
- (3) Economic growth vs. environmental protection and climate change mitigation – trade offs and how to overcome them
- (4) Domestic financial resource mobilization as an important, albeit neglected, source of development finance
- (5) Identify ways of fostering agricultural development, transformation and industrialization that will stimulate broader economic growth while increasing food security, reducing poverty, and protecting the environment.

### **Expected Results**

[To be finalized]