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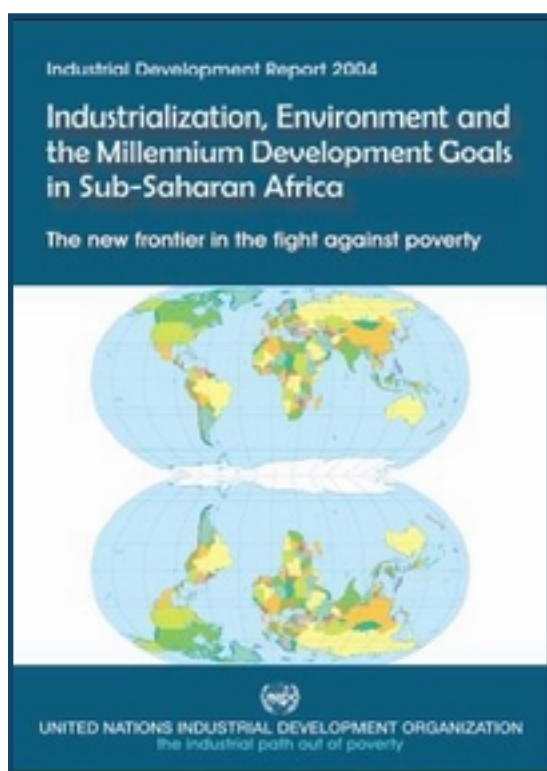
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Sub-Saharan Africa - the new frontier in the fight against poverty
UNIDO's IDR2004 spells out challenge of meeting MDGs in Sub-Saharan Africa



Sub-Saharan Africa (SSA) is the only region in the world where extreme poverty has been spreading steadily for the last 20 years. While most other developing regions, particularly East Asia, have made great strides towards poverty reduction through rapid economic growth and will meet or surpass the Millennium Development Goals (MDGs), economic decline in SSA has to be arrested and reversed if the goals are going to be achieved in the region by 2015. This makes SSA the development challenge of the 21st century.

Attaining the MDGs in SSA means reaching basic thresholds in such areas as health, nutrition, education, gender equality, infrastructure provision and environmental sustainability – which, the report says, are necessary to set sustained economic growth in motion. For example, achieving the goals relating to health and basic education can directly contribute as much as 1.6 percentage points to growth in SSA.

However, sustained productivity growth, the main source of long-term economic development, will not result automatically from progress towards achieving the MDGs. Other pre-requisites for take-off are the demographic transition, a quantum leap in agricultural productivity and a compositional change within manufacturing and services. While increased

view or download the report in full or in parts at <http://www.unido.org/idr>

public spending will help create a platform for take-off, prolonged success depends on 'crowding in' private enterprise.

UNIDO's Industrial Development Report 2004 (IDR 2004), released on 20 July 2004, drives home the sheer size of the challenge. For poverty to be halved in most SSA countries by 2015, per capita incomes must grow at 4 or 5 percent annually, assuming that the income distribution doesn't change, with the greatest effort in the region's landlocked and resource-poor economies. It should be noted that these estimates are sensitive to changes in inequality and could be lower if Sub-Saharan African countries can

manage to implement policies that encourage growth while also reducing income inequality. There have been some success stories in SSA, but for the most part these are atypical cases like Mauritius and, more recently, Lesotho, that have achieved breakthroughs by exporting clothing to markets where they have preferential entry thanks to the USA's AGOA and EU's EBA initiatives.

UNIDO's Competitive Industrial Performance Scoreboard, a core feature of the IDR series that ranks the industrial performance of 93 countries since 1980, has been expanded this year to include 34 SSA economies. The Scoreboard shows that manufacturing industry in SSA has stagnated and lost global market share since 1980. Then, SSA accounted for one percent of global manufacturing output, but by 2000 this had shrunk to 0.8 percent, just over half of which was contributed by one country, South Africa. Since 1980, manufacturing production has either declined or stagnated in 28 countries.

Africa's weak industrial performance reflects deep-rooted problems in economic structure and governance, which policymakers must address. In the last few decades, High Performing Economies (HPEs) such as Indonesia, Malaysia, Thailand, China and others have faced similar problems but succeeded in overcoming them to some extent. According to IDR2004, there is no reason why SSA should not attempt to do the same. The region, IDR 2004 argues, must shed its pessimism on its ability to industrialize and improve its investment climate, but it must also strive to overcome its structural problems and create capabilities for sustained growth.

Drawing on the experience of the HPEs and that of the national poverty reduction strategies, the report argues that since there is no single growth formula that guarantees success and no single model to emulate, SSA governments must implement a broad swathe of policies designed to overcome initial handicaps, build capacity, strengthen institutions and increase productivity by fostering, with the support of the donor community, the development of skills, technological progress and environmental sustainability.

IDR 2004 also recommends forward-looking policy options for industrial development that take advantage of environmentally sound and advanced technologies. It argues that since SSA policymakers must face taxing development challenges while building up social and technological capabilities, it is crucial for the international community to help them meet their capacity-building needs, including those related to trade

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UNIDO Asia-Africa Business Mission biggest ever

Windhoek, Namibia 5-6 July & Maputo, Mozambique 8 - 9 July, 2004



the AAITPC Business Mission in Namibia

The fourth Business Mission organized by UNIDO's Asia-Africa Investment and Technology Promotion Centre (AAITPC) visited Windhoek, Namibia (July 5-6) and Maputo, Mozambique (July 8-9) with over 50 business people from China (18), India (6), Indonesia (1), Korea (21) and Malaysia (6) to discuss trade and investment.

The Business Mission was the largest ever in the history of AAITPC. In contrast to some business missions of this kind, AAITPC mission participants have to cover their own travel and accommodation costs, making participation in the mission a better indicator of serious interest.

An eight-city promotional tour funded by AAITPC preceeded the Namibia / Mozambique mission. The "Roadtour" (see [UNIDOScope 11- 17 April, 2004](#)) started in Mumbai, India on March 3, 2004, moving then to Chennai and on to: Malaysia (Kuala Lumpur); Indonesia (Jakarta); China (Shanghai and Hangzhou); ending in Korea with a presentation in Seoul and then on April first, in Daegue. The promotion was undertaken by two representatives each from the Namibia Investment Centre (NIC) and Mozambique's Investment Promotion Agency, the Centro de Promoção de Investimentos (CPI). Namibia's Minister of Trade and Industry, Jesaya Nyamu, sent two more representatives at Namibia's own expense. The AAITPC site (<http://www.unido-aaitpc.org/index.html>) has some of the information provided to participants on the investment climate and investment opportunities in Mozambique and Namibia.

In all, 296 one-to-one meetings took place, 168 in Namibia with 118 local participants and 128 in Mozambique with 85 local participants, pre-arranged by the Namibian and Mozambique Investment Centres. On the Asian side there were 49 participants in the Namibian mission and 52 in the Mozambique mission. Among the Asian investor group, 53% of participants were visiting Africa for the first time. For 86% it was their first time in Mozambique and for 76% their first time in Namibia. The major interest groups in the Asian delegation were: textiles and garments; steel; electrical equipment and materials; medical equipment and systems; and fishery. In Namibia the most tangeable outcomes are expected in the jewelery and garment sectors; in Mozambique in the garment and food processing sectors, with the possibility that a palm oil depot will be set up in Maputo.



the AAITPC Business Mission in Mozambique

During the mission Namibia's Minister of Trade and Industry, Jesaya Nyamu, who attended UNIDO's General Conference in Vienna in December, expressed his satisfaction with the swiftness with which the AAITPC mission followed up on his discussions in Vienna. Minister Nyamu and Mozambique Prime Minister, Luísa Dias Diogo, both thanked UNIDO for making the Asian business mission possible.

AAIPC is a project UNIDO has been operating under a trust fund provided by the Japanese Government to implement decisions on Asia Africa cooperation made at the *Second Tokyo International Conference on African Development*

(TICAD II) in 1998. AAITPC has established a network of six partners in Asia and eight investment promotion agencies in Africa with an emphasis on action oriented private sector partnership. AAITPC's Korean partner KITA (the Korea International Trade Association), for example, has some 80,000 member companies. KITA approaches its members in a very rigorous and selective way when mobilizing AAITPC seminar participants. "The 83 participants KITA mobilized for the Namibian and Mozambiqan seminars held in Korea in April, 2004, represented just 0.4% of members approached" said UNIDO AAITPC Head, Masato Tsukiji, "this gives a fairly good indication of the low awareness level in Asia of business opportunities in Africa!"

The marketing of the Namibia / Mozambique investment opportunities follows a typical AAITPC cycle: from October 2003 to February 2004 opportunities were promoted on the AAITPC web page <http://www.unido-aaitpc.org/index.html>; from March to April 2004 promotional seminars were hosted by AAITPC's Asian partners; the Business Mission took place in July 2004; and from October to November 2004, delegates from Namibia and Mozambique will spend time at AAITPC partner offices in Asia following up and consolidating proposals made during the mission.

Since it began operations just over four years ago, the Asia Africa Investment and Technology Promotion

Centre (AAITPC) has sponsored 51 representatives from African investment promotion agencies. Some 1,780 Asian investors have attended the seminars conducted by these representatives. Including the 4th Business Mission to Namibia and Mozambique, a total of 237 Asian investors have visited Africa (at their own expense) and entered into discussions with 785 African entrepreneurs. Four representatives of Africa investment promotion agencies have spent time in Asia working together with AAITPC counterparts and in the process have had one to one discussions with a total of 143 potential Asian investors. The one Asian investment promotion officer who has spent time in Africa was from China. This delegate spent three months at the Ghana Investment Promotion Agency and had one to one meetings with 60 Ghanaian entrepreneurs.

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UNIDO ITPO Tokyo Delegate Programmes for Egypt, Morocco, Sri Lanka and India this week: The India (Gujarat) Delegate

Tokyo, Japan 17 May - 18 June, 2004



Between March and June this year, UNIDO Investment Technology Promotion Office Tokyo ([ITPO Tokyo](#)) hosted delegates from Egypt (22 March - 23 April), Morocco (10 May - 17 June), Sri Lanka (10 May - 11 June) and India (17 May - 18 June), to undertake investment and technology promotion activities in Japan.

The UNIDO ITPO Delegate Programme is a mechanism by which staff of developing country institutions involved in investment promotion get hands-on experience at one of [UNIDO's ITPOs](#). In addition to being an important and effective part of the capacity-building efforts of the UNIDO ITPOs, it is not uncommon for delegates to go home

Industrial Extension Bureau (iNDEXTb) Delegate to ITPO Tokyo, Dyestuff and Pharma Dep. General Manager, Kirtankumar Vyas

with valuable contracts. Regardless of the immediate result, all go back with valuable contacts. ITPO Tokyo is one of the most active promoters of the Delegate Programme.

The Delegates from Egypt ([see UNIDOScope 4 - 10 July 2004](#)), Morocco ([UNIDOScope 11-17 July](#)), Sri Lanka ([UNIDOScope 18 - 24 July](#)) and India have each sent UNIDOScope a brief assessment of their time in Tokyo. This is the last of the four stories.

UNIDO ITPO Tokyo invited Mr. Kirtankumar Vyas, Deputy General Manager of Dyestuff and Pharmaceuticals, Project and Technology Division, of the Gujarat [Industrial Extension Bureau](#) (iNDEXTb), to spend 17 May to 18 June 2004 at the Tokyo office as a technology and investment promotion officer. While in Japan, Mr. Vyas introduced the investment climate of the country and investment projects focusing on chemicals and pharmaceuticals through individual meetings with Japanese companies and a seminar in Tokyo on 14 June. This is the story of Mr. Vyas.

The five week delegate programme for Gujarat, India, held at UNIDO ITPO Tokyo between 16 May to 19 June 2004, promoted the economic potential of the region emphasizing Chemical, Pharmaceutical, Dyestuff and allied industries in particular. Twenty two industrial investment and technology projects proposals in these industries were presented. Meetings were held with: industrial promotion organizations (13), Japanese companies (27) and Indian public sector organizations (6).

An Investment Promotion Seminar was organized on 14 June 2004 at the Tokyo Chamber of Commerce & <http://www.unido.org/en/doc/25465>

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Industry, with the cooperation of the Japan-India Business Cooperation Committee, Embassy of India and ITPO Tokyo. About 100 representatives of industry, trade and business attended the seminar and actively participated during the sessions. Eight leading Japanese companies in the chemical and pharmaceutical fields indicated interest in initiating projects for outsourcing, setting up an office and / or introducing their products with suitable partners in Gujarat with a mid to long term view of investment in the state. iNDEXTb was promoted as a state organization facilitating potential Japanese investors and technology suppliers to do business in Gujarat. As a follow-up, iNDEXTb and ITPO Tokyo will explore the possibility of organizing a mission of Japanese entrepreneurs to Gujarat, coinciding with [INDIA CHEM 2004](#) being held on 3 to 5 November 2004 at Mumbai, India.

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