

SUMMARY –Industrial Development Forum, Inaugural Session (1 December 2003)

The Role of Industrial Development in the Achievement of the Millennium Development Goals (MDGs)

The *Industrial Development Forum Inaugural Session* was held on the first day of the General Conference, with keynote interventions by Prof Jeffrey Sachs, Director of the Earth Institute, Colombia University and Special Advisor to Kofi Annan, Mr. Rubens Ricupero, Secretary General of UNCTAD, H.E. Frederic Sumaye, Prime Minister of United Republic of Tanzania and Mr. Carlos Magariños, Director-General of UNIDO.

In his opening presentation, Mr. Magariños pointed out that the MDGs consist of a number of quantitative goals agreed by the international community to relieve extreme suffering and deprivation. He argued that, although the task is huge, the major obstacle for this to happen is not financial or technological but has largely to do with political will. As a response to this challenge, he proposed three lines of action for the international community, including more development funding, UN reform and a renewed development agenda to articulate better the political with the social and economic policy dimensions. He held that, for this to happen, policies designed to tackle urgent basic needs need to be integrated with policies aimed at building up the capacity to prevent recurrent emergencies through sustainable productivity growth. Mr. Magariños highlighted the importance of UNIDO's work on private sector development for capacity building and productivity growth. He argued that while the MDGs provide an opportunity to deal with the two-way interaction between breaking poverty traps and getting into a sustainable development track, the PRSPs are one of the key national policy strategies to leverage the necessary resources. In this context, he argued that private sector participation in the PRSPs needs to be strengthened. He said: "It is essential for the LDCs to overcome this serious oversight if they are to succeed in stabilizing their economies, create jobs, develop exports, increase productivity and ensure social progress".

Next Prof. Sachs took the platform and argued that MDGs represent a contract between the rich and poor countries, and as such the rich needed to be held up to the promises they made repeatedly, and most recently at the Millennium Development Summit, Monterrey Conference and World Summit on Sustainable Development in Johannesburg. He argued that while the poor countries were often blamed by the rich for their poverty, the real reasons were far more complex and had to do with the many structural impediments facing these countries such as unfavorable climate and geography. Prof. Sachs insisted that if the world was truly going to achieve the MDGs three critical transitions had to be advanced: progress in human capital transition including health, education and nourishment, a transition in productive capacity enabling the least developed countries to undergo real structural change and a transition to environmental sustainability. He held that these transitions could be achieved if there was sufficient effort shown at the national policy level, but more importantly if necessary reforms were made in trade access and if large yet necessary investments could be made in infrastructure and social outlays. In this context, he pledged the rich countries to live up to their promises of putting 0.7 of 1 percent of their annual GDP into development, which he held would be more than enough to meet the Goals. He also suggested the MDGs had to be put at the core of Country Assistance Strategies and the Poverty Reduction Strategy Papers. In concluding, he challenged all in the audience to use their energy and voice to tell

the world that "the promises have long been made but 2004 is the year they are going to be kept!"

Following Prof. Sachs, Mr. Ricupero pointed out that at a time when net transfer of funds have been running from developing countries to the developed world for the seventh consecutive year due to debt payments and when the developed countries have failed to show their willingness to solve the critical issues pertaining to trade liberalization such as agricultural subsidies at Cancun, it was difficult to talk about the industrial development prospects of LDCs. He pointed out that in fact what was being observed all over the developing world with the exception of those few in East and South East Asia, was a premature process of deindustrialization which was threatening the very livelihood of millions as jobs in both agricultural and also industrial sectors were becoming scarce. Referring to the poverty trap in which developing countries find themselves in, he argued that it was critical for international organizations such as UNCTAD and UNIDO to find imaginative ways to address these problems. One of the key venues for this, he argued, was linking the capacity building in trade negotiations with due efforts in productive and supply capacity building in developing countries. He concluded that this way organizations such as UNCTAD and UNIDO could have complementary and constructive roles in helping countries to grow through enhancing their own productive capacity and exports and not only through generosity of others which is always scarce.

Finally, Prime Minister Sumaye took the floor and talked about the need to address two key issues of concern to most LDCs- development of agro-industries and HIV/AIDS- when talking about industrial development and the MDGs in Africa. He pointed out that since 70% of all employment and 60% of manufacturing was based in agriculture in sub-Saharan Africa, development of agro-industries was of great importance not only for food security but also for generation of sustainable livelihoods. He said those agro-industries and especially the small and medium enterprises were critical serving as springboards for the development of a sustainable industrial sector and job creation. Finally, marking also the occasion of the World AIDS day, he joined the others on the panel, in pointing out the important role of the fight against the HIV/AIDS pandemic in achieving sustainable industrial development as HIV/AIDS tends to attack the most productive groups in population limiting the scope of successful interventions elsewhere.

In conclusion, the *Forum* provided the rest of the General Conference and particularly the Roundtable One immediately following it, a rich set of ideas and challenges to ponder on from a distinguished panel of development practioners and thinkers.