



# UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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## **Industrial Development of Africa - main focus at AU Summit**

**Vienna, 31 January 2008** – Kandeh K. Yumkella, Director-General of the United Nations Industrial Development Organization (UNIDO), addressed today the tenth Ordinary Session of the Africa Union (AU) Summit, taking place in Addis Ababa, Ethiopia from 31 January to 2 February 2008. The theme of the Summit is “Industrial Development of Africa”.

UNIDO’s Director-General underlined the growing importance of industrial development in Africa, as well as the fruitful collaboration between UNIDO and the AU. He said that industry can serve as an engine of growth by generating employment and developing new skills and that Africa cannot afford to miss these opportunities. “We have also witnessed over the past 15 years the social and economic consequences of unemployment, particularly on national or sub-regional security, out-migration, undermined peace, security, and economic progress in certain African countries. Again, it is the role of industry to provide jobs, sustain peace, while taking unemployed youths, who are vulnerable for recruitment in conflicts, off the streets.” He expressed his conviction that African leaders, with the support of UNIDO and other UN agencies and development partners will be able to find a response to the development challenges facing the continent.

At present, African countries have different levels of industrial development: five countries have a fairly well-developed industrial structure with 20% of their GDP coming from the manufacturing sector; another five countries are at an intermediate stage with 10-20% of GDP from manufacturing and the rest are at an early stage of industrial development. The continent’s contribution to global manufacturing value added is less than 1 % and only 20% of Africa’s labour force is engaged in the industrial sector.

The main industrial development challenge facing African countries is the absence of a vigorous private sector - especially medium-sized enterprises- that would provide employment opportunities, above all in the manufacturing sector. For sustainable economic growth the private sector should play a larger role. The agricultural sector, which employs about 57% of the work force, also needs a competitive private sector for developing agri-business.

The high cost of doing business in Africa is another challenge. Reducing costs for starting up business, facilitating cross-border trade, improving labour regulations and reducing administrative barriers as well as improving infrastructure, are some of the measures urgently needed.

The promotion of investment and trade, globalization and regional economic integration, new policies to encourage industrial development and exploiting renewable sources of energy also need to be addressed by African leaders in order to develop and strengthen the industry sector.

At present, with high commodity prices favourable to African countries, gains from commodity exports should be invested in the consolidation of their industrial base, as the continent cannot afford to remain a primary commodity

producer. But, at the same time, their products have to be compatible on the international market. Currently 75% of total world trade consists of manufactured products and Africa accounts for only 2% of it.

Cooperation between UNIDO and the AU ranges from industrial policy issues to energy and agro-processing related issues. A Memorandum of Understanding between the two organizations was signed on 21 June 2006, in Cairo, Egypt. Subsequently, several joint activities were organized, including an expert group meeting on standards compliance and conformity assessment for sustainable trade in Africa (Tunisia), a meeting on youth employment and productive work in Africa (Ghana), the first high-level biofuels seminar in Africa (Addis Ababa), as well as a meeting on investment promotion in Africa (Addis Ababa).

For measures and strategies to be developed to diversify African economies away from their dependence on raw materials, UNIDO, in collaboration with the AU, plans to consult with the private sector through an African Private Sector Executives Forum to take place this year.

In April, in collaboration with the AU and the Government of Senegal, UNIDO will be organizing a conference on Renewable Energy in Africa to formulate investment opportunities and highlight critical policy issues for Africa to benefit from the “Green Energy Revolution”.

For more information, please visit [www.unido.org/au-summit](http://www.unido.org/au-summit)

**Note to Editor:**

*UNIDO is a specialized agency of the United Nations that works towards improving the quality of life of the world's poor by helping countries achieve sustainable industrial development. UNIDO views industrial development as a means of creating employment and income in order to overcome poverty. It helps developing countries produce goods they can trade on the global market, and helps provide the tools – training, technology, and investment – to make them competitive. At the same time, it encourages production processes that will neither harm the environment nor place too heavy a burden on a country's limited energy resources. UNIDO has 172 Member States and has its headquarters in Vienna, Austria (please visit [www.unido.org](http://www.unido.org)).*

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