



FIFTH FORUM

iSID INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT



CONCEPT NOTE

REGIONAL FORUM ON INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT AND INDUSTRIAL INVESTMENT PROMOTION MEETINGS

Co-organized by the Government of Senegal
and the United Nations Industrial Development Organization

MINISTRY OF INDUSTRY AND MINES

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Introduction

Industrialization has played a key role in economic development for well over 200 years. Almost no country in the world has reached a high stage of economic and social development without having first developed an advanced industrial sector. It helped shape the early advances of European countries, the United States and Japan, as well as China, the Republic of Korea and other Asian countries in the latter half of the 20th century. It has the potential to do so for Africa as well.

The international community has made industrialization a key component of global development efforts. Sustainable Development Goal (SDG) 9 of the 2030 Agenda for Sustainable Development highlights the need to “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”. It recognizes that the industrial sector can serve as a primary engine not only of job creation and economic growth, but also of technology transfer, investment flows and skills development.

African leaders have reiterated their own commitment to fostering industrialization on the continent by including it as a key objective of the African Union’s Agenda 2063 and its first 10-year implementation plan, calling for a continent-wide approach to African industrialization.

The Government of Senegal has made great strides in advancing inclusive and sustainable industrial development. It is one of the most industrialized countries in West Africa and has the third fastest growing economy on the continent, according to the International Monetary Fund’s latest World Economic Outlook. Senegal is also recognized as a key player within the Economic Community of West African States and its solid democratic institutions have made the country a role model for political stability in Africa.

In February 2014, the Government launched its National Development Strategy, the Plan Senegal Emergent (PSE), with the overall objective of transforming Senegal into “an emerging country by 2035 with social solidarity and a state of law.” The PSE is therefore the main reference document for the country’s economic and social policy in the medium and long-term, including industrial development.

Within the PSE, the Government of Senegal has identified several flagship industrial projects to spearhead the structural transformation of the economy. The development of competitive and integrated agro-poles for high-potential value chains is identified as a driver of sustainable industrialization. The PSE also emphasizes the development of special economic zones and industrial zones as means to mobilize large-scale investments for industrial infrastructure projects.

The United Nations Industrial Development Organization and inclusive and sustainable industrial development

The United Nations Industrial Development Organization (UNIDO) is the United Nations specialized agency that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. Adopted by the Organization’s Member States in December 2013, the Lima Declaration affords UNIDO with a renewed mandate to achieve inclusive and sustainable industrial development (ISID). The Organization’s mandate is anchored in the internationally agreed 2030 Agenda and directly reflected in Goal 9.

ISID is based on the recognition by Member States that poverty eradication “[...] can only be achieved through strong, inclusive, sustainable and resilient economic and industrial growth, and the effective integration of the economic, social and environmental dimensions of sustainable development”.

The relevance of UNIDO's ISID mandate for African countries was underlined in July 2016 when the United Nations proclaimed the period 2016-2025 as the Third Industrial Development Decade for Africa. The General Assembly called upon UNIDO to develop, operationalize and lead the implementation of the Third Industrial Development Decade for Africa (IDDA III). The resolution specifically requests UNIDO to upscale its technical assistance to accelerate Africa's industrialization over the next ten years, in cooperation with other relevant stakeholders including governments, the public and private sector, regional economic communities (RECs), in particular the African Union, bilateral and multilateral partners, international and regional financial institutions, and other relevant entities of the UN system.

Partnerships for ISID

Achieving inclusive and sustainable industrial development requires a broader range of resources than any individual entity can provide. ISID entails interventions ranging from skills development schemes aimed at generating employment, to policies aimed at facilitating the growth of domestic enterprises and foreign direct investment, to upgrading infrastructure such as roads and energy utilities, all the while ensuring that environmental concerns remain at the forefront of industrial development. Ultimately, achieving this comprehensive goal requires the pooling of resources and expertise from diverse actors.

Recognizing the complexity of these challenges, UNIDO developed a new model for accelerating inclusive and sustainable industrial development in its Member States - the Programme for Country Partnership (PCP).

The Programme for Country Partnership: mobilizing partners and resources for larger development impact

The main objective of the PCP is to accelerate the implementation of national industrial development goals. The PCP model is based on strong government ownership and leadership. At the same time, it is a multi-stakeholder partnership – bringing together the government, UN agencies, development partners, development finance institutions (DFIs) and the private sector. It leverages additional investment and, as such, acts as a catalyst for the achievement of a country's industrial development goals and broader development plan.

The key features of the PCP are:

- Strong government ownership and leadership at the highest political level;
- Operationalization of national industrial strategies;
- Selected priority sectors or areas;
- A multi-stakeholder partnership from programme design to implementation;
- The mobilization of large-scale public and private finance; and
- UNIDO facilitates overall PCP coordination, provides an advisory function to the government on all industry-related issues, and a multidisciplinary technical team provides technical assistance throughout implementation.

In 2014, UNIDO launched the first two pilot PCPs in Africa, in Ethiopia and Senegal. In 2015, Peru became the third pilot PCP.

The 5th ISID Forum

UNIDO organizes ISID Forums on a regular basis to extend the impact and outreach of ISID goals. These Forums provide a global platform for discussion and exchange of experience and best practices among all actors in the area of industrial development.

The Fifth ISID Forum is organized in continuation of the discussions and outcomes of UNIDO's previous Forums, but puts particular focus on the replication and progressive dissemination of the PCP model across West Africa. The Forum aims to find concrete solutions to challenges impeding Africa's industrialization and regional integration, in the context of UNIDO's ISID mandate, SDG 9 and IDDA III.

The Forum will also introduce and promote concrete investment opportunities in key projects and sectors of the Programme for Country Partnership for Senegal, namely in integrated industrial parks and integrated agro-poles.

The Forum will showcase some of the early results of PCP implementation in pilot countries. It will illustrate how the PCP approach serves to operationalize the industrial component of respective national development plans, in particular by mobilizing public and private investment for industrial projects and infrastructure development. It will also explore ISID solutions on a regional scale, in particular through the development of an Action Plan for the replication and dissemination of the PCP model in West Africa.

PCP highlights to date

Results to date indicate that significant progress has been made in advancing the industrial components of the respective national development plans – the PSE in Senegal and the Growth and Transformation Plan II (GTP II) in Ethiopia. Some of the highlights of the PCP model include:

- Government leadership affirmed at the highest political level, including through its leading role in resource mobilization for the execution of the PCP;
- National coordination mechanisms established bringing together all relevant national ministries, including the Ministry of Finance, UN agencies, development partners, DFIs and the private sector;
- The PCPs have proven their efficiency in fostering partnerships and promoting multi-stakeholder financing mechanisms, resulting in the leveraging of large-scale public and private investment;
- The PCPs are recognized as the appropriate framework for the financial and technical involvement of the private sector; and
- The PCP places UNIDO as the key advisor to the respective governments on industry-related issues and as a central partner to both development finance institutions and the private sector.

In Senegal, among other interventions, the PCP has helped to mobilize large-scale resources for the establishment of integrated industrial parks, in particular the flagship Diamniadio industrial park, through the provision of pre-investment services, recommendations for the design of a management structure for the park, and capacity-building for relevant national counterparts. The PCP has also developed a long-term incentive package to attract investment for the park's operationalization.

In Ethiopia, among other interventions, the PCP is supporting the establishment of four integrated agro-industrial parks (IAIPs). UNIDO has finalized the feasibility studies and business plans for these parks, in addition to conducting various investment promotion activities to mobilize large-scale public and private finance for the development of IAIP infrastructure.

In Peru, the programme is in its early stages of development, being UNIDO's newest pilot PCP. UNIDO is working with the Ministry of Production and other national and international development partners to define detailed technical activities within the selected priority areas of the programme, and mobilize funds and investment for its implementation.

The development of an Action Plan for the dissemination of the PCP model across West Africa

The Forum will examine some of the key challenges for Africa's industrialization and how the Programme for Country Partnership model has the potential to address some of them. More specifically, the Forum will discuss:

- Building a resilient regional infrastructure through the development of regional infrastructure projects for industrialization with the aim of improving market connectivity;
- The importance of expanding regional markets to address market fragmentation;
- The key role of multi-stakeholder regional partnerships (governments, regional economic communities and other regional actors, the private sector, DFIs, multilateral organizations, etc.) for building effective financing mechanisms for regional industrialization;
- Mobilization of the regional private sector to finance regional projects, fostering robust partnerships at the national, regional and international levels;
- Emphasizing the importance of promoting common regional industrial and investment policies; and
- Strengthening regional institutional capacities and building inter-regional institutional linkages.

Regional economic communities (RECs) are increasingly implementing common industrial strategies, demonstrating the growing importance of regional integration for advancing Africa's industrialization. In this context, UNIDO – together with RECs – has prepared a draft Action Plan for the roll-out of the PCP model across the region. The discussions and recommendations of this Forum will guide the way forward.

Key aspects of the proposed Action Plan

- Strong national government and regional ownership and decision-making by consensus;
- Enhancement of national and regional institutional capacities;
- Fostering of partnerships and shared responsibilities;
- Up-scaling of strategies for regional industrial investment promotion and investment leveraging, including pre-investment services and interventions; and
- Strengthening of joint resource mobilization mechanisms involving all stakeholders (governments, RECs and other regional entities, UN agencies, DFIs, multilateral and bilateral development partners, and the private sector).

The Forum will address some of the following issues:

- The identification of key partners for the implementation of the proposed Action Plan;
- The respective roles and responsibilities of key regional actors (RECs, regional private sector, regional finance institutions and development partners);
- An implementation framework and coordination mechanisms; and
- The identification of effective financing mechanisms.

Industrial investment promotion meetings

The second day of the Forum is devoted to business-to-government (B2G) and business-to-business (B2B) meetings aimed at initiating and boosting industrial investment in West Africa. These meetings will facilitate:

- Discussion and exchange of views on issues related to ISID best practices based on industrial development experiences in the region;
- Sustainable business linkages between the private sector, development partners and governments; and
- Deepening UNIDO's technical assistance by exploring investment opportunities, particularly with the private sector and financial institutions, in projects/bankable programmes supported by governments.

The **B2G event** aims to promote a wide array of investment support services, programmes and projects, incentives and frameworks provided by the different entities at the national level, and promote constructive dialogue between the respective representatives and potential investors. It will exhibit the services of national institutions and organizations – such as the Senegalese Chamber of Commerce, APIX (Senegal's Investment Promotion and Major Projects Agency), BOS (Operational and Monitoring Office of the PSE), APROSI (Senegal's Agency for the Promotion of Industrial Sites), the Confederation of Senegalese Employers, integrated industrial park authorities and other national institutions concerned with industrialization – and relevant ministries.

The main purpose of the **B2B meetings** is to establish business linkages and facilitate matchmaking between domestic or regional companies and foreign investors.

Exhibition of industrial products

An exhibition will be organized for the duration of the Forum to showcase local and regional industrial products.

Field visit

A field visit to the integrated industrial park of Diamniadio will be organized on the second day. Diamniadio is the flagship industrial project of the Government of Senegal and a key component of UNIDO's Programme for Country Partnership for Senegal.



TOGETHER

for a sustainable future

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