

Africa needs dramatically upscaled infrastructure and regional integration to drive industrialisation, says dti chief

May 2016, JOHANNESBURG - In a constantly evolving and increasingly interdependent world, Africa and its 34 Least Developed Countries (LDCs) urgently need to find the best ways to industrialise their economies to avoid being further marginalised and excluded from the global economy for yet another decade in history.

For over a decade Sub-Saharan African economies have expanded at an average rate of about 5% a year. This was largely spurred on by the commodities boom in China as it rapidly urbanised. But as China's economic growth has slowed, so has the demand for Africa's commodities, stifling Africa's growth trajectory.

One of the main reasons for concern is that Africa's manufacturing industry has largely missed out on "a boom".

"The general view is that Africa is de-industrialising and has skipped a vital industrial revolution like Asia experienced in the 1970s; which is critical for job creation," says Nigel Gwynne-Evans, Chief Director for African Industrial Development with the Department of Trade & Industry (**the dti**).

"Africa has the lowest global percentage of productivity in manufacturing and the lowest employment rates in the world. The big concern is that we are already jumping to a services-based economy without creating a platform for manufacturing."

An investigation into Africa's de-industrialisation by The Economist agrees (November 7th 2015 edition): "To be sure, many countries de-industrialise as they grow richer (growth in service-based parts of the economy, such as entertainment, helps shrink manufacturing's slice of the total). But



many African countries are de-industrialising while they are still poor, raising the worrying prospect that they will miss out on the chance to grow rich by shifting workers from farms to higher-paying factory jobs”.

“There’s no doubt that what is known as the “4th Industrial revolution” brings advanced technologies to bare in all aspects of life, particularly to consumers in the form of dramatically improved telecommunications, access to faster internet, banking and retail services and services like Uber that add convenience to the consumer’s life. Africa is adopting to these new technologies exceptionally fast, in leap-frogging to a more advanced world. The big but, and it’s a big one, is that without a strong manufacturing sector, these services will largely be provided by global multi-nationals, with an increasing loss by governments of the levers to transforming their economies,” says Gwynne Evans.

The adoption of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) as well as the African Union Commission’s 2063 Agenda and the COP 21 Paris climate change agreement in 2015, have given new impetus to the call for industrialisation to transform Africa, especially in its Least Developed Countries.

Why industrialisation matters

Through the adoption of the sustainable development goals (SDGs) - particularly on industry, innovation and infrastructure - the international community has recognised the importance of inclusive and sustainable industrial development for economic growth because of its multiplier effect on all economic sectors.

“Rarely has a country progressed and become developed without sustained structural transformation from an agrarian or resource-based economy towards higher productive agriculture and a sophisticated industrial or service-based economy. Industry, by providing decent jobs and by



expanding the fiscal revenues needed for social investments, can boost capacity for inclusive development,” says a 2015 report to the China G-20 Development Working Group by the United Nations Industrial Development Organisations (UNIDO).

Regionally in SADC, **the dti** and other regional organisations are looking at three main areas of growth: food and agro-processing, mining and metals, and pharmaceuticals.

“These sectors cannot create jobs unless we achieve productive capability and the right environment with larger markets. Africa is currently highly fragmented with small markets and small economies. If we are able to build larger regional markets, through regional integration, then we could create regional trading blocks that have the economies of scale to catalyse industrialisation in various regions. This is the current focus of the regional economic communities like SADC, ECOWAS, and the EAC, and recent initiatives to create a continental-wide Free Trade Agreement,” says Gwynne Evans.

“In addition this requires a dramatically upscaled focus on improved infrastructure of all forms - road, rail, water and energy - to provide the conditions for growth.”

Regional integration in building large scale cross-border infrastructure that will unlock Africa’s industrialisation capabilities is one of the topics of discussion taking place at next month’s **INFRASTRUCTURE AFRICA BUSINESS FORUM** in Sandton, Johannesburg.

Nigel Gwynne-Evans, and a host of other African infrastructure experts will be attending and speaking at Africa’s biggest infrastructure symposium.

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More information about the 2016 Infrastructure Africa Business Forum

The fifth Infrastructure Africa Business Forum on the 9th and 10th June 2016 will bring together prominent African infrastructure experts, government officials and business leaders to accelerate the business of infrastructure development. The 2-day conference and exhibition provides an opportunity for companies to focus on the continent's growth hotspots, discuss infrastructure trends, meet project developers and relevant government authorities, whilst exploring infrastructure business opportunities.

The event has the highest level of African and South African endorsement for an infrastructure event on the continent, and provides the business platform for private and public sector players seeking to meet the sector's national and regional who's who.

The event partners are the NEPAD Planning & Coordinating Agency (NPCA), the African Development Bank (AfDB) and the Development Bank of Southern Africa (DBSA). There are many corporate sponsors on board.

Infrastructure Africa has partnered with the African Development Bank (AfDB) to host the **Africa Inclusive Infrastructure Forum (AIIF)** from the 9 – 10 June 2016 at the Sandton Convention Centre, Johannesburg, South Africa.

The Africa Inclusive Infrastructure Forum, a side event of the main conference, will have a key focus towards issues of gender in infrastructure development across the continent. The event will discuss financing for women-owned businesses in the energy, transport, ICT & telecomms and water sectors across Africa. Cross-

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