



FOREWORD

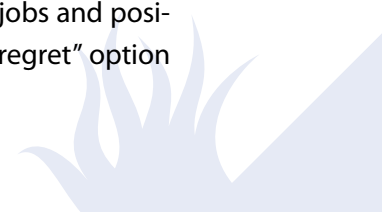
In recent years the continent has made some significant strides in all dimensions of economic and human development, comparable with other regions of the world on similar economic trajectories, having registered some of the fastest growing economies in a constrained global economy. However, although the drivers of growth are diversifying, the continent continues to rely heavily on the production and export of raw commodities, and the share of manufacturing stagnated at around 11 per cent over the last decade. As a result many African economies are vulnerable to fluctuations in commodity prices, and the continent remains home to the world's highest proportion of poor people and to a growing youth population.

Industrialization is an imperative for Africa to meet the objectives of Agenda 2063 within a global economy constrained by climate change and driven by competitive supply chains and complex supply and demand dynamics. Indeed, accelerated and profound economic structural transformation, through reallocating economic activities from less productive to more productive sectors for sustainable and inclusive growth, is the only means to address chronic poverty on the continent.

African industrialization has to focus on the regional market through increased trade before it extends to the global supply chain, with special emphasis on agro-processed products and value addition to mineral exports. For example, transforming our mineral export volume by just 5 per cent before exporting them can create 5 million jobs a year. Recent estimates show that African countries spend some \$30 billion a year to import processed food. This trend can be reversed through value added agro-processing, creating countless jobs, especially for our growing youth population.

How should Africa pursue its industrialization? Many pathways exist, but as a latecomer it can learn from others' experiences while defining and designing its own pathway—based on its own realities and learning from history and the experiences of other regions—to leapfrog traditional, carbon-intensive methods of growth and champion a low-carbon development trajectory. The continent can take advantage of new innovations, technologies and business models on a pathway that uses our natural resources optimally and efficiently as inputs to an industrialization process powered by our endowments of clean sources of energy.

This is why the ECA has seized the opportunity this year to herald the era for Africa to pursue a different pathway to industrialization, in short, one that enables the region to green its industrialization. In so doing Africa will pursue its development agenda along a pathway that ensures that economic growth is truly sustainable and inclusive through green jobs and positive spillovers. It is this new niche that we recognize as a winning formula, a “no regret” option



that will secure Africa a central space in the world economy. Such a transformation will make significant productivity gains in rural areas with vibrant hubs of agri-business and linkages to industrial activity.

Through case studies this report shows that there is good news on greening industrialization in Africa. A number of countries have already put in place policies and regulatory frameworks for green industrialization. A good number of enterprises are taking the lead to implement green measures, driven by legal requirements and opportunities for economic returns on their investments, as well as the need for a long-term sustainable business model. But more need to follow suit, and this report is an entry point for shared learning and the replication of good practice on how we develop a low-carbon pathway.

ERA 2016 on green industrialization is well informed by primary data drawn from 12 African countries where green industrialization is gaining strong momentum. It complements several recent editions of the ERA by focusing both on the quality of industrialization and on the opportunities for upgrading throughout the value chain. And it adopts a systemic approach to green industrialization using examples from value chains in key sectors, including agriculture, energy, extractives, manufacturing, transport, and water to make a credible case for green industrialization.

Several forward-looking lessons emerge from the report. The costs of industrializing on a business-as-usual approach are unacceptably high. Industrialization must adopt a low-carbon and inclusive pathway. Indeed, the report shows that doing so creates jobs, increases returns on investment, uses finite resources efficiently, reduces harm to the environment, increases global competitiveness and ensures the long-term business sustainability of enterprises. But this transition requires a step-wise change, recognizing that changes at the margins will not transform African economies or bring about the desired inclusive growth that can give agency and confidence to communities that have long stood at periphery of development.

Structural transformation based on green industrialization will not happen spontaneously. It needs coherent policies entrenched in a coherent development strategy, enlightened by a transformative leadership. The report makes the case that governments need to take bold measures now and put in place the necessary interventions. This can happen through seven key actions.

First is for countries to review their national development plans and strategies to identify opportunities and entry points for green industrialization, and thus develop an economy-wide green growth vision. Second is to identify clear, consistent and coherent policies and interventions, involving all key stakeholders. Third is to build partnerships and leverage limited public resources to mobilize investments from the private sector and various sources aligned with national priorities. Fourth is to invest in innovation, infrastructure, collaborative research, regional integration and trade as key enablers for green industrialization. Fifth is to adopt a learning-by-doing approach through sharing best practices and learning from the experi-



ences of other countries to leapfrog the green industrialization agenda. Sixth is to build and strengthen national institutional and human capacities to drive the green growth vision. And seventh is to regularly monitor and review national green visions and policy instruments for continual improvement.

I trust that this report will serve as the catalyst for driving this new order and giving our citizens the Africa we want. The time for Africa has come. It is within our reach to wean ourselves from our dependency on fossil fuels and to opt for a new, cleaner and more efficient growth formula that will result in a shared prosperity for our people. The window of opportunity is wide open, and the continent and its people can leap forward to seize it.

Carlos Lopes

United Nations Under-Secretary-General and Executive Secretary
Economic Commission for Africa

