



United Nations
Economic Commission for Africa

HIGH LEVEL POLICY DIALOGUE

"Urbanisation and industrialisation in the service of Africa's transformation"

Statement

by

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**Dear Representatives of member States, experts and colleagues,
Distinguished Guests, Ladies and Gentlemen,**

It gives me great pleasure to welcome all of you to the High Level Policy Dialogue on the theme of the 2017 edition of ECA's flagship publication, the Economic Report on Africa under the theme: "*Urbanization and Industrialization for Africa's Transformation*". The report focuses on the how Africa can advance inclusive and sustainable growth by better linking urban and industrial development.

In the last seven years, the focus of the Economic Report on Africa has been on promoting the structural transformation of African economies through accelerated productivity growth and diversification with industrialization as the strategic vehicle for achieving this.

The 2011 report advocated for a developmental state approach for Africa to achieve inclusive growth. In 2013, the report illustrated how African countries could take advantage of their resource endowments to accelerate commodity-based industrialization for job-rich growth. The next report in 2014 called for dynamic industrial policies and institutions to accelerate industrialization. In 2015, the report examined, in detail, the role of trade in supporting Africa's industrialization. Subsequently, the 2016 report focused on how African countries could pursue a low-carbon trajectory for green industrialization.

Building on the insights from the previous editions, the 2017 report critically examines how African countries can take advantage of urbanization to accelerate industrialization. It does so recognizing the scale and magnitude of the Africa's urban transition, and its profound implications for all aspects of inclusive growth. Through this report, ECA aims to support member States as they design national and sectoral policies and strategies to respond to the urban wave that is sweeping across the continent.

In less than 20 years, by 2035, almost half of Africa's population will be urban. At 3.5 per cent per annum, the region's urban growth rate is the highest globally. The number of urban residents in Africa nearly doubled between 1995 and 2015 and is projected to almost double again by 2035. This transition will undoubtedly result in considerable challenges including demands for employment, services and infrastructure. At the same time, it presents significant opportunities to enable structural transformation if well planned and managed.

African leaders have already affirmed the need to harness the potential of urbanization for structural transformation through the Common African Position on the Third United Nations Conference on Housing and Sustainable Urban Development (HABITAT-III) adopted in 2016. The New Urban Agenda that emerged from HABITAT-III in October 2016 as the global urban development framework for the next two decades also underscores the role of cities in structural transformation. Additionally, the inclusion of a standalone Sustainable Development Goal 11 on cities and human settlements places urbanization firmly at the core of the global agenda for sustainable development.

Drawing on the case studies and other evidence, the report concludes that Africa is currently urbanizing without industrializing, and policies and strategies for urban and industrial development in Africa are more often than not disconnected. Priorities for urban and industrial development are often set and implemented in silos, with limited coordination resulting in lost opportunities for both sectors.

However, the report illustrates that there remain significant possibilities to reverse this through deliberate policy interventions. And this is urgent because African cities require better performing industrialization in order to be inclusive and prosperous, while industrial firms require better functioning cities in order to be productive and competitive.

The report strongly advocates for African policy makers to view urbanization as an opportunity, and not only as a challenge especially for industrialization. For instance, we know that with urbanization the scale and type of consumption is rapidly changing in cities, which can stimulate domestic manufacturing. A fast growing middle class in Africa's cities is consuming more goods, with changing preferences. Food, housing and infrastructure, are only some of the examples. Governments could target domestic industry and value chains in order to meet this demand.

The report further proposes for policy makers to better appreciate the fact that the way in which urbanization is planned and managed directly influences industrial outcomes and therefore structural transformation targets. It shows that well planned and managed cities, but also national urban systems are necessary for improved performance of industrial firms and ultimately increased job creation and productivity. Well-functioning cities and national urban systems, the report argues, are therefore core foundations for job-rich economic growth in Africa.

The findings from the 11 country case studies illustrate some innovations and deliberate strategies to promote cities and national urban systems better suited to enable industrialization. But, those are more the exception than the rule. Most countries have not yet grasped the economic dimension of cities and very rarely have adopted industrialization policies that look at the space as a factor of development.

Ladies and gentlemen,

Reconnecting urban and industrial development in Africa through deliberate policies, strategies and investments is a priority for the sustainability of both cities and industries. The report emphasizes that cities require better performing industrialization and industrialization requires better functioning cities.

Although complex, it is possible to link urbanization and industrialization in Africa. **Thus, the core message of the report is that deliberate efforts are needed to link urban and industrial development in the context of national development planning to effectively address poverty, unemployment and informality in Africa. The means to do so are detailed in the report.**

Following several regional and national launches including in Dakar, Addis Ababa, Kigali, Ouagadougou, Pretoria, Rabat, Lusaka, Khartoum, Yaoundé, London, and Abuja, member States and participants found the report to be timely, innovative and responsive to their needs. They have therefore requested ECA to undertake further policy analysis and organize high-level policy dialogues on urbanization, industrialization and structural transformation in Africa including at the sub-regional levels. I am also pleased to let you know that the report has already been transformed into a 6-week eLearning course targeting African policy makers was rolled out from October to November and very positively evaluated by participants.

Dear Experts and colleagues,

At ECA, we are clear that we found ourselves at a cross-road: Either we shelf the report and continue business as usual, or we ensure it is on the table of all decision-makers and planners in our continent. We have opted for the second option because we know that risks are too high.

Indeed, there is a limited opportunity within which policies and strategies can be put in place to ensure that Africa's urbanization is indeed a driver of inclusive growth rather than a hindrance. If this opportunity is not "captured", by forward-looking policies within the next several years to

pursue radically new policy approaches to developing and managing Africa's cities, we all do agree, the continent may witness intractable social, political and economic obstacles to its transformation agenda.

Before closing, I would like to thank my colleague Karima Bounemra Ben Soltane, the Director of the ECA's Institute for Development and Economic Planning for taking the initiative to organize this dialogue and to open the door of a close collaboration with my team at the Urbanization Section. In fact, I see this moment as a natural continuation of the collaboration we had in organizing the e-learning and as a starting point for other common undertakings around the issue of urbanization in the future.

Finally, let me acknowledge the participation of our colleagues who came from UN-Habitat, UNIDO, UNCTAD, UNDP, and UNFPA. Thank you for being with us.

I wish you a fruitful meeting and hope that we will continue this journey together.

Thank you for your kind attention.