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National Assembly  
Djibouti

**R. 149/42/19**

**Promotion of a diversified economy and local processing of commodities,  
for the employment of women and the youth**

*Resolution adopted by the 42<sup>nd</sup> APU Conference  
(Djibouti, 29 november 2019)*

The African Parliamentary Union, meeting at its 42nd Conference in Djibouti on 28 and 29 November 2019,

*Considering* that Africa is a continent with a high youth population faced with unemployment issues, and where a diversified economy in a context of peace is the only guarantee for sustainable economic growth and development;

*Considering* that, outside agriculture, most economies are driven by natural resources and commodities and quite often, by commodities only;

*Considering* also that diversification of production, technological progress and structural transformation and use of agricultural inputs are essential factors for sustaining growth, as they broaden the range of domestic products that can satisfy domestic demand and contribute to increasing that demand through job creation and wage increases by way of productivity gains;

*Considering* the need to strike a balance between exploitation of natural and agricultural resources and protection of the environment;

*Considering* the relationship between local commodity processing and job creation, poverty alleviation, violent extremism and non-orderly migration;

*Noting* that the value added of the manufacturing sector in Africa limits the employment gains that could have been achieved through commodity processing;

*Convinced* of the need to transform African economies to improve wealth creation, reduce poverty, strengthen productive capacities and achieve sustainable development;

*Affirming* that economic transformation enables African countries to optimize the exploitation of their exhaustible natural resources and/or commodities;



*Also affirming that structural transformation, by promoting industrial development, not only broadens the range of growth drivers, but also builds resilience to commodity price shocks;*

*Considering that the absence or failure of an economic transformation policy is due to internal and external factors;*

*Convinced that economic transformation programmes, when properly designed and implemented, can improve economic viability, reduce inequalities, promote inclusive growth and increase employment opportunities;*

*Emphasizing the importance of building enterprise capacity, including through investments in research and development, skills development and infrastructure development;*

*Emphasizing the importance of comprehensive macroeconomic stability and regulation, which encourages private sector investment;*

*Affirming that developing countries should now have, among other major objectives, that of rebalancing their growth drivers;*

*Noting that participation in regional and global value chains can best serve industrialization, diversification and increased manufacturing productivity;*

*Considering that developing countries, particularly African countries, with limited productive capacities may remain in activities that generate the least value added and are at the bottom of regional and global value chains;*

1. *Urges* governments to promote diversified economies in peace and stability and local processing of commodities for the employment of women and youth.
2. *Calls* upon African countries to take measures to place women and youth at the centre of development programmes by further promoting investment, improving governance, eliminating conflict, adopting non-conservative fiscal policies and ensuring macroeconomic stability.
3. *Recommends* that African governments should adopt social and economic policies with a focus on:
  - Economic diversification to promote wealth and job creation and eliminate the rent economy, and the vulnerability of economies and institutions to shocks;
  - Adopting macroeconomic policies that promote public investment and development of exports other than natural resources;
  - Achieving the objectives of the commodity processing programme;
  - A more equitable distribution of wealth so as to reduce inequality and poverty.



4. *Urges* African countries to put in place industrial and trade policies that trigger economic diversification, including through:
  - The existence of a business-friendly environment, with a regulatory framework that provides incentives to facilitate trade and reduce costs;
  - Support for economic centres that contribute to diversification;
  - Government support for the private sector, to facilitate its access to capital and take advantage of opportunities, stimulate innovation and expand its activities;
  - Development of local activities for processing of natural resources;
  - Promotion of research and development activities to bolster the activity of companies, particularly in terms of technology and innovation, and that can improve their ability to develop the country's export base;
  - Introduction of fiscal and financial measures for research and development and technological innovation activities;
  - Expansion of domestic markets to adopt more country- and region-centred growth strategies;
  - Development of South-South cooperation to facilitate the creation of a regional industrialization space and open new markets, especially for manufactured goods.
5. *Invites* governments and parliaments, as part of economic diversification, to also focus their action on the development of transport infrastructure, information and communication technologies (ICT) and renewable energy.
6. *Urges* African parliaments to promote legislation and policies that take into account the main drivers of export diversification.
7. *Encourages* African countries to increasingly rely on domestic sources of demand to stimulate growth, while promoting the development of key productive sectors, particularly in the manufacturing industry and modern services, through active industrial policies and strategic participation in regional and global trade.
8. *Calls* for the need to establish a development strategy whose objectives include replacing traditional exports with new ones by exploiting the comparative advantages of natural resources, labour or space. As a first step, it is necessary to seek to reduce production costs in order to gain market share in exports of low value-added products, as in the case of textiles.
9. *Calls* for the establishment of a strategy based on functional industrial policies and the development of intra-regional trade through the African Continental Free Trade Area (AfCFTA).
10. *Emphasizes* the role of the State in promoting industrialization by investing in infrastructure, and in the most sustainable energy facilities possible.



11. *Urges* African States to implement an active educational policy in order to obtain a qualified workforce in addition to family planning.
12. *Encourages* African countries to undertake, as a second step, recovery of the sector, moving from the production of consumer goods to that of intermediate goods and machinery.
13. *Urges* governments and parliaments to promote health and education strategies to contribute to the development of human capital, women and youth.
14. *Encourages* skills development, entrepreneurship training, joint ventures, and training courses for women and young people.
15. *Emphasizes* the importance of the contribution of small and medium-sized enterprises and large enterprises to the creation of value added, employment, revenue and exports.
16. *Calls* upon governments and parliaments to engage the private sector and the diaspora through incentives to invest in the agro-industrial sector and other related projects that encourage the creation of value added.
17. *Urges* African States to put in place policies to protect local production, promote the financial sector and stimulate foreign direct investment (FDI) and the diaspora.
18. *Encourages* African countries to accelerate the regional integration process to compensate for the small size of national markets, reduce barriers to regional trade and develop investment in regional infrastructure.
19. Also *encourages* African countries to facilitate access to global markets in order to develop their exports of processed goods.
20. *Urges* African countries to focus cooperation activities, including trade, on processing of commodities, as a priority, under favourable trade agreements and investments in Africa's economic infrastructure.
21. *Encourages* Member States to facilitate access to funding for activities that increase added value for women and young people.
22. *Encourages* Member States to set up risk insurance and guarantee fund mechanisms in against the backdrop of climate change that is affecting the continent in full force.
23. Also *calls* for the establishment of international agreements for scientific and technological cooperation between African countries and major or emerging technology exporting countries.