

World Economic Forum on Africa 2012 - UNECA Side Event on "Africa 2050 – A Private Sector Perspective"

Opening Remarks by Mr. Abdoulaye Janneh, UN Under-Secretary-General and Executive Secretary of ECA

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Excellencies,
Distinguished Panelists,
Ladies and Gentlemen,

I am pleased to have the opportunity to welcome you here this morning to this side-event of the World Economic Forum – Africa which is being organized by ECA as part of its partnership with the World Economic Forum and the Government of Ethiopia.

Our theme this morning was chosen as a direct follow-up to deliberations at the last Conference of African Ministers of Finance, Planning and Economic Development co-convened by the African Union Commission and the Economic Commission for Africa. The Ministers deliberated on "Unleashing Africa's Potential as a Global Growth Pole" and also had a Panel Discussion on "Africa in 2050: the emergence of a global pole".

These topics were a reflection of Africa's relatively good growth performance since the turn of the Millennium with growth averaging about 5% per annum. We have therefore moved from being the second slowest growing region to the second fastest growing region with the result that global research firms and leading news media are trumpeting our performance. Of course, in some minds, the picture painted is rather too optimistic because the growth is occurring on the back of high commodity prices and moreover while progress has been made towards achieving the MDGs, it is clear that there is still much to be done.

The point that I want to make today is that the optimism about Africa is justified and we should indeed be thinking about the long-term prospects of our continent particularly if we consider that the spending power of an emerging African middle class is expected to rise to 2.2 trillion dollars in 2030. The success of our efforts will thus hinge on the contribution of the private sector to economic transformation in the continent. There is abundant evidence that the celebrated economic performance in Africa is being powered by privately owned companies across the continent and we should therefore take some time on mutual reflections on our aspirations and expectations from the private sector over the next forty years. It is inevitable in doing so to examine constraints and challenges and means of overcoming them.

Let me now turn to some of the key issues which I think this distinguished audience may wish to address. The first relates to the respective roles of state and private sector operators which has been the subject of impassioned debate over the past fifty years. There can be no doubt that the state over-extended itself in the early post independence years but the market fundamentalism of the past thirty years has also been costly in terms of equity, growth and development. It is therefore appropriate, as we think of Africa's progress over the next four decades that we give serious consideration to striking the right balance between the respective roles of states and markets in our continent.

Another key role for the private sector in Africa is that it must contribute to job creation. The stark truth is that the recent growth in Africa has been largely jobless which means that millions of young people lack the opportunity for gainful employment with attendant consequences for equity and peace and security. For the private sector in Africa to make its expected contribution to the transformation of Africa it must invest in activities that add value to the commodities and natural resources that abound in the continent, which is why it is particularly unfortunate that the share of manufacturing to Africa's GDP has fallen drastically over the past few decades.

This leads quite naturally to the issue of imparting relevant skills to our young people. All productive activity requires certain knowledge be it of processes, intellectual property or institutional arrangements. Without such know-how, it would not be possible for Africa's youth to be productively employed in the private sector, yet our societies are not equipping them with appropriate skills for the modern era. This points to the important role of the private sector in Africa to supplement efforts of government to provide training for young people particularly those that relate to manufacturing or the services sector including ICTs, banking, health and education.

While there are several remaining areas in which one can conceive of private sector contribution to the economic transformation of Africa, let me conclude this part of my remarks by mentioning the important role of the private sector in financing development. Besides from the obvious role of banks in financial intermediation, the private sector has a key role to play in mobilizing much needed resources for investment in farms, factories and infrastructure. The truth is that with a few exceptions the private sector has not filled the gap in infrastructural investment promised by structural adjustment programmes. Of course, the private sector needs to be socially responsible and must meet its tax obligations to enable governments provide common services.

Furthermore, we must admit that if the private sector, particularly its small and medium scale component is to play a meaningful role in the development process, it must be supported in a meaningful way to overcome critical constraints, such as poor access to credit, lack of long-term financing, poor infrastructure, as well as onerous regulatory burdens. Also significant in this regard are developments in the international economy which may derail growth in Africa through reduced foreign direct investment, official development assistance, trade earnings, and remittances.

I expect that we will hear much about these challenges from those directly affected in the course of our deliberations.

Let me therefore conclude my remarks by reiterating ECA's continued commitment to supporting Africa's development including through direct promotion of private investment and public-private partnerships (PPPs) as well as through policy

platforms such as the Pan-Africa Investment Forum. I am sure that the insights from this meeting will contribute a great deal in forming the vision for a renaissance Africa that would have taken its rightful place in global development by 2050.

I thank you very much for your kind attention.

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