

2013 Economic Outlook Report says Sustainable development rests on diversification and investments in human capital

Marrakesh, 27 May 2013 – Africa’s agricultural, mining and energy resources could boost the continent’s economic growth and pave the way for a breakthrough in human development, according to the African Economic Outlook 2013, released here today.

The report is produced annually by the African Development Bank (AfDB), the OECD Development Centre, the Economic Commission for Africa (ECA) and the UN Development Programme (UNDP).

The continent’s economic outlook for 2013 and 2014 is promising, confirming its healthy resilience to internal and external shocks and its role as a growth pole in an ailing global economy. Africa’s economy is projected to grow by 4.8% in 2013 and accelerate further to 5.3% in 2014.

The report shows this growth has been accompanied by insufficient poverty reduction, persisting unemployment, increased income inequalities and in some countries, deteriorating levels of health and education.

“Now is the time to step up the tempo of economic transformation, so that African economies become more competitive and create more gainful jobs”, say the authors of the report, adding that “widening the sources of economic activity is fundamental to meeting this challenge.”

The report argues that African countries must tap into their natural resource wealth to accelerate the pace of growth and ensure the process can benefit ordinary Africans.

“Growth is not enough”, said Mario Pezzini, Director at the OECD Development Centre. “African countries



must provide the right conditions for turning natural resources into jobs, optimise their resource revenues through smart taxation and help investors and locals to make the most of linkages.”

According to the report, four key elements are needed to achieve that objective. Firstly, African countries should create the right conditions for such a transformation to take place, including infrastructure, education and the creation of larger and more competitive markets.

“Access to markets is fundamental to structural transformation based on natural resources: regional integration and better access to the markets of large partners could open new opportunities for all,” said Abdalla Hamdok, Deputy Executive Secretary, ECA.

In the second instance, the primary sectors require sound land management, balanced and effective tax systems and the right mechanisms and incentives to cause an acceleration and diversification of the sources of growth.

In the agricultural sector for instance, transport, fertilizers and more resistant seeds are required for an increase in productivity. Africa has 24 per cent of the world’s agricultural land, but accounts for only 9 per cent of its production.

Thirdly, governments and investors must ensure that a fair share of the proceeds from natural resources and extractive industries accrue to society: for example, they should be invested in people’s capacities to take up new jobs in promising sectors.

Finally, the report suggests that African countries can foster change and economic diversification actively, for example through corridors of development around power, transport and communication lines. Stable and transparent use of budgets is key to achieving that goal.

“Now is the time”, said Mthuli Ncube, Chief Economist and Vice-President of the African Development Bank (AfDB), “After ten years of improved stability, sound macroeconomic policies and blossoming trade links, growth has made African nations freer than ever to choose their own development paths and implement active policies for economic transformation.”

Ultimately, transformation means opening opportunities so people can find jobs, create businesses, as well as invest in health, education and food security. In turn, higher levels of human development for all, including the most vulnerable, can accelerate the pace of economic transformation, leading to a virtuous cycle of growth and development.

“Among many other benefits, human development can help drive Africa’s structural transformation by speeding both the rate of innovation and uptake of new technologies,” said Pedro Conceição, Chief Economist at UNDP’s Regional Bureau for Africa. “But for this to happen, more attention should be paid

to improving access to and quality of education and healthcare systems, transforming agriculture and fostering job creation in order to narrow income inequalities.”

Information about the report: The annual African Economic Outlook covers economic, social and political development in 53 of the continent's 54 countries. It is published with financial support from the European Union and the Committee of African, Caribbean and Pacific Group of States (ACP). For the whole report, including statistics and specific country performance, please visit <http://www.africaneconomicoutlook.org> [1]

Media Inquiries:

African Development Bank: Olivia Ndong Obiang, o.ndong-obiang@afdb.org [2] M: +216 959 99 770 (Tunis)

OECD Development Centre: Margo Cointreau, margo.COINTREAU@oecd.org [3] T: +33 (0)6 01 48 42 89 (Paris)

UNDP: Romain Desclous, romain.desclous@undp.org [4] T: +1 646 255 5690 (New York)

ECA: Mercy Wambui, mwambui@uneca.org [5] T: +251-921-014-767 (Addis Ababa)

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