



**UNITED NATIONS  
ECONOMIC COMMISSION FOR AFRICA**

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**Sixth Joint Annual Meetings of the ECA Conference of  
African Ministers of Finance, Planning and Economic Development and AU Conference  
of Ministers of Economy and Finance**

**Theme: “Industrialization for an Emerging Africa”**

**Statement**

**by**

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**Abidjan, Côte d'Ivoire  
25 and 26 March 2013**



President Alassane Ouattara,  
Chairperson of the Bureau of the Conference,  
Dr. Nkosazana Dlamini Zuma, Chairperson of the African Union Commission,  
Dr. Donald Kaberuka, the President of the African Development Bank,  
Honourable Ministers,  
Distinguished Ladies and Gentlemen,

It is a pleasure to welcome you all to Abidjan for the Sixth Joint Annual Meetings of the ECA and AU Conference of African Ministers of Finance, Planning and Economic Development.

It is a particular honour for me to address this esteemed gathering for the first time since assuming my functions as Executive Secretary of ECA. Let me take this opportunity to thank President Alassane Ouattara and the Government and the People of Cote d'Ivoire for the kind hospitality and for the excellent arrangements made for hosting these meetings.

I also extend a special welcome to Dr. Dlamini Zuma, with whom I share the privilege of discouring this outstanding gathering of economic intellectual might.

Mr. President,  
Honourable Ministers,

Let me take an unconventional excursion through Asia before coming back to the issues before us today. Although we are aware of individual conflicts in Asia we tend to look at them in isolation. Thus in the Philippines we know of the conflicts in Mindanao, in Malaysia there is the Sabah insurgency, there are the border clashes between Thailand and Cambodia, and of course the well known situations in Afghanistan, Myanmar and Pakistan. Even rising India has the Naxalite insurgency and issues of Kashmir to attend to while South Korea sits on the border of a belligerent sister state.

The point I am making is that despite the widespread nature of all of these conflicts in Asia the region is not branded as unstable but rather seen as a dynamic contributor to global growth. Yes, it is true that in Africa we have conflicts such as exist in Mali, the Great Lakes region, Sudan and Somalia but these are the remnants in a declining trend of conflict in

Africa. In other words, though the trend of conflict in Africa is downward and the numbers are smaller than Asia, the global perception of Africa continues in many to be one of a continent beset by crisis and a risky place for making investments. Let me give just two examples. There were about 29 piracy attacks in 2009 off the coast of Somalia as compared to 150 attacks in the Strait of Malacca in 2005. Yet this did not lead to generalized negative perceptions about Asia's economic prospects. It should be noted in a similar context that despite its reputed business environment, Pakistan is the second largest textile exporter in the world.

This is not to put a gloss on Africa's past history. The distinguished Ivorian writer Ahmadou Kourouma of blessed memory used the power of his pen to chronicle several missteps in post colonial Africa. Who can forget the moving lessons from his prize-winning novel "Allah N'est Pas Oblige" which tells the story of the corruption of innocents fighting as child soldiers, exploitation of women and the unbearable suffering of millions of our people due to war and conflict. Indeed, Kourouma's work compels us all to re-commit to building strong democratic states and to promoting development and human security.

This story is quite fortunately changing for the better. Indeed, despite Africa brand being negatively affected we are now moving towards an era of Afro-enthusiasm with the continent now attracting the attention of global consulting firms, multinational banks, hedge funds and private equity firms. This interest underscores Africa's potential for economic and social transformation but we have to control the narrative. We have the use the current moment to tell our own story and by this means shape Africa's future growth trajectory. There is perhaps no better time as we prepare to celebrate the 50<sup>th</sup> anniversary of the founding of the Organization of African Unity which in many ways encapsulated our fervent desire for liberation, unity and integration.

The rationale for much of the current discourse of the "African moment" and "Africa Rising" is clear. Some of the fastest growing economies in the world are African. Africa has shown relative buoyancy in an era of economic crisis. While global growth declined by 2.7 per cent last year, Africa bucked the trend and grew at 5 per cent. Notably, all our sub-regions grew faster than the global average, with the highest rate being 6.3 per cent and lowest one 3.5 per cent. This performance was due to several factors including improved macroeconomic management, increased exports of natural resources and a rising middle class.

Lagos now has a larger consumer market than Mumbai and spending in continental households exceeding those of India and Russia.

This growth experience is however not sufficient. It falls short of 7 per cent which is the minimum required to double average incomes in a decade. This is partly due to the fact that far too many of our economies are dependent on the production and export of primary commodities. Far too many are highly unequal. As we celebrate the fact that seven of our countries are in the top ten of global growth we must also bear in mind that a similar number are in the top ten of global inequality. Indeed, far too many of our people remain in the grip of unrelenting hunger and poverty.

Mr. President,  
Honourable Ministers,

We have to seize the moment and transform this continent now that the headwinds are favourable. A changing global context with the emergence of a diversity of economic powers, the incredible demand for Africa's commodities and the potential of a demographic dividend and rapid urbanization provides an opportunity to bring this about. Given these favourable mega-trends, the time is ripe to build on Africa's current performance and use it as a foundation for structural transformation.

There are many ways in which structural transformation can be defined but the sense in which I am using it here is the '*large scale transfer of resources from one sector to another due to changes in economic fundamentals and policies*'. In an empirical sense, it means a significant change in the sectoral composition of Gross Domestic Product with the share of the primary sector in employment and output shifting to industry and modern services. It also implies a greater use of technology and increased productivity across sectors.

There is no doubt that Africa desires structural transformation. This being the case, then let me state without equivocation that industrialization is indispensable to this objective. Industrialization will help to generate employment, increase incomes and enable diversification, including their exports. This is evident from the experience of other regions. Of course, Africa has attempted industrialization before. In the 1960s and 1970s, newly independent Africa emulated other regions of the world in undertaking import-substituting

industrialization. We all know the outcome of those efforts. It did lead to some remarkable progress but ultimately stymied by the limits of the model and global political economy. This is why Africa must today also be mindful of the current global context.

In this regard, one approach with prospects for success is commodity based industrialization. In essence, rather than exerting our energies on trying to diversify away from commodities, we should focus more on using them as effective drivers of industrialization. In addition to the broader benefits of industrialization, a commodity based approach offers immediate scope for value addition and plenty of opportunity for exploiting forward and backward linkages. Given the dominance of global value chains and intense cost competition in the trade in manufactures, Africa can gain entry into the industrial sector using its huge commodity and natural resources base. The fact that agro-processing is already one of the most developed manufacturing sectors in the continent is proof that this approach can work.

Let me however be quite candid in stating that achieving success in this regard will not be easy. It will require innovation and determination to overcome infrastructural deficiencies. It will require robust knowledge base of industry structure and global value chains. Indeed, our economies must continuously invest in knowledge, skills, technology and innovation. The trading landscape including barriers and preferences must be well understood. Above all, boosting intra-Africa trade remains imperative for creating the markets needed for successful industrialization.

Of course, industrialization is not the only challenge. Current projections show that Africa will be the largest and youngest continent in fifty years and will have become more urbanized. In not so distant future, we will have as many Africans in cities as we have Africans now. The number of cities with over one million people has increased from one in 1960 to 33 today. Cities such as Lagos, Dar es Salaam, Kampala, Kinshasa and Luanda are some of the fastest growing urban areas in the world. Such urbanization and colossal population increases will have important consequences as up to two thirds of Africans in urban areas do not have running water, decent sewerage and sanitation and adequate transportation networks. Historically, we will have the fastest urbanization humanity has experienced.

At the same time, we have to be mindful of other global issues that will affect the dynamics of development. Climate change in particular must remain at the forefront of our concerns. It requires global action particularly for mitigation. It will also mean that Africa has to adapt its production structures. This poses both a challenge and opportunity. It is a challenge because it might be costly in terms of finance and technology acquisition needed to switch from current pathways. It however offers an opportunity in the sense that Africa can take the green economy route with significant transformational opportunities for a low energy, low-carbon and clean technology route to development. We have one of the largest potentials for renewable energy in the world.

Mr. President,  
Honourable Ministers,

As we celebrate the 50<sup>th</sup> anniversary of the establishment of the OAU, we must begin to ponder on the kind of society that we wish to bequeath to our children and grandchildren. Such clarity of vision must also be accompanied by a clear understanding of our historical experience, current context and policies required to attain our objectives in a rapidly changing global environment. It is in this regard that ECA is pleased to be working with the AU Commission and African Development Bank on an “Africa 2063” vision. It is our hope that this process will benefit from the insights of several vital constituencies including our leaders.

As we frame Africa’s own development priorities, we must also continue to pay close attention to the post-2015 development agenda. There are several key issues to bear in mind as we finalize an African common position as contribution to the global process. It is a good opportunity to redress some of the deficiencies of the Millennium Development Goals such as measuring effort level, exclusion and equity and recognizing the role of enablers of development. The outcome should also temper over-reliance on official development assistance and address glaring shortcomings in data for measuring progress. The utility of a post-2015 development agenda will be further enhanced by specifying the enablers for achieving identified development outcomes. It is by this means this global agenda can contribute to the structural transformation of Africa.

Honourable Ministers,

What then needs to be done to bring about structural transformation in Africa?

The starting point in my view is for a leadership that provides a clear vision and that mobilizes all sectors of society behind the development imperative. We have to change our approaches, attitudes, and priorities. We have to nurture a highly educated, healthy and skilled population that can imbibe the technology and build the infrastructure which is indispensable for progress. Our states must similarly strengthen bureaucratic capacity to undertake dynamic long-term planning and the coordination of economic activity. For finance, we must begin to pay more attention to domestic resource mobilization while we accelerate the pace of regional integration to reap greater economies of scale. We will increasingly require more robust data and better statistical systems in order to better measure and monitor progress. Indeed, the push for structural transformation will require that we make better use of Africa's economic strengths and enable all sectors of society, particularly women and youth to fulfill their role.

ECA's objective going forward would be to work closely with member States to achieve Africa's transformation agenda. This means that our programmes will be recalibrated taking into account our comparative advantages with particular emphasis on knowledge generation and knowledge delivery. I will be briefing you on ECA's new strategic directions tomorrow but permit me to highlight some key elements. ECA will undertake rigorous analytical thinking in areas of research where its research can make a difference. In other words, we will be focused on our comparative advantage and will not do what other institutions can do better. We will support member States in their efforts to implement growth oriented macroeconomic policies, and to restore development planning. This will be underpinned by the generation of high-quality data using latest technologies, including mobile and GIS.

Our knowledge delivery will similarly be streamlined for maximum impact. All training to be undertaken by ECA will be through the African Institute for Economic Development and Planning (IDEP). A sizable one third of ECA will be fulfilling the role of Africa's prime think tank. A new Capacity Development Division will be established to support the work of the African Union and its various programmes including NEPAD and APRM. It will also provide specialized advisory services to member States. Our five sub-



regional offices will similarly be realigned to provide up-to-date country profiles and risk assessments on their respective member States.

I wish to conclude by assuring you in this regard that ECA's mantra going forward will be 'Africa First'. By this we mean that we will put the interests of this continent first in all that we do. It also means that we will address emerging and other issues from the lens of their impact on Africa. We must drive the process of structural transformation on the basis of our own vision and priorities. We must tell our own story and for this we must generate our own data and statistics. This is the approach will define our partnerships across the board as we seek to promote coherence and deepen the impact of our work. The time for action is now and if we do not take immediate steps, this window of opportunity may be lost for another generation. I count on your continued active support and wise counsel as we all strive to build the Africa of our dreams.

Thank you for your kind attention.





