

ERA 2009 Calls for stronger emphasis on agriculture

Joint Press Release

Addis Ababa, 29 May 2009 (ECA) - The Economic Report on Africa 2009 calls for African countries to pay special attention to the agriculture sector as a basis for long-term growth and development. Jointly published by the United Nations Economic Commission for Africa (ECA) and the African Union Commission (AUC), the Report was launched Thursday 28 May 2009 in Addis Ababa, Ethiopia; by Mr. Abdoulaye Mahamat, acting Director of Trade, Finance and Economic Development Division of ECA; Mr. Adam Elhiraika, chief of the macroeconomic analysis section of ECA; Mr. Maurice Tankou, chief of agricultural marketing section of ECA; and Mr. Abdallah Msa, head of the division of economic policy and research at the African Union Commission.

Speaking at the launching ceremony of the Economic Report on Africa, Mr. Elhiraika, said: "development does not happen by accident." Agriculture provides strong linkages to other sectors of the economy and through proper planning, can be the engine for growth.

He gave the example of buying processed foods in supermarkets across Africa. All the products are imported, yet when you go to the villages, you will find African farmers selling the same products in raw form. "We need to connect them to the value chains" he said.

Mr. Abdallah on his part said this year's report on the theme: "Developing African Agriculture through Regional Value Chains" is the third edition of the Economic report jointly produced by the ECA and the AUC. He explained that the Report will serve as an instrument to help the decision makers, elaborate good policies for the economic sectors. "The Report provides key economic substance aimed at reinforcing the economic management capacity at national and regional levels, as well as enhancing the economic integration of the continent", he noted.

The report has two parts. Part one looks at recent developments in the global economy and its impacts on Africa. It says GDP growth in Africa is expected to decline from 5.1 percent in 2008 to 2% in 2009. Inflation in Africa, excluding Zimbabwe, was 10.7% in 2008, up from 6.4% in 2007, mainly due to high fuel and food prices.

ERA 2009 states that commodity prices have peaked and both demand and prices are now falling. In order to cut public spending and maintain fiscal stability, many countries will be forced to reduce spending on development projects and cut some services. This will threaten some recent development gains, such as rising primary school enrolment ratios, and progress towards attaining the MDGs.

It however finds a glimmer of hope with sustained economic reforms, exchange rate adjustment, easing of inflation and efforts to revive domestic demand, which could contribute to growth in Africa in 2009.

ERA 2009 notes that although Africa is heavily dependent on agriculture for providing employment, generating economic growth, foreign exchange earnings and tax revenue, the sector receives very little investments. It states that only 6% of arable land is irrigated, as opposed to 40% in Asia. Low fertiliser and tractor use, limited access to credit and insurance schemes, poor roads and marketing infrastructure, poorly funded agriculture related institutions of higher education, research and extension services.

To develop agricultural product value chains, Africa must enhance research and development, improve input markets, farm level production, product processing, storage, handling and transport, marketing and trade, financing, soil and water conservation, etc. This is a tall order for any one country to undertake, so ERA 2009 argues for the creation of regional value chains.

Background:

The Economic Report on Africa (ERA) is an annual publication of the African Union Commission and the United Nations Economic Commission for Africa (ECA). It provides a comprehensive analysis of developments in African economies over the preceding year, and makes predictions about the following year. The report also gives an overview of the global economy. Each year part two of ERA tackles a thematic area of importance to Africa. The theme of ERA 2009 is: "Developing African Agricultural through Regional Value Chains." The report can be downloaded from www.uneca.org/era and www.africa-union.org. For a print version, please contact either the Information and Communication Service of ECA or the AU Communication Team.

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