

## Janneh outlines steps for Africa's long-term growth and economic development

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Tunis, 27 October 2010 (ECA) - UN Under-Secretary General and Executive Secretary of the Economic Commission for Africa (ECA), Abdoulie Janneh, said in Tunis today that African countries would need to maintain the macroeconomic policies that kept the continent in good stead during the global economic crisis while matching development assistance with increased domestic resource mobilization.

In a statement at the [African Economic Conference](#) which opened in Tunis, Janneh said given the desire of African countries for greater policy space, many traditional sources of finance, such as official development assistance, loans and capital inflows would need to be matched by domestic resources.



He said the continent clearly had the capacity to increase domestic resource mobilization because Africa's combined consumer spending was about \$860 billion in 2008, dwarfing its combined reserves of about \$470 billion at the end of 2009.

Janneh urged African countries to also use policy space to better handle balance of payments pressures and manage capital account inflows, while using the continent's "admittedly limited voice" in international economic processes to resist protectionism and push for the conclusion of the Doha Round.

He said fiscal consolidation and austerity measures in key developed economies could result in reduced global demand and a double dip recession with direct implications for Africa's export earnings and for much needed official development assistance. "Quantitative easing elsewhere may lead investors to travel the globe seeking best returns which heralds overvalued currencies and asset bubbles in emerging and developing economies," he said.

Janneh also called for the use of planning to assist in diversifying African economies. "There is interesting evidence of diversification of production and trade flows in the continent, he said, adding that "Africa's recent economic performance is not only due to the external demand for its commodities but also as a result of growth in services such as banking, telecommunications, tourism, and construction".

There has been a substantial geographical diversification of trade as Africa's trade with Asia now takes up to 27% of Africa's exports as compared to 14% in 2000. This is similar to the ratio of Africa's exports to the United States and Europe, its traditional trading partners.

But Janneh said while there has been some diversification in many African countries, it is still not enough for the transformation of domestic economic structures, which requires productive capacity development and the utilization of science, technology and innovation to create value addition.

"What we have now in many of our countries, including some of the larger economies, is a manufacturing sector that contributes less than 10% to Gross Domestic Product and in some cases less than 5%", he said.

He said in order to sustain poverty reduction, African countries would need a fast pace of economic growth which takes account of income distribution and job creation. "The pressing nature of these objectives, Africa's unhappy experience with market fundamentalist type approaches and the role played by developed country governments during the current crisis have encouraged a more strategic role for the state including a return to planning in the continent," Janneh said.

He said an inclusive planning process which fully involves the private sector and draws upon its strengths, is vital to rallying

people behind a common vision and desired outcomes.

Co-organized by the ECA and African Development Bank in collaboration with the United Nations Development Programme and the Development Bank of South Africa, this year's conference is on the theme "Agenda for Africa's Economic Recovery and Long Term Growth". About 300 economists are attending the conference which ends on Friday.

:: [Statement by Mr. Abdoulie Janneh](#), UN Under-Secretary-General and Executive Secretary of ECA  
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