

Transformative and inclusive development policy in Africa

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OUTLINE OF PRESENTATION

- Key messages
- Recent socio-economic development
- Imperative for structural transformation
- Case issue: China and structural transformation in Africa
- Strategies for structural transformation
- Policy recommendations

KEY MESSAGES

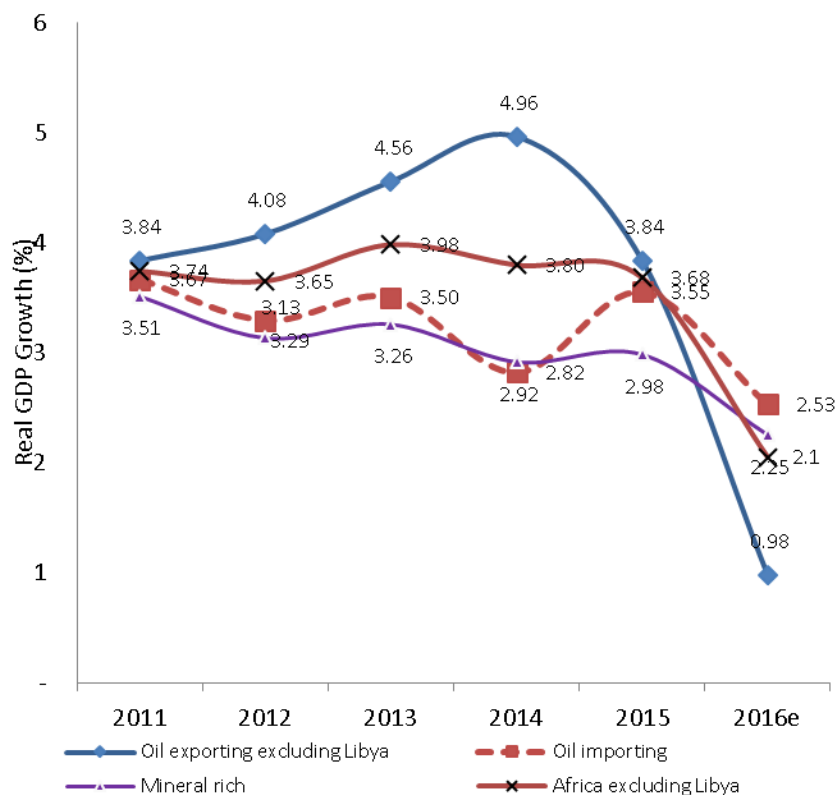
- Structural transformation drives growth associated with job creation, wealth distribution, poverty reduction and inclusive human development.
- Diversification and integration remain integral to the transformation of African economies
- Vital lessons for Africa to learn from experiences of emerging countries such as China
- Strong and visionary leadership and coherent development plans, trained human capital, good infrastructure, industrialization and value addition are some of the fundamental elements for Africa's transformation agenda.

RECENT DEVELOPMENTS

- Africa's continued to grow despite global slowdown and low global commodity prices;
- Private consumption and investment continue to be the main growth drivers;
- Tight monetary policy amid low commodity prices;
- Africa's fiscal and current account deficits remained stable over the period though high;
- Exports decelerated, and remain dominated by primary commodities;
- Africa's high debt levels pose a concern for long-term development;
- Africa's growth is expected to rebound despite headwinds;
- Weak recovery in the global economy, China's slow down, weather related risks and security risks in some countries pose a challenge for some African countries.

RECENT DEVELOPMENTS

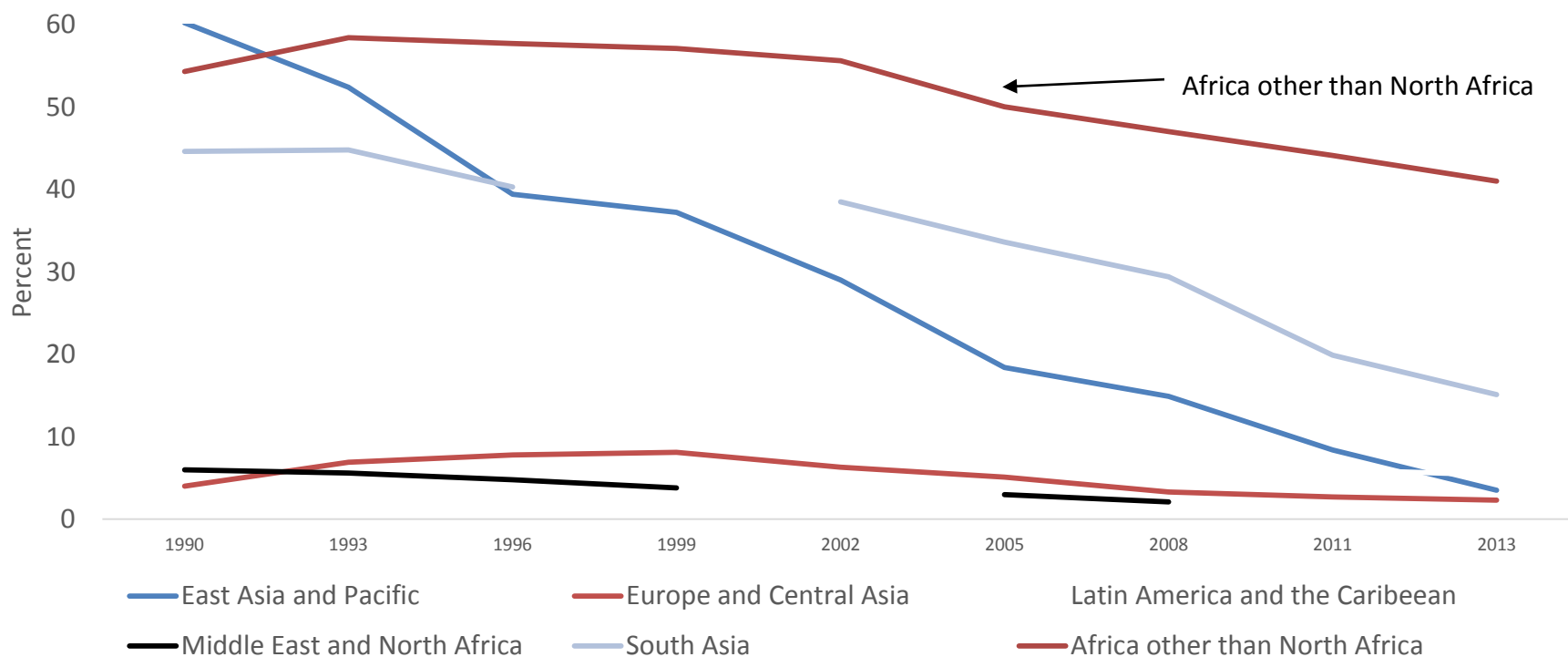
- Africa's growth moderated



- From 3.7% in 2015 to about 2.1% in 2016, despite a sluggish rise in global commodity prices;
- Due to weak global economic conditions, persistent low oil prices and adverse weather conditions.
- More pronounced in oil exporting countries;
- Reflecting the weakening economic conditions in Africa's largest economies of Nigeria, South Africa, Angola, Algeria, Egypt and Morocco.

RECENT DEVELOPMENTS

- Poverty has declined in Africa since 1990, but much more slowly than in other regions



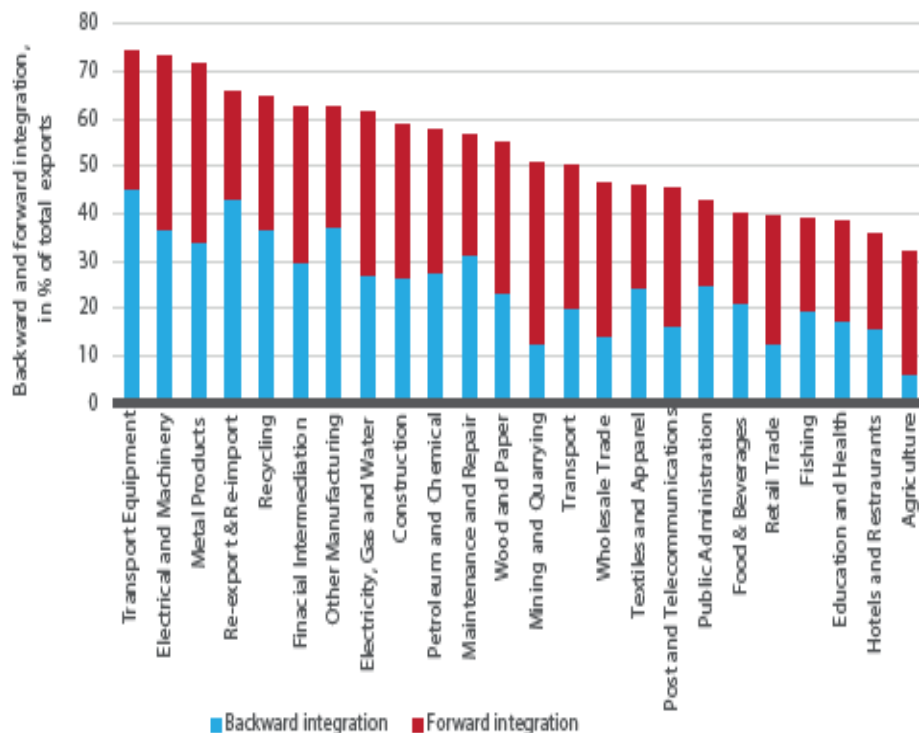
IMPERATIVE FOR STRUCTURAL TRANSFORMATION

- Whilst in recent times Africa has been the second fastest growing region of the world after East Asia, with strong growth prospects forecast
 - ✓ 11 African countries grew at an annual rate of 7% or more (2000-2009)
 - ✓ At US\$2 trillion, Africa's GDP today is roughly equal to Brazil's or Russia's
 - ✓ Social indicators have also improved as evidenced by significant achievements in MDGs
- Significant levels of poverty and inequality, jobless growth, poor social and human conditions continue to be recorded
- Slow pace of structural transformation and productivity growth and the industrialisation imperative

IMPERATIVE FOR STRUCTURAL TRANSFORMATION

- GVCs are an important feature in today's global economic participation, especially with regards to trade in intermediate goods.

GVC participation by sector, backward and forward integration, 2011



- African countries show high participation in GVCs, though at low rungs of the ladder;
- African regions that are most integrated in GVCs, also show highest Regional Value Chains (RVC) integration;
- However, Africa's participation in value chains is mainly due to forward integration driven by exports of raw materials;
- The level of participation in GVCs to support structural transformation is hence largely untapped;
- Hence, intra-regional trade in processed goods is the first opportunity for African firms to move up the value chain.

IMPERATIVE FOR STRUCTURAL TRANSFORMATION

- Agenda 2030 and 2063 as planning

- However, countries require to undergo four transitioning processes:
 - ✓ ***Creating awareness will require effective messaging about the content of both agendas, sensitization about the relationship and synergies between both agendas and their mutual relevance to national development.***

 - ✓ ***Coherent monitoring and evaluation of both frameworks requires an integrated set of goals, targets indicators and a harmonized review and reporting platform (three categories of indicators).***

 - ✓ ***Effective follow up will require a multi-tiered follow-up architecture..***

 - ✓ ***Embedding global and regional initiatives in national planning frameworks is vital for implementation, which will require: institutional coordination; policymaking capacities and; links between annual budget and multi-year expenditure***

CHINA AND STRUCTURAL TRANSFORMATION OF AFRICA

- China and Africa have renewed their interactions under the Forum on China-Africa Cooperation (FOCAC)
- New partnership focusses largely on economic cooperation, all underpinned by strong growth in two-way trade and China's increasing investments across the continent
- China has a number of areas to enhance ST in Africa including:
 - ✓ Science and technology
 - ✓ Trade financing and facilitation
 - ✓ Education, health and culture
 - ✓ Agricultural transformation
 - ✓ Infrastructural development
 - ✓ Manufacturing and commodity processing – especially the utilization of opportunities offered by Chinese labour intensive industries coming to use Africa 'excess' labour
 - ✓ Financing as No political conditionalities are attached to China's loans, or assistance packages, thus respecting Africans as equals and providing flexibility in developmental choices
- The 'One Belt One Road Strategy' is of significant importance to Africa due to its focus on infrastructure development

CHINA AND STUCTURAL TRANSFORMATION OF AFRICA

- Some caution have to be made:
 - ✓ Chinese thirst for Africa's resources must be weight carefully
 - ✓ Neglect of human rights issues when engaging with African leaders is an issue of concern
 - ✓ Industrial dumping of poor quality and cheap goods may stifle Africa's industrialisation efforts
 - ✓ Africa must synchronise Sino Afro cooperation with Agenda 2063 and the SDGs

STRATEGIES FOR STRUCTURAL TRANSFORMATION

1. Long term plans and development strategies
2. Enhancing participation and ownership in development planning
3. Building credible governance institutions
 - ✓ Strengthening capacities of accountability and oversight institutions, as part of wider natural resources and related governance reforms.
 - ✓ Improving public sector management
4. Transformative industrial development strategies and investment in infrastructure, skills with improved access to markets and development finance
5. Institutional transformation by creating institutional configuration for productive public-private partnership
6. Regional integration and intra-Africa trade and global partnership for development in Africa

THANK YOU!

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The "Africa First" logo, which includes a white silhouette of the African continent to the left of the word "AFRICA" in a white box, with the word "FIRST" in large, bold, white letters below it. The logo is centered within a faint, larger-scale version of the same graphic in the background.

**AFRICA
FIRST**

THANK YOU!

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