

Foreword

Africa made impressive economic progress in the 1990s. In the second half of the decade real GDP growth averaged 4% a year, and several countries sustained double-digit growth. The climate became more conducive to domestic and foreign investment. Capital markets broadened and deepened. Demand for African manufactured goods increased in Europe and the United States, and export growth nearly doubled.

Despite nearly a decade of reforms in many African countries, economic growth remains fragile, and there has been little progress in reducing absolute poverty. That is the starting point for this report, which stresses that on current trends Africa will not achieve the target of reducing poverty by half by 2015. With this in mind we propose a new development agenda for Africa to kick-start growth and reduce poverty—an agenda based on the need for a structural transformation of African economies.

That transformation requires renewed emphasis on modern agriculture as a basis for resource-based industrialization. Agriculture must get new attention, both in international development cooperation and in domestic resource allocation. So must resource-based industrialization, possible only with a level playing field in international trade.

African countries must recapture their lost share of world trade by improving infrastructure—and by ending the interventions in agricultural input and product markets that hinder agricultural production. Developed countries should reduce agricultural subsidies that artificially depress the prices for Africa's agricultural produce. They should also reduce tariffs that make Africa's processed products uncompetitive in international markets.

Because only high-quality governments can deliver essential social services to those who need it most, this report places good governance at the centre of Africa's efforts to reduce poverty. High-quality governments are better able to design and implement effective policies. They are more transparent. They manage national finances soundly. And they provide citizens with peace, security, and the economic freedoms for markets to flourish.

Progress is predicated on African countries undertaking the necessary political and economic reforms to ensure their economic take-off. But rich countries have to support these reforms through long-term partnerships for more aid, for more effective aid, for deeper debt relief, and for greater access to their markets.

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