GREENING AFRICA’S INDUSTRIALIZATION

PART 1

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Sunday 3 April 2016
Key policy messages

- Africa continues to grow despite strong global headwinds, thanks to improvement in economic governance among other factors.

- Growth drivers are slowly diversifying but value addition is limited.

- Mixed progress in social development with high poverty rates, increasing inequality and employment largely informal.

- Positive growth outlook despite internal and external risks; countercyclical policies needed to maintain growth momentum.

- Agenda 2063/2030, Paris Agreement on Climate Change, the Addis Ababa Action Agenda on F4D among other present an integrated Framework for Africa’s Structural Transformation and Green industrialization

- Africa, has a unique opportunity to leapfrogging to a green growth & industrial development pathway
Growth declined moderately in 2015 as was the case with the overall global economy

- Private consumption continued to be the main driver of growth;
- Fiscal and current account deficits widened in 2015
- Oil importers experienced growth uptick in 2015
- Total exports declined while intra-African trade increased;
Inflation rose amid falling commodity prices and declining reserves

- Mainly due to:
  - Currency devaluations
  - Strong US dollar and high food prices;
- Inflationary pressures led to tightening of monetary conditions in Africa.
- International reserves dropped due and debt burden increased.
- Monetary tightening in the US & Europe might lead to FDI diversion to developed economies
- But FDI flows remained stable thanks to recovery in North Africa & improved business conditions on the continent.
Africa making steady progress towards social outcomes

- Poverty rates have dropped, though at a slow pace, and inequality is high and increasing in many countries;

- Notable progress in achieving universal primary education and reducing under-5 mortality which declined by 55.6% by 2012 (target 67% by 2015);

- Improved gender parity in primary education, but still below the 0.93 benchmark in secondary and tertiary education;

- Unemployment marginally declined but employment remains mostly informal;

- Africa is the fastest urbanizing region globally, growing at 4.5% per year, with more than 50% expected to live in urban areas by 2035.
Medium-term growth prospects, risks & uncertainties

- Africa’s growth is expected to increase 4.3% in 2016 & 4.4% in 2017;

- However, internal & external risks remain, including:
  - Weak global economic recovery & the slowdown in China;
  - Low commodity prices and currency depreciation;
  - Tightening of monetary policy in the US and the EU;
  - Weather related shocks & security concerns in some countries.

- Hence the repeated call for industrialization & structural transformation
Global and continental development frameworks emphasize the need for green industrialization

• Both Agenda 2030 and Agenda 2063 provide supportive policy environments for green industrialization initiatives and sustainable development in Africa;

• Despite having the lowest rates of emission, Africa is highly vulnerable to environmental and climatic hazards;

  ▪ Both Agendas need to be integrated into national development planning frameworks.

  ▪ The continued dependence on natural resources and fossil fuels will expose the country to enormous environmental challenges.
Green industrialization and the sustainable development agenda

• Africa, as a late industrializer has a unique opportunity to avoid the pitfalls of costly environmental fall-outs, by leapfrogging to a green industrial development pathway;

• The process will be aided by recent development frameworks such the AAAA that facilitate access to resources, encompassing climate financing, curb illicit financial flows and enhance domestic resource mobilization;

• Policy makers must take full advantage of the commitments, and investments in green infrastructure will be vital for successful green industrialization.

• Hence the theme of ERA 2016 “Greening Africa’s industrialization”.
Thank you for your kind attention!

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