highlights

www.uneca.org/sro-ca

NO: 135, 19 July 2013

ECA/CEA

How Africa can benefit from Commodity-based Industrialisation through a linkage framework

SERIES ON INDUSTRIALISATION FOR AN EMERGING AFRICA

Context

The last decade's higher GDP growth rates in Africa (especially in Central and east Africa) have not reduced poverty commensurately because they failed to translate into adequate job creation. Mining and energy—the source of much of the growth—are generally less labour intensive than other industries.

How forward and backwards links (to and from the commodity sector) can do the trick

Fiscal links

Fiscal — taxes (rents) Governments harvest from the commodity sector, used in promote industrial development in other sectors. This process needs sound macroeconomic policies.

Production links

Forward – raw materials are transformed into commodities through factory production

Backward – inputs needed for commodity production are also continuously produced

Consumption links

Lincomes earned in the commodity sector can are spent on products and services in other sectors, serving as a spur to the industrial development of those sectors. Caveat: if the local manufacturing sector is too weak, such income will be gulped by firms abroad through importation by the income-earners of the commodity sector.

Sources: *Economic Report on Africa 2013* (by ECA); copies available at ECA/SRO-CA SUPERVISION: Emile Ahohe CONCEPTION/ILLUSTRATION: Abel Akara Ticha