Opening address by Mr. Carlos Lopes

Tenth African Economic Conference

Your Excellency the President of the Senate and the personal representative of the President of the Republic,
Your Excellency the Prime Minister,
Distinguished ministers and high officials of the Republic,
Mr. Steve Kayizzi-Mugerwa, Acting Vice-President and Chief Economist of the African Development Bank,
Mr. Abdoulaye Mar Dieye, Director of the United Nations Development Programme Regional Bureau for Africa,
The Governor of Kinshasa,
Distinguished guests and members of the diplomatic corps,
Ladies and gentlemen,

Let me begin by thanking the Government of the Democratic Republic of the Congo for hosting the 2015 session of the African Economic Conference and for the traditional warm hospitality extended to us by the people of Kinshasa. I am delighted that the Conference is being held in Kinshasa, a city that embodies the promise of a better future for Africa.

The Economic Commission for Africa (ECA) is pleased to be working once again with the African Development Bank and the United Nations Development Programme in organizing this Conference. As you may know, the Member States have called upon the regional economic commissions of the United Nations, including ECA, to play a proactive role in the establishment of the new development agenda. The Addis Ababa Action Agenda of the Third International Conference on Financing for Development and the newly adopted 2030 Agenda for Sustainable Development call for our concerted action, and I am pleased that ECA can answer this call.

Ladies and gentlemen,

The most urgent challenge faced by Africa at the present time is how to eradicate poverty while promoting prosperity. While we seem to be doing well on the latter front, with average economic
growth of 5 per cent over the past decade – well above the global average – the picture is much less encouraging with regard to the fight against poverty. By way of illustration, although Africa has one of the highest rates of active population in the world, two thirds of employees belong to the working poor, and of this group, women generally have far worse job security than men. Moreover, 60 per cent of those out of work are young people. These figures are a striking indicator of the consequences of the continent’s recent history of rapid growth, which has not been matched by adequate job creation, leading to entrenched inequality and a high degree of human insecurity. We must not ignore the consequences of non-inclusive growth.

Africa’s much-trumpeted growth is a reality. The continent has succeeded in almost tripling its gross domestic profit in the space of 15 years, in itself a remarkable achievement. The business of attribution is always risky and this case is no exception. To say that this feat was achieved thanks to the Millennium Development Goals would be biased; to say that it was in spite of the Goals would be absurd. Africa’s growth has been made possible by a combination of factors, some internal, others external. Major trends, such as demographic, technological and environmental changes, have helped to shape the continent’s future. The policy space offered by the transition from an era of prescriptive structural adjustment to one in which the continent can increasingly do things its own way has also helped a great deal. Significant debt reduction, more than official development assistance per se, has changed the macroeconomic fundamentals of the continent. Lastly, Africa’s endeavours have benefited from the confidence brought by new partnerships with high-growth developing countries, and this new-found confidence has contributed to a change in attitude.

What we have seen so far, however, is not quality growth. Africans are celebrating potential rather than results. In order to achieve results, there needs to be a focus on job creation, inclusiveness and poverty reduction. Although the Millennium Development Goals remain unfinished business for Africa, there is no denying that the continent has made rapid progress on many of the goals and targets, in spite of unfavourable initial conditions.

Significant achievements include increasing the representation of women in national parliaments, enrolling more children in primary schools and bridging the gender gap at this level of education, reducing child and maternal mortality, and lowering the prevalence of deaths from HIV/AIDS and malaria. In addition, there have been significant technological advances: the number of mobile phone subscriptions in Africa exceeds the world average and the continent has the fastest annual average growth in the number of Internet users. Africa also ranks highly in many global indicators of female representation.

Rising inequality is partly attributable to the lack of attention given to economic and social disparities during efforts to achieve the Millennium Development Goals. Experiences from around the world have shown that inequality does not self-correct; on the contrary, inequality persists and is handed down to future generations. Efforts to end extreme poverty, promote socioeconomic development and protect the interests of future generations need, therefore, to
address head-on the problem of inequality, not least because inequality diminishes people’s productive capacities, thereby depriving society of the valuable contributions that these people could make.

Income inequality may be the most pronounced of all forms of inequality, and Africa – where income inequality is rising sharply – is no exception. With an average Gini coefficient of 43.9 per cent over the period 2000–2009, income inequality in Africa is second only to Latin America, which had an average coefficient of 52.2 per cent over the same period. In 2010, six of the ten most unequal countries in the world were in Africa, and more specifically in southern Africa, which appears to be the most unequal subregion of the continent.

Despite this high level of inequality, however, inequality is declining in Africa, albeit to varying degrees in different countries. Of the 35 African countries for which data are available, 13 (37.1 per cent) experienced an increase in income inequality, while 19 (54.3 per cent) saw a decrease in inequality over the period 1990–2012. By contrast, 58 per cent of Asian countries experienced growing inequality, while in 32.3 per cent inequality declined. Over the same period, inequality also fell sharply in Latin America: 20 per cent of countries (4 out of 20) in the region experienced rising inequality, but 70 per cent (14 out of 20) reported a decline.

To reverse the situation, Africa must start doing things differently. Sticking with more of the same policies and practices is not going to work. It is now widely acknowledged that the continent must pursue aggressive industrial policies, because only investment can enable it to boost its agricultural productivity, benefit from its demographic and urban dividends, and modernize economies that have grown too dependent on the informal sector. Only then can we congratulate ourselves on our continent’s growth – quality growth!

Ladies and gentlemen,

Tomorrow we will be launching the 2015 report on the Millennium Development Goals, which takes stock of the achievements of our African marathon runners. I say “marathon runners” deliberately because, from a statistical point of view, for every country to have a different starting point but to pursue the same set of goals is the equivalent of making sprinters and long-distance runners race towards the same finish line. A country with a poverty rate of 8 per cent, which it has to halve to 4 per cent within 15 years, cannot be compared to a country with a starting point of 80 per cent. We cannot compare marathon runners – in this case, mostly African countries – with sprinters. That said, we have stepped up our efforts and made progress. But the hardest part is still to come.

There are many global threats on the horizon that could make our task much more difficult. Global growth, to which the fortunes of many African countries are linked, is slowing. For
example, data suggest that the growth rate in China is now at its lowest point since the 2008–2009 financial crisis. Uncertainty in China is affecting the prices of raw materials such as metals, which have been falling since 2011. World prices of agricultural products have also decreased by 8 per cent since February 2015. According to the International Monetary Fund, commodity prices across the board have fallen by 14 per cent since February 2015. This is bad news for African exporters of raw materials and, by extension, bad news for the fight against poverty, except in the case of countries that are net importers of food or oil. However, even this good news on the food front is tempered by the risks arising from climate change and drought, and also currency depreciation.

The effect of drought on food production is being felt across the continent. More than 30 million Africans, 3 per cent of our population, will need help to survive the dry season after the worst drought since 1992, which will slash by half this year’s harvest of essential commodities such as maize, rice and beans. Current shortages underscore the fact that many countries remain extremely poor and isolated. For example, global market uncertainty has resulted in many African currencies decreasing by more than 20 per cent against the United States dollar since the start of the year.

We do not yet know what the forthcoming session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Paris in December 2015, holds for Africa. We should be prepared, however, that the outcome document of the session, combined with efforts to implement the Sustainable Development Goals, will alter the landscape dramatically, with significant cost implications for the private sector and Africa’s transformation agenda.

Excellencies, ladies and gentlemen,

Given these recent developments, there is no doubt that the structural transformation of Africa will lead us into uncharted territory, which means we have to come up with new plans and strategies. We know that the dominance of the informal sector and the lack of access to quality education are among Africa’s enduring challenges. One of the ways ECA is tackling the issue of poverty and inequality is to carry out innovative research to unravel the links between poor-quality education and informal employment and inequality. This is a project that must mobilize us all. With commitment and persistence, we will then be free to dance to the rhythm of the Congolese rumba!