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AUC / ACBF roundtable discussion calls for economic resilience and strategic investment priorities for Africa's Development



Addis Ababa, Ethiopia, 03 April, 2016: H.E Dr. Nkosazana Dlamini Zuma, Chairperson of the African Union Commission (AUC) chaired a roundtable discussion on the theme: "Addressing the Impact of Drought, Floods and Declining Commodity Prices in Africa: What Coping Strategies and Capacities are required?", on 3rd April 2016, jointly organized by the African Union Commission and the African Capacity Building Foundation (ACBF).



The event at the Conference Center of the United Nations Economic Commission for Africa (ECA) in Addis Ababa, Ethiopia was intended to tackle the issues of the drastic decline in demand for, and a

sharp drop in the prices of, a wide range of commodities produced and exported by most African countries in recent months, causing adverse financial and economic effects on the continent. According to the organizers, this situation is worrisome in that most African economies are still heavily dependent on commodity exports. Rising United States interest rates have resulted in currencies depreciation and risen external indebtedness as well as mounting inflationary pressures.

The situation has been exacerbated by widespread and prolonged drought that has adversely affected agricultural production especially given that rain-fed agriculture remains the backbone of many African economies. Low river flows and drying reservoirs have rendered irrigation schemes inactive and led to increased hydro – power deficit. In a number of countries, floods have also been prevalent and have destroyed infrastructure, caused displacement of people and are leaving water borne diseases on their path. As a consequence most African economies are navigating through stormy and rocky economic situations. Humanitarian, financial and macro-economic management as well as capacity challenges are immediate. Therefore the AUC –ACBF provided a platform for the participants to exchange views on effective mitigation measures and stimulus packages to urgently address these issues.



H.E Dr. Nkosazana Dlamini Zuma in her opening remarks applauded the efforts of Africastating that since 2000, the continent has recorded an impressive turn around for the average growth compared to the 80's and 90's and for the transformative process to continue, it has to be brought with industrialization and agricultural development as well as enhance African market. Among the lessons of the Millennium Development Goals , Africa's growth is not stable if not inclusive, "Africa's economies cannot be resilient if not diversified, our products are not competitive if not processed ...there are many more factors to consider," underlined the AUC Chairperson.

Dr. Dlamini Zuma explained that, given that Africa is affected by the fluctuation of commodity prices, it is imperative that the African economy be analyzed to understand why it is still vulnerable to weather fluctuations, and what needs to be done to build resilience in Africa's agricultural products so as to make them more competitive in the world market. She also noted however the negative effect of climate change such as the el nino phenomenon on the African economy leading to recurring droughts and floods in some part of the continent, which she said calls for emergency action each time they arise including many other challenges Africa is facing. "Africa must defend and expand investments in education, skills and science technology to further boost the economic growth of the continent. AUC Chairperson emphasized.

Prof. Emmanuel Nnadozie, Executive Secretary of the African Capacity Building Foundation (ACBF), on his part noted the great significance of the ministerial round table discussion to the African Economy given that droughts, floods, and other hazards do have negative impacts on agriculture, food availability, infrastructure, assets, and productive capacity. Though studies over the past 20 years showed that Africa is the second fastest growing economy in the world, it is however witnessing a lot of issues related to Climate Change which also is the cause of droughts, floods and decline in commodity prices in Africa. Professor Nnadozie highlighted that relatively low economic growth in the continent can partly be explained by the external environment, which is now becoming less supportive. He further explained that the impact of climate change is felt at all levels ranging from droughts and floods which also causes a decline in crops production which are an important source of revenue to many African countries, thereby worsening a situation that is already bad.

Meanwhile, the commodity index prices has declined from 210 in April 2011 to 90.73 in December 2015 signifying that more primarily commodities have to be produced for the same amount of revenue, reiterated Professor Nnadozie. He added that, the key challenge had been the lack of capacity to anticipate, prevent and mitigate these kinds of challenges facing the continent. He said Africa's vulnerability to sudden changes in commodity prices and external shocks is as a result of their heavy dependence on primary commodity export which also explains why in 2012/2013, out of 94 commodity dependent developing countries, 45 came from Africa with more than 60% of their exported merchandise made of primary commodities. It is important to mention that a decline in commodity price generally affects the pace of growth in household income, company profits and revenue for government. "The issue of droughts, floods and decline in commodity prices can be addressed if Africa pays particular attention to the right policies and necessary capacities". Professor Nnadozie concluded.

The event was attended by Dr. Ngozi Okonjo-Iweala, Economist and Former Finance Minister of Nigeria, Mr. Mohamed Beavogui, UN assistant Secretary General and Director of the African Risk Capacity, AUC Commissioners, Ministers and Representative from Member States as well as high level officials from various continental and international organisations.

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