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## ABIDJAN DECLARATION

### SECOND CONGRESS OF AFRICAN ECONOMISTS

WE, African Economists from within Africa and the Diaspora, gathered in Abidjan, Cote d'Ivoire, from 24 to 26 November 2011, at the invitation of the African Union Commission to the Second Congress of African Economists on the theme *"How to achieve a strong and sustainable economic growth in Africa in order to curb unemployment and sustain regional and continental integration dynamics"*:

COGNISANT of the need for a new development paradigm to achieve high rates of economic growth on a sustainable basis as a means of job creation, attaining the Millennium Development Goals, wealth creation and addressing the problem of impoverishment in Africa;

NOTING that the unemployment phenomenon, particularly youth unemployment, across the African continent does have serious ramifications on economic and social stability as evidenced by recent developments in North Africa and the Middle East;

CONCERNED with the phenomenon of jobless growth in Africa explained, among others, by the lack of focus on structural transformation for the development of productive base, inadequate infrastructure, limited value added activities and inadequate linkages among various sectors of the economy;

CONVINCED that regional and continental integration hold great potential for reaping the benefits of globalization, enhancing trade and investment, achieving growth and development, and addressing the problem of unemployment;

REITERATING the possible strong link between the quality of economic policy and job creation and, hence, the need to adopt appropriate economic models compatible with Africa's specific conditions and culture;

MINDFUL of our responsibilities as African economists to develop appropriate responses to the deepening of the current global economic and financial to minimise its impact on African economies;

REITERATING that Africa cannot count on aid (the global social contract of ODA target of 0.7%) as a substantial source of funding Africa's development;

RECOGNISING the current weakness of policy dialogue between African economic researchers and policy makers and, hence, the potential of the Congress to serve as a think tank and an effective platform for strengthening such dialogue;

Hereby recommend as follows:

**(I) *Foreign Direct Investment (FDI) and domestic resource mobilization as a tool for alleviating poverty and generating employment in Africa:***

- i. Africa should agree on its own definition of poverty as well as an appropriate system of measurement;
- ii. FDI should be directed towards labour-intensive and pro-poor sectors such as agriculture and manufacturing;
- iii. The African Union should work with Member States and Regional Economic Communities (RECs) to develop a comprehensive plan for the promotion of long-term investment and strategies for the creation and retention of labour in Africa;
- iv. Within the framework of the regional and continental integration agenda, steps should be taken to promote the convergence of fiscal policies in Africa;
- v. Member States should make concerted effort to implement comprehensive tax reforms for domestic resource mobilisation;
- vi. Concrete steps should be taken at national, regional and continental levels geared towards an improvement of the investment climate in Africa.

**(II) *Unemployment as a barrier to sustainable economic growth in Africa:***

- i. Comprehensive strategies should be developed aimed at the transformation of Africa's natural resource based economies into knowledge-based economies and progressively involving them in global value chains;
- ii. Investment in research and development should be enhanced and technical and vocational training promoted throughout the continent as part of a comprehensive strategy for access to technology and human capital development;

- iii. Member States should make concerted effort to involve the youth in the economic development process and take the necessary measures to implement the African Union Plan of Action for Youth Development
- iv. African countries should endeavour to implement appropriate education and labour market reforms geared towards facilitating job creation and addressing the problem of unemployment;
- v. Within the framework of the integration process, African countries should build a shared knowledge base on employment, growth and sustainability issues, for the sharing of experiences on best practice;
- vi. The AU, RECs and Member States should set up statistics systems, in particular labour statistics data that are accurate and timely;
- vii. The AU, RECs and Member States should use the “Employment Profile” and “Employment Macro-cells (EMCs)” as tools for full employment, integration and development;
- viii. The role of macroeconomic policy in job creation should be enhanced;
- ix. The gender dimension should be reflected in employment policies;

***(III) Governance, institutional reform and the role of the private sector in boosting economic growth in Africa:***

- i. Governance programmes, such as the African Peer Review Mechanism (APRM), should be supported and implemented by all Member States in order to address problems such as corruption and political instability;
- ii. In view of the important role of SMEs in economic growth and job creation, specific strategies on SME development should be implemented by African countries;
- iii. Member States should implement financial sector reforms aimed at deepening the financial system thereby addressing the problem of high cost of borrowing and lack of access to finance for African businesses;
- iv. Institution strengthening and legal and regulatory reform measures should be implemented by African countries;
- v. Competitiveness of African industries should be improved by reducing the cost of doing business due to government bureaucracy and addressing the problem of poor transport, energy and ICT infrastructure, among others.

**(IV) Africa and a new development paradigm:**

- i. African countries should develop appropriate economic models and conceptual tools to theorize African economic realities within the framework of the global development agenda;
- ii. African countries should consider enhancing the use of Human Development Index to complement GDP as a measure of development;
- iii. African countries should take steps to bring about a change of mindset by taking a leadership role in developing their economies and reducing dependence on the outside world;
- iv. African countries should work towards implementing African-led development initiatives such as NEPAD;
- v. The African Union, RECs and Member States should take all necessary measures to expedite the regional and continental integration process as a stepping stone towards integration into the global economy through measures such as the Implementation of the Minimum Integration Programme (MIP).
- vi. Africa should take steps to harness the power of the digital economy and foster competitive business by expanding trade through various means, including supporting the GCEL initiative which supports the deployment of soft infrastructure, partners with global organizations to empower the digital economy and works within a PPP framework to prepare Africa for the digital economy;
- vii. African countries should take steps to build alliances with the Diaspora in efforts to attain development;

**(V) Boosting intra-African trade:**

- i. The African Union should work with Regional Economic Communities and Pan-African Institutions to promote monetary and financial integration in Africa;
- ii. African countries should take steps to implement regional and sub-regional Agreements on free movement of persons, goods, services and capital;
- iii. Cross-border infrastructure development programmes such as the Programme for Infrastructure Development in Africa (PIDA), should be supported and implemented;

- iv. The African Union, RECs and Member States should put in place adequate measures to capture statistics relating to cross-border trade in unregistered and smuggled goods;
- v. Efforts of the African Union to boost intra-African trade and create a continental free trade area should be supported by Member States;
- vi. African countries should take steps to do more processing and value addition to raw materials prior to export as a means of diversification and improving the potential for more trade among themselves.

**(VI) Aid effectiveness:**

- i. The African Union should develop an African perspective on the definition of aid and agree on how it should be measured and reported;
- ii. African countries should negotiate more effectively with both their traditional and emerging partners to ensure a win-win situation and address the problem of conditionalities;
- iii. Africa should explore innovative sources of finance, including domestic resource mobilization and Diaspora bonds as means of reducing dependence on aid;
- iv. The African Union, in collaboration with RECs and Member States, should develop a framework document to serve as a basis for any donor assistance to Member States;
- v. The African Union should develop a comprehensive long term strategy for donor engagement with a view to ensuring that aid addresses the development needs of the continent as well as promoting its progressive elimination;
- vi. Aid should be strongly tied to economic growth in Africa, triggering growth in dynamic sectors such as agriculture;
- vii. Aid must be in line with the strategic priorities of the receiving country and regional and continental institutions such as the RECs and the AU;
- viii. There should be annual reporting on the delivery and utilization of aid within Member States as well as regional institutions such as the RECs and the AU;
- ix. African countries should develop strategies aimed at promoting technology transfer, development of human capital and labour mobility.

**(VII) General recommendations**

The AU Commission should take active steps to ensure continuation of reflections and engagement on topical issues among African economists in between Congresses.

### **Commendation and vote of thanks**

We commend the African Union Commission for organizing the Second Congress of African Economists and encourage the further strengthening of the event in view of its potential to serve as an effective platform for engagement between African economists and policy makers.

We thank H.E. Mr. Alasane Dramane Ouattara, President of the Republic of Cote d'Ivoire, the Government and People of The Republic of Cote d'Ivoire for hosting the event and for the hospitality accorded to all participants.

**Abidjan, 26 November 2011.**