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African Economic Outlook 2019

Addis Ababa, Ethiopia

**« Jobs, growth and firm dynamism »
“Integration for Africa’s economic prosperity”**

Opening remarks
H.E. Prof. Victor Harison

*Commissioner for Economic Affairs
African Union Commission*

Before starting the meeting, I would like to invite you to stand up and observe a minute of silence in memory of the late Dr. Kouassi

**Honorable Minister of Finance and Economic Cooperation
of the Federal Democratic Republic of Ethiopia ;**

**Excellencies, ladies and gentlemen, High Representatives
of the Member States;**

**Ladies and Gentlemen, Representatives of International and
Regional Organizations;**

**Mr. Vice-President of the African Development Bank in
charge of Economic Governance and Knowledge
Management;**

Distinguished guests;

Ladies and gentlemen ;

On behalf of the President of the African Union Commission, His Excellency Dr. Moussa Faki Mahamat, I would like to extend my best wishes to you for this year 2019 and welcome to the presentation of the report on the " African Economic Outlook 2019" on the sidelines of the 32nd Ordinary Session of the Assembly of Heads of State and Government of the African Union.

Then, allow me, on his behalf and on my own behalf, to express our sincere thanks to the authorities of the Federal Democratic Republic of Ethiopia for the warm and fraternal welcome extended to the various delegations taking part in this event.

My thanks also go to the African Development Bank (AfDB) for offering us the privilege of co-organizing this event and giving us the benefit of presenting the results of its studies.

I would also like to congratulate the African Development Bank on the publication of this report at the beginning of the year which enables the continent's political decision-makers to embrace the recommendations it makes.

Excellencies;

Distinguished guests ;

Ladies and gentlemen ;

At the latest edition of the Economic Conference on Africa held in Kigali, Rwanda, from 3 to 5 December 2018, one of the speakers of the high-level panel commented on the end of the decade of growth in Africa and we had quite lively exchanges.

Today, I would like to send to this panelist a copy of this new edition of the African Economic Outlook report. Indeed, the East African region has once again demonstrated its resilience and the Central African region is on the right track to recover from the recession.

The macroeconomic outlook is encouraging. However, according to the report of the Association of African Central Banks (AACB), the macroeconomic convergence, with a view to continental integration, has yet to move in its path.

Our common challenge is to support the trend to quickly return to a second decade of growth. Also, we must increase productivity and continue to work for a better domestic resources mobilization. Indeed, the African Economic Outlook 2018 estimated Africa's infrastructure needs at \$ 130 billion a year, an amount that is far beyond the official development assistance of \$ 29 billion annually.

The time for economic transformation and diversification is coming for Africa. This will enable to achieve a triple objective: (i) generate value added to our raw materials; (ii) create productive jobs in industry and agriculture; and (iii) support the implementation of the African Continental Free Trade Area (AfCFTA).

To tackle with the challenges of growth, job creation and inequality in Africa, three pillars are to be considered according to the recommendations of the Africa's Development Dynamics report (2018), namely:

- i. sustainable economic development;
- ii. social development; and
- iii. institutional development.

In the context of sustainable economic development, we must:

- i. promote investment to strengthen the domestic private sector;
- ii. help the private sector to diversify production and exports;
- iii. strengthen the links between rural and urban economies;
- iv. promote green growth.

On the social development side, the following actions are essential:

- i. strengthen education while improving the quality of education and skills; and
- ii. improve social protection systems.

With respect to institutional development, governments would benefit from:

- i. boosting Africa's partnerships with the rest of the world;
- ii. deepening regional integration;
- iii. mobilizing domestic resources; and
- iv. strengthening economic and political governance.

Excellencies;

Ladies and gentlemen ;

To meet these challenges in Africa, the African Union is striving to multiply initiatives on a continental scale.

For the deepening of regional integration mentioned at times, the African authorities have shown willingness to progress towards economic and social integration by signing the agreement establishing the African Continental Free Trade Area (AfCFTA) and the Protocol on the free movement of persons. Total liberalization of trade in goods could increase Africa's GDP by 1% and total employment by 1.2%. Intra-African trade could increase by 33% and Africa's total trade deficit could be cut in half.

In order to keep the momentum, the other major projects on the integration agenda must be boosted on the basis of the achievements of the Regional Economic Communities (RECs).

With regards to the domestic resources mobilization, last year, during the launch of the 2018 edition of this African Economic Outlook, I told you that the African Union, through its Economic Affairs Department, was going to hold a Specialized Technical Committee on the theme of "Domestic resources mobilization: fight against corruption and illicit financial flows" in order to raise Member States' awareness on the subject. Today, I am pleased to announce that after this STC, a reference book, containing contributions of international and pan-African institutions as well as Member States, will be published very soon. I note with

satisfaction that the present report includes an improvement of the domestic resources mobilization.

The Department of Economic Affairs is currently preparing for the next meetings of the Specialized Technical Committee in which "Public Policies for a Productive Transformation" will be the focus of discussions.

In terms of taxation, the partnership between the African Union and the Africa Initiative is on the right track.

As part of the process for the advent of a single currency and a common Central Bank in Africa, that is monetary union, which is essential for the transformation of African economies, the host agreement for the African Monetary Fund was signed with the Government of the Republic of Cameroon. However, for procedural reasons at the level of the African Union, progress in its implementation as well as that of the other institutions remain slow. In addition, I continue to make a strong appeal to the Member States for the signature and ratification of the protocols.

Without effective accompanying measures such as pan-African financial institutions, the Free Trade Area cannot fulfill all its promises for a prosperous Africa.

Excellencies;

Ladies and gentlemen ;

While it is recognized that many achievements have been made and consolidated and that Africa's current macroeconomic

performance is honorable, however we must continue to make efforts and the fight against corruption and illicit financial flows does not stop with the year 2018 to which the African Union had dedicated it.

In conclusion, I hope that the partnership between the African Union and the African Development Bank will continue to consolidate in order to achieve the Africa we want.

I would add that the Economic Affairs Department of the African Union is open to all entities wishing to combine their efforts for the publication of economic studies on Africa.

Thank you for your kind attention.