

Africa must make better use of resources

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Africa's agricultural, mining and energy resources could be better used to boost the continent's pace of economic growth and pave the way for a breakthrough in human development, according to a report released on Monday (27 May).



The report is produced annually by the African Development Bank (AfDB), the Organisation for Economic Co-operation and Development (OECD), the Economic Commission for Africa and the UN Development Programme (UNDP).

It said the continent's economy was projected to grow at 4.8% this year and 5.3% next year, confirming its resilience to external shocks and its role as a "growth pole" in an ailing global environment.

Foreign direct investment was set to increase by more than 10% this year, close to the levels recorded in 2008 before the global financial crisis struck, it said.

But the report also pointed out that so far growth had failed to sufficiently address poverty reduction, unemployment, increased income inequalities and in some countries, deteriorating levels of health and education.

"Growth is not enough", Mario Pezzini, director at the OECD development centre said in a statement. "African countries must provide the right conditions for turning natural resources into jobs. They must optimise their resource revenues through smart taxation and help investors and locals to make the most of linkages," he said.

Four key elements

Four key elements were needed to achieve that objective, the report said.

Firstly, African countries had to improve infrastructure and education and create larger and more competitive markets through regional integration.

Secondly, primary sectors required sound land management, balanced and effective tax systems and the right mechanisms and incentives to accelerate and diversify sources of growth.

"Although natural resources have contributed a third to Africa's growth during the past decade, much potential remains untapped. Large scale agricultural transformation has yet to happen and much of the continent's natural wealth is still unexplored," the report said.

Africa had 24% of the world's agricultural land but only accounted for 9% of its production. The development of African agriculture required transport opportunities, fertilisers, and more resistant plant varieties.

Thirdly, Africa had to optimise revenue from natural resources and invest it wisely, ensuring that a fair share of the proceeds accrued to society. State ownership had not generally proven superior to private ownership, it maintained.

Finally, Africa had to establish "corridors of development" around energy, transport and communication lines. Stable and transparent budgets were key to achieving that goal.

"Africa needs mainly low-skilled jobs, which would have to be provided by manufacturing rather than services but to get there, the continent needed to undergo a structural transformation," the report said.

"Now is the time," said Mthuli Ncube, chief economist and vice-president of the AfDB. "After ten years of improved stability, sound macroeconomic policies and blossoming trade links, growth has made African nations freer than ever to choose their own development paths and implement active policies for economic transformation," he added.

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