

Foreword

Nine years ago, when the *African Economic Outlook* project began, the world was in the midst of what seemed to be a robust growth path. There were bumps, of course, but the general trend was upwards and the interruptions were relatively localised and short-lived. In 2009, however, the picture is very different: the financial crisis has spread throughout the world economy, which is now caught in the deepest and most widespread recession for more than 50 years.

Africa has not been spared. The continent is severely affected by plummeting levels of FDI and remittances, falling commodity prices and depressed export demand from OECD countries. The risk of reversals in recent development progress is looming, which in turn poses serious threats to the hard-won gains in political and social stability. A growth cycle of several years has just been interrupted.

The promising news is that shifting trade patterns, prudent macroeconomic reforms, debt relief, the use of new information and communication technologies – the special focus of this edition of the *Outlook* – and improvements in the business environment suggest that African economies are better positioned to deal with the crisis than in the past. 2010, however, will be crucial for understanding the medium-term macroeconomic prospects for the continent, and for Sub-Saharan Africa in particular.

To strengthen the foundations of growth and development, Africa should continue to pursue structural reforms, investment in infrastructure, poverty reduction; and to foster regional integration. The drop in external financial flows due to the crisis calls for an expeditious response with targeted initiatives, such as accelerating fiscal reforms to increase government revenue, and scaling up resources to finance public programmes, including trade finance. A key challenge will be to find the right balance between these efforts and the preservation of macroeconomic fundamentals. In support of this endeavour, OECD countries and Africa's other development partners must stand by their pledges – more and better aid, and an open trading system.

The *African Economic Outlook* has become a vital source of detailed analysis of African economies; it helps to provide evidence-based policy advice on key development challenges on the continent. We recommend it to policy makers and decision makers in all fields, both within and outside the African continent.

We salute the partnership of the European Commission and its unwavering faith in this project from its inception. Its financial support has been a critical factor for the success of the AEO.

Above all, we reaffirm our own commitment to sound and objective research and analysis, promoting peer learning and good governance, all goals to which the *African Economic Outlook* makes an essential and invaluable contribution.

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