The OECD Development Centre
SPOTLIGHT ON AFRICA
11 YEARS OF AFRICAN ECONOMIC OUTLOOK

1 Original text by Lucia Wegner, Economist and AEO Project Manager at the OECD Development Centre, 2001-09.
# TABLE OF CONTENTS

**INTRODUCTION**

**FROM AFRO-PESSIMISM TO AFRICAN RENAISSANCE**

**2001-11: THE AWAKENING OF THE SLEEPING GIANT**
Stronger economic policy implementation
Slow but steady governance improvement
Better donor partnership for better aid
New technology: opportunity for growth and poverty reduction
New actors of change: a new generation of policy makers and entrepreneurs

**PRESENT CHALLENGES FOR AFRICA: OUR PROPOSALS**
Mobilise domestic resources
Finance small and medium enterprises, the “missing middle”
Develop transport infrastructure
Improve access to water and sanitation
Create new skills: investing in African youth

**THE ROAD AHEAD: BUILDING INFORMED SOCIETIES**

**BIBLIOGRAPHY**
A chronology of the African Economic Outlook project
Coverage of individual African countries by successive annual editions, 2002-2011 as percentage of total number of African countries, population and GDP

Special Annual Themes

2002: (no theme) 
2003: Privatisation
2004: Energy
2005: SME Financing
2006: Transportation
2007: Water and sanitation
2008: Technical & vocational skills
2009: Innovation and ICT
2010: Public Resource Mobilisation and Aid
2011: Africa’s Emerging Partners
2012: Promoting Youth Employment

Notes: * The first edition of the AEO was published in 2002. It was launched at the OECD by H.E. Abdoulaye Wade, President of Senegal and one of the initiators of New Partnership for African Development (NEPAD). A few weeks later, NEPAD leaders were invited to the OECD Ministerial meeting, where the NEPAD-OECD collaboration was started.

* The UN Economic Commission for Africa (ECA) and the UN Development Program (UNDP) became partners alongside the African Development Bank and OECD Development Centre for the 2008 and 2011 editions respectively.

* Since 2009, the AEO content is accessible free-of-charge in three languages at www.africaneconomicoutlook.org.
An unprecedented change in Africa’s economic performance, and with it a shift in the way the world sees the continent, has occurred since independence. This note looks back at the main features of the continent’s economic transformation and shows how partners in the African Economic Outlook (AEO) have accompanied this process by stimulating policy dialogue, identifying good practices and encouraging policy reform. Since 2002, the AEO, a joint project by the OECD Development Centre and the African Development Bank, with support from the European Commission, has been monitoring in great detail the economic pulse of Africa, capturing drivers and actors of change, highlighting progress and challenges, as well as proposing policy options to Africans and their development partners. In ten years, the African Economic Outlook, a unique source of detailed analysis on African economies, has grown into an online platform, accessible free-of-charge at www.africaneconomicoutlook.org. By spreading knowledge, the AEO helps broker an informed dialogue on African economies and build a critical mass of informed citizens, the actors of change in today’s Africa.
should no longer be looked at as a monolithic entity; the different dynamics in countries and their effect across the region had to be recognised. It seemed necessary to spotlight “success stories” which illustrated contributing factors to a possible African economic emergence.

In 1996, the OECD Development Assistance Committee launched a series of goals for combating poverty. These goals formed the basis of the Millennium Development Goals agreed at the Millennium Summit of the United Nations in September 2000.

To support this effort, a year later, the OECD Development Centre launched the Emerging Africa project, starting from the basic assumption that there can be no real poverty reduction in African countries without economic take-off. Its aim was to highlight the progress of six emerging countries: Burkina Faso, Ivory Coast, Ghana, Mali, Tanzania and Uganda. Each had experienced growth acceleration in the second half of the 1990s, and the project’s aim was to identify the factors that could influence long-term, sustainable growth. The Japanese model, followed in the 1960s by Korea and other dynamic East Asian economies, showed that, even in situations of extreme poverty, instituting the right policies can revive the economy and reduce poverty. By examining “emerging” Africa, the belief was that these initial successes could create a ripple

After independence, most African economies enjoyed more than a decade of steady growth. Between the 1970s and the late 1980s, however, many African economies actually slowed down or, more often than not, regressed dramatically. The African crisis was due to a combination of external factors (sharp fluctuations in oil prices, soaring interest rates, burgeoning debt burdens, as well as growing protectionism of wealthy countries) and domestic ones (widespread political instability and political repression, excessive state intervention and economic mismanagement). Over these two decades, grim predictions and “Afro-pessimism” became the norm.

However, in the mid 1990s, several African economies timidly began to rebound, feeding hopes of an “African renaissance”. This process was not uniform across all regions though, and some countries began to take the lead. This required a fresh approach: Africa
In the 2000s, the slight recovery experienced in the 1990s accelerated further, and for some countries it turned into an outright boom. Prior to the 2009 global economic crisis, Africa enjoyed over 5% annual growth for nearly a decade. The break from the past was clear. The novelty was not the pace of economic expansion, but that it was sustained, encompassed many more countries and was accompanied by improved policies.

Against a background of increased political commitments by African leaders alongside renewed attention by the G8 on Africa’s prospects, it became even more urgent to provide:

- democracy and political governance,
- conflict reduction and prevention,
- health and education investment,
- private investment growth, and
- anti-corruption action.

The events that followed proved that the OECD Development Centre was right in its analysis. The year 2001, when the Emerging Africa project ended, was a turning point in Africa’s approach to its development. Africa’s most influential countries – Algeria, Egypt, Nigeria, Senegal and South Africa – launched the New Partnership for African Development (NEPAD), an overarching vision and policy framework for accelerating economic co-operation and integration among African countries. This was the first time that such an economic recovery plan had been jointly proposed by the continent’s leaders and endorsed by the African Union. It represented an important step in Africa’s determination to take charge of its own future.

The NEPAD initiative was also seen by the G8 countries as the basis for a new intensive partnership between Africa and the developed world. At the 2001 Genoa summit, G8 leaders forged an action plan to support the key themes of the NEPAD initiative, including:

- mobilising the resources necessary for development requires, above all, improvements in governance and institutional structures – which will not happen without real political leadership.
- Without these, there is a substantial risk that Africa’s greatest assets will be wasted by corruption.

In the 2000s, the slight recovery across regions and eventually all of Africa. The Emerging Africa project revealed that what Africa does not do for itself cannot be done by others.
African policy makers and donors with a monitoring tool which would identify new factors and actors behind growth. The tool would differentiate between the specificities of each country while suggesting where policy action could best make a difference.

That is why, in 2001, convinced that a reliable and shared knowledge base is required for productive policy dialogue, the OECD Development Centre and the African Development Bank (AfDB), with the support of the European Commission, launched the *African Economic Outlook* project. The project, which celebrated its tenth anniversary in 2011, was a trailblazer in filling the information gap of comparative data and analysis of African countries (from 22 countries in the first edition to 51 in 2011). Most importantly, it was the first attempt to comprehensively analyse economic, social and political trends, highlighting African countries’ distinctive histories, resources, and political systems in order to understand the drivers of the countries’ performance and short-term outlook. To better grasp the reality of the countries, the project has become deeply rooted in the continent. An increasing number of African think tanks and research centres have been involved in drafting the report and in providing data to feed the forecasting exercise. In addition, in 2008 and 2010 respectively, the United Nations Economic Commission for Africa and the United Nations Development Programme joined the African Development Bank and the OECD Development Centre as partners on the project.

**Africa’s performance from 1962 to 2012: growth of real GDP (in percent)**

![Graph showing growth of real GDP from 1962 to 2012](image)

**Notes:** Three-year moving average; 2010 estimated; 2011-12 predicted.

**Source:** Authors’ calculations based on OECD/AfDB African Economic Outlook and World Bank data.
The first edition of the *African Economic Outlook* was launched in February 2002 at the third OECD Development Centre/African Development Bank International Forum on African Perspectives in Paris, in the presence of H.E. Abdoulaye Wade, President of the Republic of Senegal and so-called godfather of NEPAD. This marked the first visit of an African head of state to the OECD. A year later, Mozambican President Joaquim Chissano welcomed the second edition of the report. Chissano noted the OECD Development Centre’s contribution to “the strengthening of co-operation between Africa and the industrialised countries in the interest of African development”. He said that such co-operation was “essential to strengthening the NEPAD, especially in the areas of peace, democracy and good governance”.

At first sight, when looking at the strong performance of the continent over the last decade, oil and other natural resource producers seem to have had the lion’s share of economic success. But the turnaround of Africa is not a temporary phenomenon – or simply the result of favourable commodity prices. Some countries experienced steady economic growth, a deepening of democracy and poverty reduction, which allowed them to weather the 2009 global economic crisis. This reveals that some more profound factors were at work over the past ten years.

**STRONGER ECONOMIC POLICY IMPLEMENTATION**

Twenty years ago, nearly all African economies were effectively bankrupt, with large budget deficits, double-digit inflation and growing debt burdens. Coupled with their fiscal woes, black markets were thriving, basic commodities were in short supply, and poverty was rampant and growing. Economic mismanagement and state heavy-handedness scared off many investors, provoked capital flight, and led to stagnation. In the last decade, many countries including Burkina Faso, Mali, Mozambique, Namibia, South Africa, Tanzania and Uganda have implemented much stronger economic policies, as shown by their control of inflation, improved public finances and building-up of reserves. For instance, inflation for the 38 African oil-importing countries declined from 12.7% from 1997-2003 to 7% in 2007. These prudent economic policies helped most countries mitigate the impact of the 2009 crisis.

**SLOW BUT STEADY GOVERNANCE IMPROVEMENT**

There is an impression that conflict is endemic in Africa and that any improvement in the political climate can only be temporary. However, the
focus on war and anecdotal evidence has hidden real progress towards more stable and open political systems in Africa. In sub-Saharan Africa, the last decade has seen a downward trend in political instability. Political demonstrations and dissent re-emerged during the 2007-08 food crisis; rather than being violent signs of a more serious crisis, they were evidence of a deepening of democracy and strengthening of civil society. Political repression has lessened as well in the past decade, as more governments have adhered to basic political and civil rights, have accepted more freedom of the press, and have built stronger political institutions. Countries such as Benin, Ghana, Mauritius, Namibia and South Africa have made important progress also in ensuring respect of the rule of law, fighting corruption and improving citizens’ safety.

The systematic screening of political events and African governments’ reaction to the African Economic Outlook has allowed greater understanding of the breadth of this change. However, democratic progress has been uneven and remains incomplete. This makes the need for close and continued monitoring of political events all the more important as it allows for comparisons both with other African countries and with each society’s own past, and ultimately empowers the many people striving for improvement.

The Oecd Development Centre - Spotlight on Africa

**BETTER DONOR PARTNERSHIP FOR BETTER AID**

The debt crisis that hit African countries particularly hard during the 1980s is finally winding down. Following the success of the Jubilee 2000 campaign in pushing debt relief onto the G8’s agenda, the Heavily Indebted Poor Country (HIPC) initiative was launched. In 2005, to help accelerate progress toward the Millennium Development Goals, the G8 launched the Multilateral Debt Relief Initiative (MDRI). The MDRI provides 100% relief on eligible debts by three multilateral institutions – the International Monetary Fund, the World Bank and the African Development Fund – for countries completing the HIPC initiative process. Of the 40 countries eligible for HIPC, debt reduction packages have so far been approved for 32 countries.

Financial resources released by debt relief were increasingly channelled into poverty reduction spending, which increased for HIPC countries from 5.5% of GDP in 1999 to 9% in 2005. More importantly, relations with donors improved substantially. Structural adjustment programmes have been replaced by country-led poverty reduction strategies, paving the way for increasing aid quality.

In the spirit of the 2002 Monterrey International Conference on Financing for Development, donors made specific pledges on improving aid effectiveness and managing for development results.
These commitments were reinforced by the 2005 Paris Declaration on Aid Effectiveness and the Accra High Level Forum of 2009. Donors have begun to simplify procedures and adopt sector-wide approaches and budget support, which have allowed for greater reliance on national systems and improved donors’ co-ordination. However, evidence from the countries surveyed by the African Economic Outlook reveals that progress has been uneven, especially in terms of ownership, transparency and accountability. AEO country analyses suggest that greater attention is needed in aligning aid with national priorities and improving transparency. There are still substantial discrepancies between the funds disbursed by donors and the information recorded in the recipient’s budget. The successful experiences of Mozambique, Tanzania and Uganda show that budget support bears fruit only when there is strong mutual trust and accountability between both donors and recipients.

NEW TECHNOLOGY: OPPORTUNITY FOR GROWTH AND POVERTY REDUCTION

Africa is the fastest growing mobile phone market in the world: four out of ten Africans had a mobile phone in 2009; by the end of 2012, it will be six out of ten. The African Economic Outlook 2009 focused on information and communication technologies (ICT) in Africa as drivers of economic growth. Data and analysis on ICT sector performance on a country-by-country basis revealed that innovation in telecommunication can dramatically change the lives of poor people. In the most remote corners of the countryside, cell phones are relaying information on prices and shipments of goods in real time and facilitating the transfer of funds with simple text messages. Transaction costs of domestic payment have been cut by 10% in Kenya thanks to mobile payments. Despite this progress, the spread of Internet has been far slower, and general access to fixed telephone lines is much lower than in the rest of the world. In order for the African telecom revolution to fully materialise, better regulation is a prerequisite for attracting private investment and, in turn, acquiring the technological know-how to upgrade networks.

Ultimately, ICT and innovation should be integrated into countries’ development strategies; donors and the private sector should increase their support for implementation. With this in mind, NEPAD is working on an African Science, Technology and Innovation Indicators Initiative.
NEW ACTORS OF CHANGE: A NEW GENERATION OF POLICY MAKERS AND ENTREPRENEURS

According to a survey among African business leaders, a new class of political leaders contributed to the continent’s progress over the past decade. In the words of Nigerian businessman Acha Leke, founder of the African Leadership Network: “Examples include Paul Kagame in Rwanda and Ellen Johnson-Sirleaf in Liberia. They are credited with leading Africa’s recent turnaround by enhancing political stability, economic reforms, and improved governance. […] Now the major issue that needs to be addressed in Africa is the chronic poverty that the majority of Africans still find themselves in. The most important legacy this new generation of leaders can leave is to make Africa prosperous.” In this spirit, a new generation of young entrepreneurs is emerging. Many of them have studied abroad and returned to the continent with new visions and ideas. They are starting new businesses, such as venture capital funds to support the growth of small and medium enterprises. By joining business networks, they identify and connect with other entrepreneurs and engage in partnerships. They use modern technology to strengthen regional private sector co-operation and pressure governments for an improved business climate and accountability. The African Economic Outlook is increasingly partnering with this new generation of business leaders: its annual African Economic Forum provides a platform for discussion between Africans, international policy makers and the private sector.

Present challenges for Africa: our proposals

Despite these important changes, the turnaround is new and remains fragile. African countries face daunting challenges: Overall progress towards reaching the Millennium Development Goals (MDGs) remains slow. The continent is still highly vulnerable to climate and price volatility, as the recent food crisis has proven. Evidence shows that instead of promoting production diversification and capitalising on the commodity boom windfall, since 2001 Africa has been increasingly specialising in raw material exports. Much progress is still needed.
to deepen democracy and strengthen the quality of institutions and their governance. Inadequate infrastructure and inefficient health and education systems are reducing the growth potential and causing further inequality.

How can African countries capitalise on the progress achieved in the past decade to achieve sustainable growth and poverty reduction? What can policy makers and the international community do to help set Africa on a firm footing for growth?

These important questions came to the table of the Toronto 2010 Summit which marked the official inclusion of development on the G20 agenda. In the wake of the most severe economic shock in recent history, the G20 leaders decided that “tackling development gaps was part and parcel of their efforts to promote stronger and more balanced growth and to support the emergence of new sources of global demand”. This led to the adoption in Seoul of a G20 Consensus for Shared Growth and a Multi-Year Action Plan to promote growth in developing countries, with deadlines being set for 2011 to 2014. The plan includes actions on domestic resource mobilisation, financial inclusion, private investment and job creation, infrastructure, human resources and development, food security, growth resilience, and knowledge sharing. All of these topics have been thoroughly analysed by the *African Economic Outlook*, making it a particularly timely and relevant tool to support the efforts of the G20.

**MOBILISE DOMESTIC RESOURCES**

According to British economist Paul Collier, “Zambia is exporting some USD 3 billion of copper, yet tax revenues from these exports are a mere USD 100 million. The global copper boom has benefitted the Chinese who own the copper company far more than it has benefitted ordinary Zambians”. One way to build effective states and achieve poverty reduction is to mobilise domestic resources. The global crisis has given new impetus to dialogue on domestic resource mobilisation in Africa. Indeed, the G20 has given a clear mandate to the OECD to help African countries find solutions to tax collection issues. As suggested by Angel Gurría, the OECD Secretary General at the MDG summit in September 2010, “…African countries’ focus should be on low, simple taxes: they are easier to collect and more effective in stimulating the development of the private sector. This means flatter rates, fewer exemptions and a broader tax base. The *African Economic Outlook* provides evidence that this approach works”. Indeed, the *African Economic Outlook 2010* has helped countries identify policy options, including removing tax preferences and taxing extractive industries more fairly and more transparently. The current commodity boom should be harnessed...
to boost government revenues. The increased public resources from taxing extractive activities should be used to diversify the economy and improve tax administration rather than to reward other taxpayers for political reasons. The Extractive Industries Transparency Initiative (EITI) is unique in its aim to increase the transparency of transactions between companies and government entities as well as the use of revenues by the governments concerned. In 2009, Liberia became the first African country to comply with the EITI.

Increasing fiscal revenue in a sustainable way is crucial to increase ownership and accountability of government policies, paving the way for Africa to move away from aid in the long run. But in the short run, better domestic resource mobilisation is not an alternative to aid; they must go together. “Making taxes work for development and the achievement of the MDGs is a shared responsibility”, Gurría said. The international community has a key role to play in channelling aid to strengthen administrative capacity, while African partners should provide peer-learning opportunities. African countries also need a strong commitment by their partners to deal multilaterally with the issues of tax havens and abuses of transfer pricing techniques by multinationals. Increasing the share of aid spent on improving tax administrations is one of the aims of the Task Force on Tax and Development, which the OECD launched. The OECD is also supporting a number of countries and institutions to set up an African Tax Administration Forum launched at the end of 2009, a platform for institutional capacity and peer learning to share good practices on revenue governance.

FINANCE SMALL AND MEDIUM ENTERPRISES, THE “MISSING MIDDLE”

At the Seoul G20 Summit, G20 leaders recognised “the critical role of the private sector to create jobs and wealth, and the need for a policy environment that supports sustainable private sector-led investment and growth”. This requires first of all understanding the private sector in Africa, its potential and the obstacles it faces. The AEO surveys have revealed that Africa’s private sector consists of mostly informal microenterprises, operating alongside large firms. Most companies are small because the private sector is new and because of legal and financial obstacles to accumulate capital. Between these large firms and microenterprises, small and medium enterprises (SMEs) are scarce and constitute a “missing middle”. Africa’s SMEs have little access to finance, which hampers their emergence and eventual growth; they are often too small to attract commercial bank or investor interest,
but too large to benefit from microfinance products. To date, few scalable solutions to support this missing middle tier of businesses have been found.

Already in 2005, the African Economic Outlook called for a focus on this problem as a key means of expanding opportunities and creating jobs for the poor. A four-pronged approach was proposed to permanently increase SMEs’ access to finance. This includes:

- improving business conditions through improved access to information on SMEs, clear accounting standards, and impartial legal and judicial systems to settle contract disputes;
- helping SMEs to meet the requirements of formal banks, e.g. warehouse-receipt financing in Zambia for instance guarantees loans with agricultural stocks;
- getting money from outside the financial system - through remittances from abroad, subcontracting, clustering of firms - and strengthening links between all financial actors and developing innovative financial mechanisms.

Ultimately, removing the obstacles for SME’s access to finance requires that commercial banks, microfinance institutions, community groups and NGOs providing business development services work closely together. With this in mind, the G20 have created a half billion dollar fund to help support SMEs and innovative financing models.

DEVELOP TRANSPORT INFRASTRUCTURE

A point often missed in considering poverty reduction is that transport infrastructure is crucial. Women – not trucks, not trains, not planes – carry two-thirds of all goods that are transported in rural Africa. Although not a Millennium Development Goal in itself, transport is a key element to better people’s lives since it improves mobility; it allows food, medicines and teachers to reach populations in need. According to the AEO survey carried out in 2006, the presence of paved road more than doubled children’s school attendance in Morocco.

Despite being a key element for poverty reduction and economic development, transport infrastructure has been dangerously neglected over the last 30 years. The weaknesses of Africa’s transport compared to other regions are striking. Sub-Saharan Africa accounts for 7% of the gross domestic product (GDP) and 17% of the population of developing countries but just 3% of rail and air travel. Only a fifth of Africa’s road network is paved, compared to over a quarter in Latin America. Geography, demography and lack of resources are all major impediments to transport development in Africa. Fifteen of the continent’s 53 countries are landlocked and population densities in the interior are
investment. Upfront planning by the public sector is equally important. As shown by the successful Master Plan for Greater Cairo, transport infrastructure projects need to fit national plans for economic and pro-poor development and involve community participation.

**IMPROVE ACCESS TO WATER AND SANITATION**

“The positive impact of improved access to basic water and sanitation is overwhelming. In Uganda, for instance, improved sanitation would cut the risk of infant mortality by 40%,” said Louis Kasekende, then Chief Economist of the African Development Bank. However, not only is Africa unlikely to reach the drinking water and sanitation Millennium Development Goals, but due to high population growth, the number of unserved people is growing. As reported by the 2007 African Economic Outlook, there are 322 million people without access to safe water and 463 million people without access to sanitation. These aggregate numbers mask wide disparities among countries. In North Africa about 91% of the population have access to drinking water and sanitation; similarly, Mauritius and South Africa are close to universal access, while in the Democratic Republic of the Congo and

---

1. The World Bank estimates that Chinese financing commitments in infrastructure increased from less than USD 1 billion per year in 2001-2003, to about USD 6 billion per year in 2006-2007 and that Arab development funds have contributed around USD 500 million per year to African infrastructure development.
Mozambique only about 45% of the population have access to water and 30% to improved sanitation. These disparities reveal that the limited access to water and sanitation is not an issue of water resources. Although a third of countries experience some pressure on their internal water resources, they are overall considered abundant. The problem is one of poor management, pollution and wastage, as well as lack of facilities – except in Northern and South Africa. In most African cities over 50% of the water supply is wasted.

Building on the experience of good performers, the African Economic Outlook suggested that only a comprehensive and integrated approach involving all stakeholders, from communities to regional partners in the management of water resources, would improve efficiency and avoid conflict over water access. Lessons from successful experience can show the way forward: the partnerships between the South African Government Agency and the water provider are a good example of reinforcement of capacity on the ground. The Uganda Sector Wide Approach to water whereby government and development partners support a single policy and expenditure programme using a common approach, has been successful. However, sanitation and water have received a relatively low priority in terms of aid and domestic budget allocations. In launching the African Economic Outlook 2007, Louis Kasekende warned that “if Africa is to enhance progress towards the MDGs, the prioritisation and financing of water and sanitation infrastructure must be scaled up [...] It will be crucial to rethink how to use aid to leverage private and other public resources more efficiently”. The European Commission has responded to the AEO call by raising its allocation to water in Africa. Other recent global efforts have been made to address fundamental bottlenecks to improving access to sanitation and water under “Sanitation and Water for All: A Global Framework for Action”. The partnership links with other important regional and global initiatives such as the G8, the African Ministers’ Council on Water, the African Development Bank’s Rural Water Supply and Sanitation Initiative, the EU Water Initiative and UN-Water. What remains to be seen is how these initiatives will successfully co-ordinate and complement each other, without leading to the creation of parallel implementation units that ignore existing country and regional processes.

CREATE NEW SKILLS: INVESTING IN AFRICAN YOUTH

The recent political unrest in Egypt and Tunisia, driven by a generation of young revolutionaries, has revealed the extent of the youth unemployment problem in Africa. Many young people
have few or no skills. It is estimated that some 133 million young people, half of Africa’s young, are illiterate. These figures tell their own story: much more should be done to increase skills at all levels of the spectrum (low, intermediate and high), with each country emphasising the mix of skills that best corresponds to their stage of economic development and the needs of the local labour market.

The 2008 African Economic Outlook looked in particular at technical and vocational skills development in Africa. Higher technical skills can open doors to more economically and socially rewarding jobs, support the transition from school to work for school leavers and graduates, and help small businesses and women’s enterprises develop in the informal economy, which represents the major employer in Africa.

Surprisingly though, over the last 40 years, the importance attached to technical and vocational skills in the national and international development agenda has waxed and waned. Technical and vocational training systems in Africa suffer from both a lack of resources – with only 2% to 6% of education budgets – and a shift in international priorities. At the 1990 Education for All conference in Jomtien and the 2000 Millennium Summit, primary education became the priority. As a result, now ill-equipped and long-neglected secondary and vocational schools in Mozambique and South Africa, for example, are struggling to absorb youngsters from primary school.

This increasingly dire situation has put training back on the national and international agenda. Many African countries are making progress in reforming their training systems. In Ethiopia, Mozambique and South Africa, skills shortages are specifically targeted, and training strategies are fully integrated into poverty-reduction plans and focus on sectors with promising employment prospects. Successful cases in Mauritius and Morocco have shown that partnerships with enterprises, trade unions and non-governmental organisations can help to enhance the relevance of training for the labour market. But much remains to be done to strengthen skills development in the informal sector. Currently about 60% of junior secondary school leavers who do not continue into higher education enter into apprenticeships in the informal sector and find a job there. Skills gained in the informal sector should be validated by certification systems, as for instance in the case of the Vocational Skill Certificate in Benin.

The challenge for African governments is to make new training strategies “bankable” – clearly stating their objectives and the resources needed – and therefore more attractive to financial and technical partners from the donor community, business associations and industry. Much of the employment potential of Africa’s young people depends on it. In 2011, as youth
frustrated with the lack of economic opportunities took to the streets of Tunis and Cairo, AEO partners decided to explore the issue further by dedicating the 2012 edition of the report to promoting youth employment in Africa.

**The African Economic Outlook and the G20 agenda: key recommendations**

**Mobilise domestic resources**
Focus on low, flatter rates, fewer exemptions and a broader tax base to build effective states

**SME financing**
Facilitate SME-friendly environments with integration among financial actors

**Transport Infrastructure**
Reverse neglect through better regulation and strategic public-private partnership projects drawing on external funding

**Water**
Adopt an integrated approach to water management, recognising that the inefficiencies are not in resources, but in management

**Technical skills development**
Make training programmes responsive to labour market needs: engage in partnerships with the private sector, non-governmental organisations and trade unions, and target the informal sector
The power of social media in bringing hundreds of thousands of people into the streets in North Africa clearly shows that modern communication technology has vastly lowered the costs of knowledge and enhanced the ability of citizens, once informed, to organise themselves collectively into pressure groups. Spreading knowledge is crucial to build informed citizenries and societies and to drive change. The road ahead is therefore to help build a critical mass of informed citizens by stimulating dialogue on what works in Africa, promoting peer learning and sharing knowledge on key solutions for development challenges. The future of Africa’s development rests on knowledge, entrepreneurship and governance. According to British economist Paul Collier, “What African countries most need is not our money but our knowledge so that they can build up the skills, expertise and technical capacity to realise their own development goals”. As stated by AfDB President Donald Kaberuka, “As we in Africa continue to battle with the issue of poverty eradication, there are many lessons to draw upon, many best practices to inspire us, from Africa herself and many other parts of the world”. The *African Economic Outlook*’s goal is to distill and share these lessons and provide a platform for African and OECD entrepreneurs, policy makers and activists.
BIBLIOGRAPHY


