

African Development Bank Group



LAUNCH OF THE 2009 AFRICAN ECONOMIC OUTLOOK

Economic Outlook and ICT in Africa

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Imperial Royale Hotel
23 July 2009

Guest of Honor,
Honorable Ministers,
Honorable Members of Parliament,
Representatives of Diplomatic Missions and Agencies,
Representatives of Academic Institutions,
Distinguished Guests,
Ladies and Gentlemen

1. It is with great pleasure that I welcome you all to the Launch of the 2009 African Economic Outlook. The publication of the African Economic Outlook is a collaborative effort between the OECD, the United Nations Economic Commission for Africa and the African Development Bank Group, as the lead partner.

2. Production of the African Economic Outlook has benefitted from the generous support of the European Commission. It is our hope that this partnership will continue to grow stronger, leading to continuous improvements in the quality and coverage of this vital publication. It should be noted that the 2009 *Outlook* covers 47 African countries, up from 35 in 2008.

3. Unlike the 2008 edition, this year's publication comes on the backdrop of the global financial and economic crisis, which has brought extreme economic challenges to our economies.

4. You will agree with me that the impact of this crisis on Africa was initially underestimated, but with time, our knowledge of the matter has increased and responses are being guided accordingly. In particular, I note that despite serious constraints faced by African governments to respond adequately to the crisis, efforts to respond appropriately have been bolstered by greater sharing of information among the countries. Concerned regional institutions, including the African Development Bank Group, have played an important role in this process, especially through the work of the Committee of Ten. For instance, the third session of the Committee of Ten held in Abuja last week reviewed the latest information pertaining to the impact of the crisis on Africa, to take stock of recent internal and international developments, and to agree on African perspectives to be fed into the global discussions, in particular those leading up to the next G20 Leaders Summit in Pittsburgh in September.

5. Today's event presents yet another opportunity for the Bank and cooperating partners to share information on the African Economic Outlook,

with particular attention on the role of ICTs in promoting economic activity on the continent; the main theme of the report.

6. In my brief remarks, let me highlight a few critical observations pertinent to the region. High rates of economic growth in Africa of more than 5% over the last five years and improvements in macroeconomic performance and the welfare of the African population now stand threatened by a crisis whose origins are external to the continent. Indeed, the revised economic growth rate for Africa shows a 3% drop in growth from the 5.7% expected before the crisis, and a decrease in per capita incomes. Consequently, reducing poverty and the achievement of MDGs have become an enormous task.

7. Short-term private capital flows that had been increasing rapidly in recent years have been reversed. Long-term flows are also expected to fall in 2009 and remittances, which had shown relative resilience, are beginning to drop markedly. Macroeconomic imbalances will also worsen. However, Africa is in a better position today than any other time before to weather the crisis, given its relative strengths before the crisis. But there are risks that must be avoided. In particular, prudent economic policies must be pursued. Thus, in spite of the need to take short-term measures that mitigate the impact of the

crisis on our economies, long-term development objectives should remain our focus.

8. Turning to the regional situation, East Africa's growth averaged 7.3% in 2008, down from 8.8% in 2007. The region was initially expected to slow down to 5.5% in 2009 and to remain at that level in 2010, registering the highest growth, compared to other regions on the African continent. New projections now indicate lower growth, in the same way that the continental growth rate has been revised downward. The fiscal and current account positions are also expected to worsen.

9. Progress towards deeper regional integration continues and ongoing efforts to consolidate gains through the formation of Africa's largest economic bloc bringing together EAC, COMESA and SADC, are promising. The Bank fully supports these processes. For instance, the Bank actively collaborates with national governments and pan-African organizations, particularly the African Union and United Nations Economic Commission for Africa, to rationalize and streamline Regional Economic Community structures. The rationalization process is expected to contribute to more effective Free Trade Areas and Customs Unions to accelerate progress toward the creation of larger and open

regional markets and ultimately the attainment of the African Economic Community.

10. In conclusion, let me also make a few remarks about Uganda. The country's impressive growth of more than 6% for the six years to 2008 has come on the backdrop of policy reforms. It is my hope that the current efforts to bring down inflation to single digits after a spike in the face of the fuel, food, and global economic crises will continue to be sustained. Also, agriculture and infrastructure development have been key for stimulating growth.

11. The banking sector has remained stable and sound in spite of the ongoing world economic turmoil. The entry of new banks has enhanced the financial widening of the banking sector and this expansion is expected to create competition in the market and result in lower interest rates. The Credit Reference Bureau will enable banks to identify their customers for tracking and easy credit rating, thereby addressing some of the risks which contribute to the cost of borrowing.

12. There is increasing activity in the ICT sector, with the country connected to the international phone network and the worldwide web through satellite links. The National Backbone Infrastructure (NBI) is expected to be in place by

the end of 2009. It is hoped that this will eventually lead to a drop in the cost of access to ICT related services and wider usage by the public.

13. In spite of these laudable achievements, challenges still remain. Many people still dream of getting out of poverty and beginning to share benefits of the recent economic growth. Undoubtedly, this takes time, hence the need to consolidate gains made to date. The Bank remains committed to continuing to partner with the government and other development actors in this process.

14. Finally, I want to thank all participants to this event, and trust we will have fruitful discussions after the brief presentations from our colleagues and partners.

Thank you.