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Statement

by

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at the

**Briefing to Member States on the
Launching of UN-OSAA – OECD – NEPAD
Partnership**

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Excellencies, Ladies and Gentlemen,

I am pleased and honored to welcome you all to this briefing. I also want to thank my colleagues, Dr. Mayaki and Mr. Deutscher again for taking it upon them to come to New York to attend this launch. It is testimony to the importance they assign to this cooperation.

Indeed, the NEPAD Planning and Coordination Agency, the NEPAD-OECD Africa Investment Initiative and OSAA share a commitment to mobilize resources and international support for the economic development of Africa, and to support African countries in implementing the New Partnership for Africa's Development (NEPAD). Our partnership and the close collaboration of the three institutions – as evidenced by this event – is a reflection of this shared commitment.

For this reason, the study we are presenting today, titled ‘Economic Diversification in Africa: A Review of Selected Countries’ and the Policy Briefs on Africa, covering diverse issues such as External Debt, Official Development Aid, Foreign Direct Investment, and Infrastructure, are only the first outcome of this new and hopefully long lasting cooperation. We are currently preparing further Policy Briefs on a wide range of issues of concern to Africa, as well as a study on microfinance in Africa and an investment framework for agriculture, and I am convinced that we will soon be able to present to you further results of this fruitful cooperation.

Ladies and Gentlemen,

We have very deliberately chosen the theme of economic diversification in Africa as the starting point for our joint work. We believe that it is of utmost importance for Africa's long term sustainable development.

As laid out by Mr. Deutscher and Dr. Mayaki, Africa grew rapidly since 2000, and has recovered from the effects of the global economic crisis in 2008 much quicker than initially feared. The UN projects Africa to grow at a healthy 4.3% in 2010, up from 1.6% in 2009. However, growth remains based to a significant extent on the primary sector. In fact, the share of mining in GDP has increased further over the last decade – from 7.8% between 1990 and 1999 to 11.2% between 2000 and 2007, while manufacturing lost in importance. Similarly, exports and foreign direct investment remain concentrated in extractive sectors. Africa therefore is vulnerable to shifts in global commodity demand and prices, and the lack of diversification limits opportunities for regional integration and trade.

The benefits of more broad-based and balanced growth therefore are manifold. Africa's economies would be less exposed to external shocks, agriculture, manufacturing and services sectors tend to generate more employment, and there would be significantly higher potential for regional trade.

However, calls for more diversification are not new, and there are sizeable obstacles to surmount for African governments to set their

economies on a new growth path. The study identifies a number of key factors that are a prerequisite for more diversification. African Governments have to support and harness the innovative potential of the private sector; they must create a conducive business environment through good governance and responsible management of natural resources; and lastly they have to adopt a regional approach to diversification based on the regional economic communities.

The case studies conducted in the report, in Angola, Benin, Kenya, South Africa and Tunisia lead to a number of concrete recommendations for all stakeholders, and for African governments in particular. First, the public sector should increase investments in human resources and in infrastructure to allow the private sector to engage in new and inherently risky initiatives. In all countries studied, the regional dimension of infrastructure was shown to be critical. Governments and the regional economic communities have to work in tandem to upgrade regional economic infrastructure and to accelerate trade integration in Africa. Lastly, governments can also provide more direct support to key sectors that show high growth potential such as tourism, agriculture and beneficiation of minerals. Proven strategies include the setting up of research and development centers and business incubators by facilitating technology transfer, providing access to finance for small and medium enterprises and by creating a supportive regulatory framework.

Ladies and Gentlemen,

Our Offices have also combined efforts and used their expertise to prepare policy briefs on selected development issues concerning the African continent. The briefs on Official Development Aid, FDI, External Debt and

Infrastructure are distributed at this event, further briefs on the MDGs, taxation, trade and main economic indicators are in the pipeline.

These policy briefs target policy makers, delegates of member states, the private sector and academia on the continent and globally to provide them with brief and concise overviews of recent developments and key facts on selected issues of concern to Africa.

Both the study and the policy briefs are excellent examples for the synergies we can achieve when we work together. All three partners bring tremendous expertise and a wide network of partners and constituencies to the table. I sincerely hope that our efforts, and the publications we are presenting today, will find your interest and will serve you well in your work on Africa. Rest assured that our partner institutions, the NPCA and the OECD, and my Office will continue our joint work to support Africa in the implementation of NEPAD, and provide you with topical and up to date studies and publications to inform and support our common effort.

Thank you.