

**Note to the Editor:** *The world economic crisis will certainly have a serious impact on Africa, says UN Under-Secretary-General and Special Adviser on Africa Cheick Sidi Diarra. But thanks to significant political and economic reforms, the continent is today in a stronger position than in the past to withstand external shocks.*

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## **Africa faces up to global turmoil, says UN’s Diarra**

By **Ernest Harsch**, United Nations *Africa Renewal*

As evidence mounts that the international economic crisis is provoking a deep and prolonged downturn in the world economy, Africa is feeling more and more of its negative effects, says UN Under-Secretary-General and Special Adviser on Africa Cheick Sidi Diarra. Most seriously, Mr. Diarra explains in an interview with *Africa Renewal*, the global slowdown is reducing the prices of commodity exports, “the main basis of African economies.” Developed countries are also likely to “give priority to their own internal markets,” contributing to a decline in foreign direct investments in Africa and other developing regions.

In trade, the tendency of governments in the richer developed economies to subsidize their domestic farmers has for some time undercut the ability of African exporters to compete in world markets. A few African countries, Mr. Diarra says, are now complaining that members of the European Union (EU) are beginning to increase such subsidies even more.

For the time being, Africa’s 33 least developed countries (LDCs) continue to enjoy preferential access to markets in industrialized countries, which allow 97 per cent of all LDC exports to enter without duties or quotas. But as the rich countries grapple with their crises, “this policy might be reversed,” Mr. Diarra worries. “We don’t wish it. But these are things one should expect. There might be more protectionism.” (In addition to his position as special adviser on Africa, Mr. Diarra, from Mali, is also the UN’s high representative for the LDCs, landlocked developing countries and small-island developing states.)

### **Solidarity, North and South**

Although some African leaders have raised concerns that the continent’s Northern donor partners may reduce their development aid in order to shift limited financing to their own domestic priorities, Mr. Diarra has not yet seen any sign of that happening. “On the contrary,” he was “assured” during an international conference on financing for development last year that the EU would stick to its pledge to provide the equivalent of 0.56 per cent of gross domestic product in official development assistance (ODA) by 2010, and 0.7 per cent by 2015. Japan, the US and other industrialized countries similarly promised to meet the targets they previously pledged to Africa.

Meanwhile, Africa is benefiting from a more diverse range of international relationships, Mr. Diarra points out. China, India and other countries in the global South have in recent years emerged as important new development partners for Africa. Because their economies have been growing very strongly, they have established “sovereign wealth funds” in order to invest not only in their own economies, but also “in other developing countries, even in the developed countries.” Some countries in the South have also agreed to open up their markets, on preferential terms, to exports from LDCs and African countries.

Moreover, Mr. Diarra emphasizes, an alliance between Africa and other developing regions makes it easier for African nations to be heard in the international financial institutions and other world arenas. “The voice of Africa by itself is not strong,” Mr. Diarra admits. “But when the voice of Africa is supported by India and China, it carries very far.”

### **On firmer footing**

The greatest source of Africa’s strength lies within, Mr. Diarra suggests. In recent decades important reforms have been carried out in both the political and economic realms, providing a framework for more secure societies and more vibrant economies.

“Political governance has improved,” Mr. Diarra says. “We are witnessing more and more stable countries, fewer coups d’etat, more democratic transitions.”

He cites the continent’s innovative African Peer Review Mechanism (APRM), which has had a “real impact on the ground.” Initiated under the umbrella of the New Partnership for Africa’s Development (NEPAD), adopted by African leaders in 2001, the APRM is a voluntary process whereby participating countries assess each other’s efforts to promote democracy, human rights and sound economic management.

More must be done, Mr. Diarra adds. National policies and strategies need to be defined from the “bottom up,” through inclusive dialogues that involve all sectors of society. “That’s important,” he says. “It shouldn’t be decisions imposed from outside, or decisions imposed from the elites.” Only by soliciting inputs from the grass roots will it be possible to identify “the daily life hardships of the population.”

### **Economic reforms**

Over the past two decades most countries of sub-Saharan Africa have carried out economic reforms. Those reforms “helped Africa to get macro-economic equilibrium, which is a good basis on which to build sustainable economic development.”

African countries have also strengthened their legal systems, giving greater confidence to domestic and foreign investors alike. It is important, Mr. Diarra says, to have “transparency in doing business, having a clear legal framework and playing by the legal framework that exists, not playing another game.”

To move ahead on Africa’s economic development, Mr. Diarra cites several priorities. One is infrastructure — roads, ports, power grids, water systems and new information technologies —

for which donors have established an Infrastructure Consortium for Africa to help mobilize financing.

Agricultural development, especially increasing the continent's low levels of food productivity, is another. According to NEPAD's Comprehensive Africa Agriculture Development Programme, each African country should commit at least 10 per cent of its budget to agriculture, in order to raise farm productivity by an average annual rate of 6 per cent. "To tell you the truth, not many African countries are doing that so far," Mr. Diarra laments.

But there are also positive examples. Malawi, Mr. Diarra says, took "a very bold initiative to provide farmers whatever they need as inputs," with the government subsidizing the costs of fertilizer and high-yield seeds. Within two years, harvests increased so dramatically that Malawi was transformed from a recipient of emergency food relief to a contributor of cereals to the UN's World Food Programme. "So, will it be sustainable?" he wonders. "I don't know. But this is definitely the way to move forward."

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