

Editorial

This second edition of the annual economic report of the African Union Commission (AUC), produced with the OECD Development Centre, is dedicated to the memory of Dr. René N’Guettia Kouassi, Director for Economic Affairs at the African Union Commission and instigator of this report in 2016. A committed pan-Africanist, Dr. Kouassi insisted that the continent could only achieve its ambition of integration by profoundly transforming its productive structures, and by developing activities that create value added and quality jobs. With this conviction, he mobilised all his intellectual resources for the production of this report, before his premature passing in January 2019.

This edition of *Africa’s Development Dynamics* highlights a set of positive factors converging in favour of productive transformation: from the mobile phone revolution and digitalisation, with entrepreneurs adapting innovations to local traditions, to the changes in the quality of production and distribution of goods and services, and the progressive empowerment of women; from access for local firms to new financing methods and knowledge through foreign investments, to the adoption of regional quality standards, improved infrastructure, and progress in the business environment.

This conducive economic environment builds on favourable macroeconomic trends likely to contribute to this transformation. The continent’s GDP growth is expected to reach 3.6% in 2019; final consumption demand, increasingly directed towards processed products, is expected to rise by 6.7%.

Finally, the launch of the African Continental Free Trade Area (AfCFTA), at the 12th extraordinary session of the African Union Summit held in Niamey, Niger, on 7 July 2019, should enable growth through the opening of new markets while promoting a better allocation of resources.

However, the transition to more productive activities is still the result of a few pockets of excellence. The vast majority of small enterprises, which play a key role in social inclusion, are not sufficiently involved in this transformation. The Africa-Asia productivity ratio decreased from 67% in 2000 to 50% in 2018. In some countries, almost 91% of the non-agricultural labour force remains informal.

To enable African companies to move up the value chain, the continent’s economies need more proactive policies, co-ordinated at the continental, regional, national and local levels. Three priority areas stand out: ensuring the provision of appropriate services to business clusters; developing regional production networks; and improving the ability of exporters to grow in evolving markets.

To realise these ambitions, it is essential that African countries and their global partners share a platform for policy dialogue to accelerate productive transformation. This platform is intended to better articulate the strategies of the continental organisations, Regional Economic Communities, and national governments with those of Africa’s partners, in a spirit of open and frank partnership dominated by the principle of mutual respect.

This is the main purpose of this report, thanks to an in-depth partnership between the African Union Commission and the OECD Development Centre.

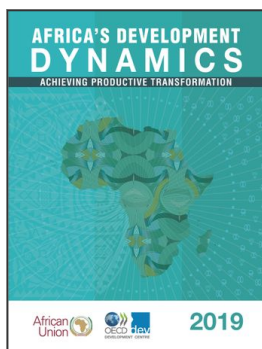
We are convinced that such a partnership, based on the dynamics of mutual listening, is the key to achieving the goals embodied by our respective institutions. It is through a balanced partnership that our shared dreams of a world less fragmented and less disrupted by inequality can be achieved. It is in this direction that both the African Union's Agenda 2063 and the United Nations' 2030 Agenda for Sustainable Development Goals (SDGs) come into play. This is the political foundation of our co-operation. This is the ambition of *Africa's Development Dynamics*.



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Chairperson
African Union Commission



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From:
Africa's Development Dynamics 2019
Achieving Productive Transformation

Access the complete publication at:

<https://doi.org/10.1787/c1cd7de0-en>

Please cite this chapter as:

African Union Commission/OECD (2019), "Editorial", in *Africa's Development Dynamics 2019: Achieving Productive Transformation*, OECD Publishing, Paris/African Union Commission, Addis Ababa.

DOI: <https://doi.org/10.1787/21433503-en>

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