

Economic Report on Africa 2005

Meeting the Challenges of Unemployment and Poverty in Africa



Economic Commission for Africa

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Note

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Foreword

With the highest incidence of poverty in the world, Africa urgently needs to create more employment and thus tackle the scourge of hunger, malnutrition and the overall low living standards the continent continues to witness.

Indeed, unemployment is one of the greatest challenges to Africa's development, with an estimated 10.9 per cent and 10.4 per cent of job seekers unemployed in 2003 in Sub-Saharan and North Africa, respectively. These are respectively the second and third highest unemployment rates in the world, with the Middle East region experiencing the highest rate.

But the picture is even bleaker than these averages suggest, for they do not include the large numbers of working poor and those who have given up trying to find decent employment and are therefore not counted. Furthermore, these rates do not reveal the uneven distribution of unemployment across countries and regions, and within countries, age and gender groups. Based on the current demographic trends, it is estimated that Africa would need to create about 8 million new jobs every year in order to absorb the rising numbers of job seekers.

In addition to its traditional role of reviewing Africa's economic performance over the preceding year, and projecting medium-term prospects for the continent, this year's *Economic Report on Africa* (ERA 2005), the sixth in an annual series, provides a detailed analysis of the challenges of unemployment and poverty reduction, key issues at the heart of the debate on Africa's development.

The poverty rate has remained practically stable on the continent for the past two decades, even as it declined in other developing regions. In real numbers, at least 61 million more Africans go hungry today than they did in 1990.

The creation of more decent jobs, accessible to the poor, constitutes the most effective channel through which poverty can be addressed in Africa. This link has been acknowledged at the highest political level over the last three decades. Most recently in 2004, Africa's heads of state and governments adopted the Ouagadougou Declaration on 'Employment and Poverty Alleviation in Africa,' renewing their pledge to fight poverty through employment.

ERA 2005 provides an in-depth analysis of the obstacles to employment creation and proposes measures necessary to translate Africa's political words into action.

Targeted to African and non-African policymakers and scholars to inform and stimulate discussions on the theme of employment and poverty reduction, ERA 2005 conducts a detailed analysis of the challenges of unemployment and poverty reduction in Africa.

The report notes that only about a quarter of Africa's countries can show growth rates of at least 5 percent over the last decade. In addition to sustained growth, a more equitable distribution of the fruits of growth is crucial for effective poverty reduction. Sustained and equitable growth requires that African countries strengthen their economic and political governance.

Several initiatives on the continent show governments' commitment to improving conditions for people, giving me cause for optimism. In some countries, for example, information technology is being used to drive the labour-intensive and well-paid call-centre industry, the kind of strategy that could help reduce the continent's over-dependence on agriculture.

Economic transformation that transfers a substantial part of the labour force from agriculture to other relatively productive sectors is imperative. For this to occur, governments must undertake reforms that provide an environment conducive to private enterprise operation.

I am confident that the analysis and recommendations in this 2005 edition of the *Economic Report on Africa* will be of benefit to African policymakers and their development partners in their collective fight against poverty in Africa.

K. Y. Amoako

Executive Secretary

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Addis Ababa

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