



# ***An African Perspective On South-South Cooperation***

**Abdalla Hamdok**  
**Deputy Executive Secretary, ECA**

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# Presentation Outline

- 1. The Rise Of Africa And The Global South**
- 2. History, Significance And Evolving Dynamics Of South-south Cooperation**
- 3. Trends In Cooperation Between Africa And Its Southern Partners**
- 4. Enhancing Growth Employment And Economic Transformation In Africa Through South-south Cooperation**
- 5. Conclusions And Policy Recommendations**



# The Rise Of Africa And The Global South

## The Rise Of The Global South

- The combined output of Brazil, China and India, is roughly equal to the combined GDP of six large countries of the North and projected to grow to account for 40% of global output by 2020
- Emerging and developing economies hold more than US\$7 trillion in foreign exchange reserves, nearly double the amount held by advanced economies

## The Rise Of Africa

- **Consistent economic performance** - Continental growth rate average of 5% in 2012, well above global average and 11 out of the 20 fastest growing economies globally come from Africa
- **A rising middle class** - consumer spending estimated to reach USD1.4 trillion by the year 2020
- **Improved political and democratic governance**- nearly 20 presidential elections held in 2011/12 and a decline in conflicts



## **History and significance of South-South cooperation**

### **From Bandung to Busan**

- Cooperation among southern states started in 1955 originally political (Bandung) and focused on discussing common concerns and reducing their dependence on industrialized countries
- Current cooperation focusing on development broadly (Busan, G77, etc)

### **New partnerships more economic in focus**

- Offers Africa new forms of trade and investment partnerships thus more opportunities for economic diversification
- Economic crisis and recession in Europe and North America makes it prudent to look to new markets and new partnerships
- Presents opportunities for technology transfer and demand for traditional produce



## **Concept and Evolving Dynamics**

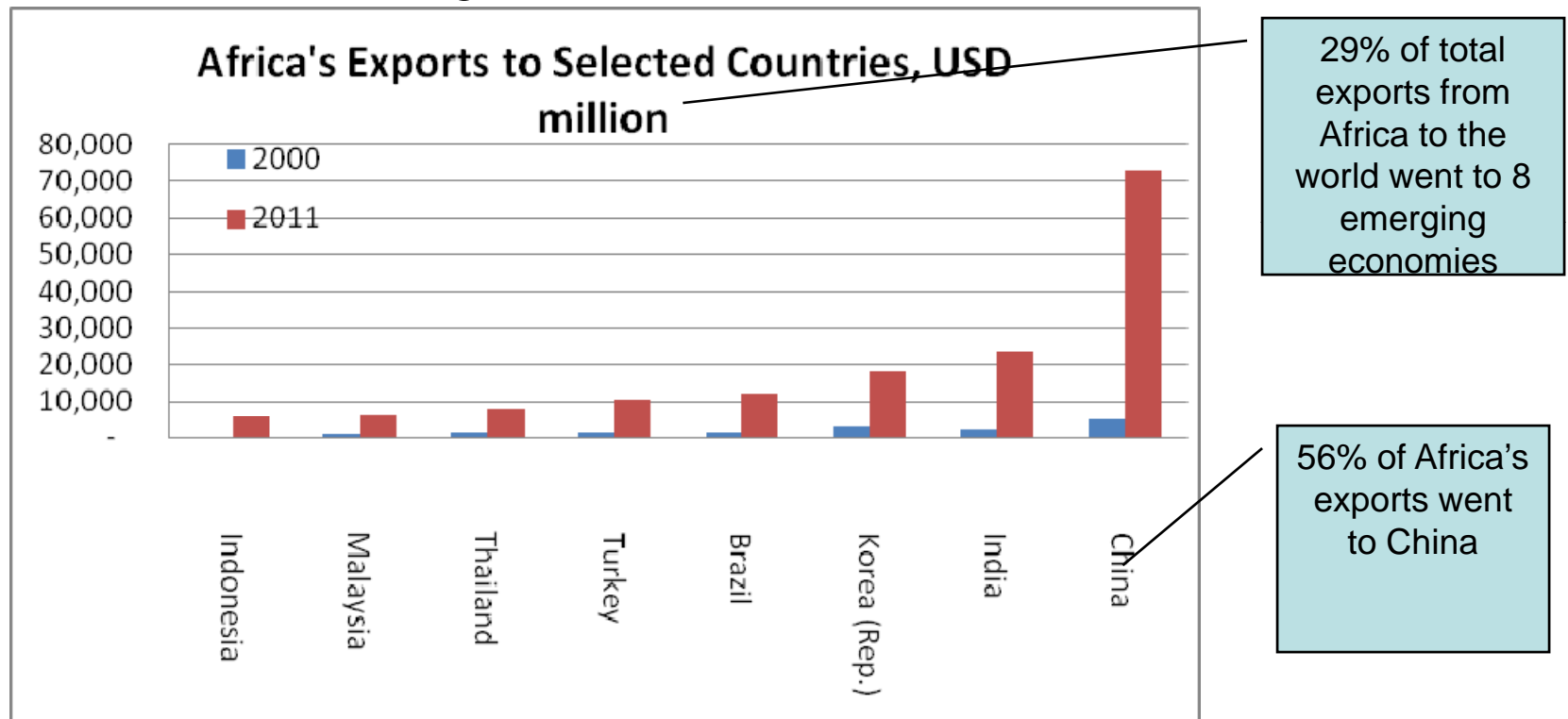
### **Analytical framework**

**Africa's cooperation with its southern partners is mostly analyzed in the following areas:**

- **Trade**
- **Investment**
- **Development Assistance**
- **Global economic governance systems**

# Trends in Trade- exports

a rising level of trade with China

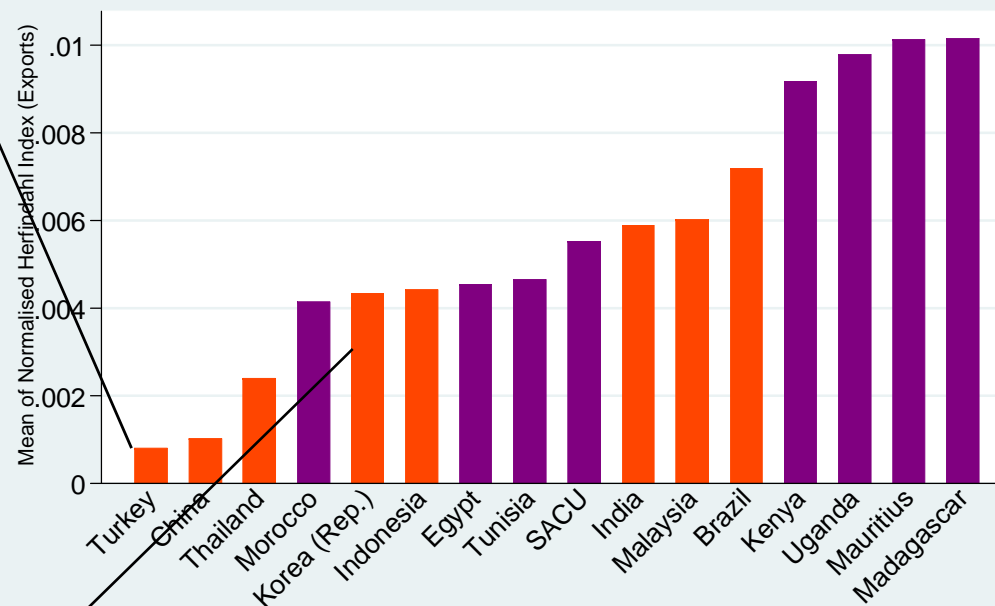




# Trends in trade-imports

increasingly diversified trade imports from selected emerging economies

Normalised Herfindahl Indexes, 8 Selected Countries and 8 Top African Countries 2010.



Source: Author's estimations based on CEPII (BACI Dataset), 2013.

Note: SACU - Southern Africa Customs Union

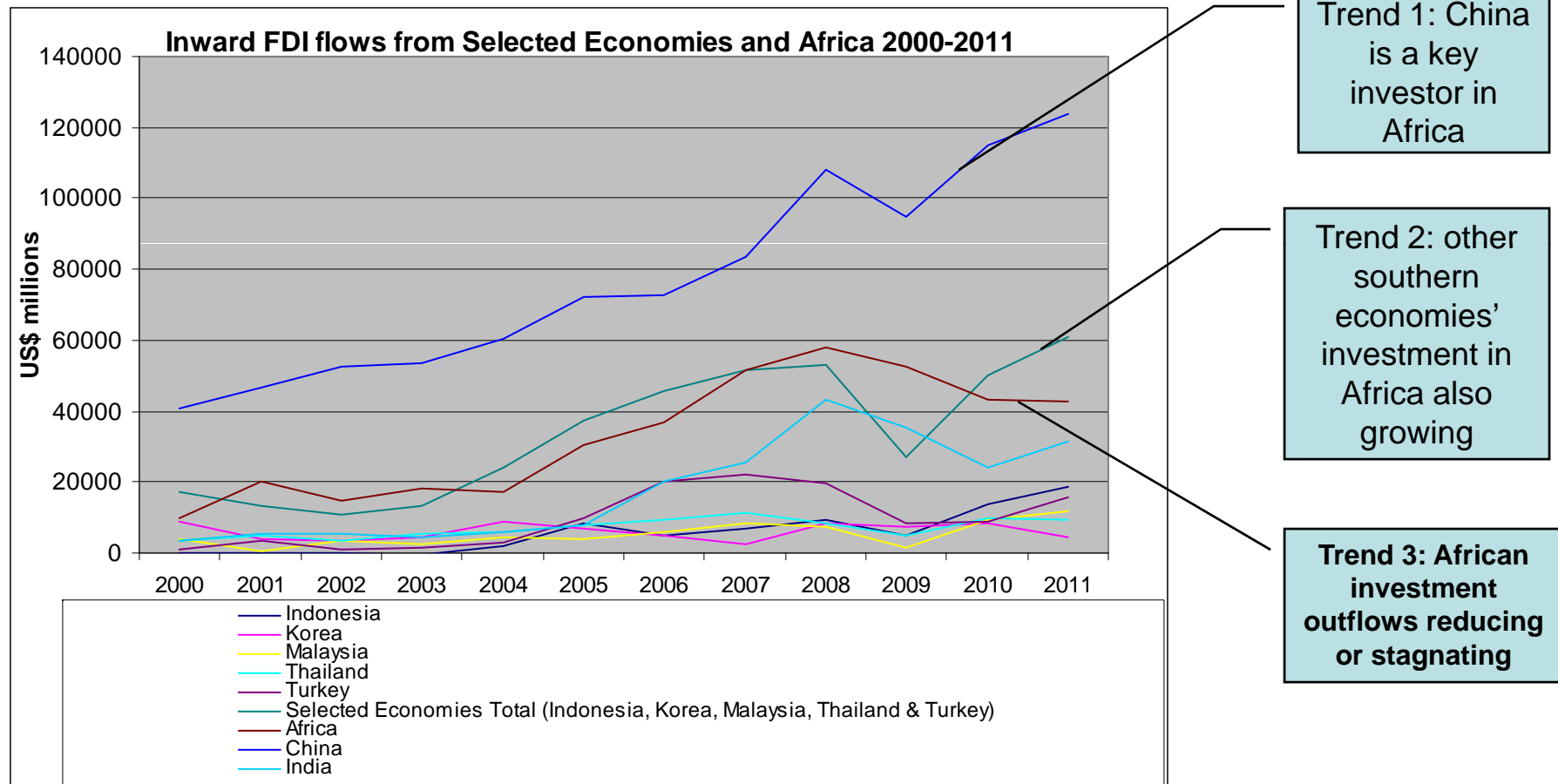
Turkey has most diversified imports into Africa

Morocco is Africa's most diversified economy



# Trends in investments-inflows

Global investment Arena has experienced a rise in southern players







# **Trends in Aid**

**Lack or insufficient data to track aid trends however**

- **Aid from emerging economies used to complement aid from traditional donors**
- **Aid take different forms such as concessionary and soft loans, grants, assisting countries in infrastructural investments, various types of ‘cooperation’ etc**
- **Aid may also be used as a political and economic tool to further the interest of particular emergent economy.**



## **Opportunities for Enhancing Growth, Employment and Economic Transformation**

- **Increasing trends in trade, investment and development cooperation between Africa and its Southern partners present opportunities to enhance Africa's growth, generate employment and fuel economic transformation.**
- **Value addition and industrialization will allow Africa to seize upon strong economic growth to create sustained economic opportunities and create jobs**
- **An increase in financial and technical cooperation for new industries is critical for harnessing the potential of South-South relationships**



# Recommendations: African Policy Makers

## **Africa must:**

- **Articulate engagement with southern partners in the context of a comprehensive development strategy for economic transformation, and engage traditional and new partners with one unified African voice**
- **Develop policies that incentivise and guide new investments towards new industries and away from extractive sectors**
- **Take advantage of the youth bulge by providing training and skills for entrepreneurs and innovators**
- **Develop policies to address the intrusion of cheap manufactured goods from flooding local markets**
- **Take advantage of loans and financing from emerging markets, ensuring that new finances support sectors of the economy with potential to absorb labor**
- **Adopt other lessons learned from successful emerging economies**



# Recommendations: Southern Partners

## **Southern Partners Must:**

- **Identify and invest in new value-added sectors of African economies**
- **Maintain the high rates of investment in infrastructure and other areas vital for Africa's economic transformation**
- **Support job creation and development in Africa with technical cooperation and the transferring of skills to local workers**
- **Provide space for African firms, particularly SMEs, to link into global value chains**
- **Ensure corporate responsibility in new investments which take local concerns and perspectives into account**
- **Encourage more multilateral rather than bilateral engagements with African countries**





***I thank you for your Kind attention***

