

Lagarde says global uncertainty limits Africa growth

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Continued global uncertainty, coupled with internal factors such as drought and associated food shortages, threaten Africa's economic growth prospects, warns International Monetary Fund's (IMF) managing director Christine Lagarde.

The IMF forecasts sub-Saharan Africa growth at just over 5% in the coming year.

Speaking in Abidjan on Monday (7 January), Lagarde said the links between Africa and the advanced economies, particularly the eurozone and the US, were "simply too strong".

"IMF research bears this out - a sustained global slowdown of two percentage points of GDP (gross domestic product) would reduce growth in sub-Saharan Africa by about 1.25 points a year," she said.

The IMF expects global recovery to continue next year, but remain weak and subject to great uncertainty. It added that while there were some signs that growth might be stabilising, global activity seemed stuck in "low gear".

Most African countries had been less affected by the recession three years ago due to the strong foundations they had built before the crisis, Lagarde noted.

The IMF chief said that since 2000, debt levels in the region fell from over 100% to under 40% of GDP, while foreign exchange reserves more than doubled and inflation halved.

"Two-thirds of countries in the region were able to pursue expansionary policies during the crisis - letting deficits expand instead of slamming hard on the brakes," Lagarde said.

African countries needed to accelerate economic transformation; strive for inclusive growth; invest in infrastructure; and strengthen regional integration and openness, Lagarde advised.

She also urged African countries to ensure security, peace and stability.

"Without the promise of peace, people will not have the courage to invest in their own futures," she said.

"Conflict wreaks widespread economic havoc - not only in the country in question, but across neighbouring countries too. It is the true enemy of development," she added.

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