



The State of Eritrea



United Nations  
Economic Commission for Africa

**23<sup>rd</sup> Meeting of the Intergovernmental Committee of  
Senior Officials and Experts (ICSOE)**

**ECA Office for Eastern Africa**

**Concept Note for the Plenary Session:**

**Macroeconomic and Social Overview**

**Asmara, Eritrea**

**05-07 November 2019**

## I. Background

Eastern Africa has enjoyed impressive economic growth, averaging 6.6% between 2014 and 2018. This is double the African continental rate. This is complemented by moderate inflation, improvements in agricultural productivity and increased infrastructural development.

The strong performance is forecast to continue: ECA estimates that regional economic growth will attain 6.4% in 2019. These positive results have not been limited to the economic sphere. Reflecting general improvements in standards of living, life expectancy at birth in the region has increased by 5.3 years over the past decade, with Kenya and Rwanda registering historically unprecedented gains. The resolution of the long-standing political conflict between Eritrea and Ethiopia is a remarkable development that promises to provide a substantial boost to cooperation and growth in the Horn of Africa.

Yet structural challenges remain and pose a risk to the development the regional economy. Structural transformation has been happening at a slow pace; this raises the question of sustainability and the inclusiveness of economic growth in the region – in a context of low industrialization levels, weak productive capacities and sluggish job creation.

Economic vulnerability to exogenous shocks and related instabilities is a major structural impediment to sustained growth and poverty reduction. The region must also confront climate change, refugee crises, health risks like Ebola, and food insecurity. All of these impose serious economic and social costs that threaten the attainment of national development goals, the Sustainable Development Goals of Agenda 2030 (SDGs), and the goals of Agenda 2063.

Debt sustainability is a major concern and governments have therefore been cautioned by the International Financial Institutions to manage debt levels better to continue financing development objectives. Currency depreciation also poses a challenge, although Eastern African countries have maintained accommodative monetary policies to curb inflation. Trade tensions, which have been evident in parts of the region, also threaten to stifle commerce and development: econometric analysis presented in ECA's regional report suggests that the East African Community (EAC) is trading at just half of its potential level. This calls for a focus on regional ties that are more resilient and dynamic; the implementation of the African Continental Free Trade Area (AfCFTA) is a way to reinforce such a focus, particularly because of its recognition and reliance on regional economic communities (RECs).

Eastern Africa has major prospects for continued growth in the services and manufacturing sectors, as well as in agriculture. There is also evidence of a growing capacity to attract foreign direct investment, which shows a trend towards stable business environments rather than resource-rich economies. Promisingly, countries in the region have diversified trade from traditional markets, like Europe, towards emerging markets in Asia. The export composition, however, remains concentrated in primary commodities. Collectively, therefore, Member States in Eastern Africa confront a common set of challenges. Some of them are cross-border in nature, some purely national. Those challenges require regional responses.

## II. Objectives of the Session

The main objective of this Session will be to review recent regional developments in the economic and social spheres. The Session will discuss challenges Member States have faced and discuss ways to address them for improved regional performance.

The panel session is therefore expected to achieve the following:

- Appreciation of the economic and social challenges that affect economic development,
- A discussion of potential strategies Member States can implement to address the growth risks in Eastern Africa.

## III. Format of ICISOE Meeting

The convener and contact person for this session is Andrew Mold, OIC SRO -EA. Further clarification can be requested from the convener via email: [mold@un.org](mailto:mold@un.org). This session will have a presentation by the convener, as part of the main plenary parallel sessions of the 23<sup>rd</sup> ICISOE. This will be followed by a panel discussion.

Moderator:

- **Prof. Abraham Kidane**, Senior Economic Advisor to the Government of Eritrea.

Panelists:

- **Hon. Acacia Bandubola Mbongo**, Minister of Economy, Democratic Republic of Congo
- **Hon. John Dor Majok**, Deputy Minister of Finance and Economic Planning, South Sudan
- **Vera Songwe**, Executive Secretary, Economic Commission for Africa
- **Belay Begashaw**, Director General, Sustainable Development Goals Centre for Africa (SDGC/A)
- **Kenneth Racombo**, Principal Secretary, the Blue Economy Department, Seychelles
- **Gabriel Negatu**, former Director General for Eastern Africa, African Development Bank.

## V. Participants

The panel session will be attended by representatives of Eastern Africa Member States, RECs and IGOs. In attendance will also be representatives of the private sector, international institutions, civil society organizations, media, and other relevant stakeholders.

## VI. Supporting Documents

AfDB (African Development Bank). (2019). **Africa Economic Outlook**. Available at: [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2019AEO/AEO\\_2019-EN.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2019AEO/AEO_2019-EN.pdf)

ECA. (2019). **Assessing Regional Integration in Africa**. Edition IX. Addis Ababa: Economic Commission for Africa.

ECA. (forthcoming). **Macroeconomic and Social Developments in Eastern Africa 2019**.

ECA. (forthcoming). **Social Cohesion in Eastern Africa 2019**.

UNDESA. (2019). **World Economic Situation and Prospects (WESP) report**. Available at: [https://www.un.org/development/desa/dpad/document\\_gem/global-economic-monitoring-unit/world-economic-situation-and-prospects-wesp-report/](https://www.un.org/development/desa/dpad/document_gem/global-economic-monitoring-unit/world-economic-situation-and-prospects-wesp-report/)

IMF (International Monetary Fund). (2019). **World Economic Outlook, April 2019**. Available at: <https://www.imf.org/en/Publications/WEO/Issues/2019/03/28/world-economic-outlook-april-2019> (Accessed: 17 October 2019)

Inter-Parliamentary Union and UN Women. (2019). **Women in Politics 2019 Map**. Available at: <http://www.unwomen.org/en/digital-library/publications/2019/03/women-in-politics-2019-map>.

OECD (Organisation for Economic Co-operation and Development). (2019). **Development Aid at a Glance 2019**. Available at: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/Africa-Development-Aid-at-a-Glance-2019.pdf> (Accessed: 21 October 2019)

UNCTAD (United Nations Conference on Trade and Development). (2019). Key Statistics and Trends in Regional Trade in Africa [Online]. Available at: <https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2447>