Notes on the Seminar on African Economic Outlook 2015, Held on the 8th of October 2015 at the House of the Estates of Finland

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Abstract

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Main Points

The seminar started at the planned time. Hard and soft copies of the African Economic Outlook 2015 report and report overview were provided. The introduction was given by Amadou Boly, a Research Fellow at the United Nations University – World Institute for Development Economics Research (UNU-WIDER), who expressed thanks for the participants, enumerated the points of the programme, and introduced the presenters.

Pekka Puustinen, Director General of the Department of Development Policy at the Ministry of Foreign Affairs of Finland gave an opening word introducing the African Economic Outlook 2015 (AOE 2015) report and qualifying it as a key element that echoes optimistic figures. Puustinen then postulated that the challenge remains in translating more growth into more equality, and that the constraint of this challenge remains the persisting demographic boom that the continent is and will continue to go through. He stated that in 35 years, most of the youth in the world will be located in Africa, which would in turn extend further demands on education, employment, and other. He concluded by thanking the organisers and reiterating the importance of the partnership between the Ministry of Foreign Affairs and UNU-WIDER.

The third institution in this seminar's trinity, The African Development Bank (AfDB), subsequently received its share of praise from none other than one of its Executive Directors, Heikki Tuunanen, who described the subject of the event as timely, and stated the need for Africa to fill its effective weight in the global economy. Tuunanen further emphasised the role of the AfDB as, not merely another development bank, but also a “knowledge bank”, as echoed through the institution's publications, namely the one that is being presented at the seminar, which seeks to address the general situation and its prospects within the underlying theme of inclusion and inclusive growth; a theme previously echoed in other AfDB reports. He continued to highlight the contrast between the AfDB and other institutions, qualifying it as an African bank for African countries in a world that is full of banks, and marketing it both as a loyal bank consistently offering support funds, and as a demanding bank, where the Nordic actors pursue a clear and long-term Nordic agenda that can be summarised as “inclusive green growth”. Tuunanen concluded by affirming the important role of the bank as a policy partner, since no development policy can be apolitical despite the institution's founding documents restricting any direct interference in the political sphere; and reiterated his call for Africa to assume its weight in the global market especially seeing the current hopeful figures.

The following section of the programme was started by Abebe Shimeles greeting the guests
in Finnish and expressing his excitement to be in Helsinki and to share assessments on African economic matters. The Manager of Development Research Division briefly introduced the AEO 2015 as a collaborative product of the AfDB, OECD, and UNDP that costs around 5 million USD a year to prepare, and qualified the report as an excellent support for researchers, emphasising the need to share it widely with interested partakers.

Anthony Simpasa, the AfDB's Principal Research Economist subsequently continued the introduction of the report, which covers all macroeconomic characteristics of the 54 countries, as well as their particular challenges and opportunities, using a presentation that focused on the macroeconomic prospects of the years 2015 and 2016. The slide show outlined a gloomy outlook of the current global economic situation, due partly to the exchange rate variations in China, the slow growth rates in Europe, and the interest rate changes in the United States. The presenter gave a tangible example of the global extent of these macroeconomic distortions, citing the failure of the Yuan devaluations to boost Chinese exports as a cause for lower commodity demand, and in particular copper, which represents a key export for the presenter's country, Zambia, where the government and labour unions are currently negotiating the impacts of the six-year-low prices. However, the globally slow growth did not stop regional surges, with East Africa moving up a 5.6 per cent, a growth driven by countries such as Ethiopia and Rwanda, followed by West Africa with 5 per cent. This growth remains subject to climate constraints, particularly droughts in Malawi or Zimbabwe for instance, especially considering the economic structure, where agriculture continues to account for 60% of the jobs and 25% of the continental GDP. Other sectors such as manufacturing and services continue to lag due to the poor infrastructure and the power shortages. Other short-term investment constraints are the enduring instability, conflict, and terrorism, in turn affecting the governance, and in turn causing the instability of official development assistance (ODA) flows and the increase of illicit financial outflows. Fluctuations in oil and commodity prices remain a two-sided factor depending on the countries' net oil trade balances. Simpasa concluded his part by stating that in 2014, almost a third of African countries, i.e. 17 out of 54, have achieved high and medium scores on the Human Development Index.

Abebe Shimeles continued Simpasa's and his own presentation of the AOE 2015 with an overview of the progress that the continent made as pictured through historical first page titles of economic journals and newspapers, from the fall of Africa to civil war and conflict to its current rise, and echoed that this rise will continue to remain subject to the global and continental opportunities and threats, specifically in regards to commodity prices, climate change, and demographic growth. In his highlight of the last point, Shimeles asserted that the population in Sub-
Saharan Africa will double between 2010 and 2015, and that in thirty five years the labour supply will increase by 910 million people with a parallel rise in activity ratios to 1.6 workers per dependent; this means that when the rest of the world will be ageing, Africa will still be young. This demographic growth is nonetheless asymmetric when compared to GDPs within African regions; for instance, while West Africa's growth would be around 133%, most of the GDP remains concentrated in the Northern and Southern extremities of the continent. Furthermore, the report looked into the prospects of urbanisation and the impacts of the improvement of infrastructure on reducing rural poverty, and concluded an unnecessary causality of connectivity on development, citing the example of Kenya, where cities are well connected in terms of infrastructure yet unequal vis-à-vis each region's own development; therefore active policies in this regard remain essential.

Additionally, in order to benefit form the demographic window, Shimeles enumerates possible options to achieve the creation of 29 million jobs per year until 2030, which include natural-resource-based development, public job creation, and sector-focused, e.g. agriculture, green, or service growth. He affirms however, that none of these options suffice, and that innovation is the key to benefit from untapped opportunities in the region, such as growing domestic markets and diverse ecosystems. On the other hand, cross-border projects and economic integration plans have provided positive prospects and dividends. Numerous examples include West Africa where these plans that encompass employment and mobility continue to advance quickly, despite Kenyan hegemony, as well as Slum restructuring, Special Economic Zones, Economic Corridors in Mozambique, East African energy trade, particularly from Ethiopia to Sudan and other neighbouring countries, and other Intra-African multinational projects in Madagascar, Morocco, and Tunisia. Shimeles insists that these projects provide regional stability in addition to pecuniary revenues, and that economic ties help make regional conflict harder to stir, and link the different tribal and social components that are spread across the post-colonial national borders of the African states. His conclusion thanked the participants and invited them to review the report's website, accessible on the www.africaneconomicoutlook.org domain.

With the report description section of the programme completed five minutes before the scheduled time, the following comments section ensued. Nadia Ouedraogo, a Research Fellow at UNU-WIDER commended the quality of the AOE 2015, and in particular its theme, i.e. spatial inclusion, as well as its mention of other non-economic dimensions in the economic evaluation. However, the commentator believed that the report could have been more comprehensive if its policy recommendations had been more tangible, as she estimated them to be merely outlined. Ouedraogo also stated that there are five main points that need to be further addressed in depth:
First, the Human institutional aspects, which the report outlines but does not detail; second, the population growth, where the magnitude of migration flows is overlooked; and third the social inclusion and the means of dealing with the epidemic conflict, where the report fails to provide tangible ways of addressing. Ouedraogo concluded without mentioning the remaining two points, and reiterated her gratitude and thanks to the participants.

The next commentator was Ambassador Sinikka Antila, who occupies the functions of a Senior Advisor on Trade and Development at the Ministry of Foreign Affairs of Finland. Antila stated that she started her career in the AfDB, and that her participation coincided with her recent return from Africa, where she has been an ambassador of Finland in Tanzania, and prior to that in Zambia. She described herself as a person who knows the continent well, and subsequently proceeded to displaying a slide show that, in her own words, is also used to market Africa to Finnish investors. The initial slide compared the front pages of two issues of The Economist: One from May 2000 titled “The hopeless continent” and depicting a map of Africa filled with the image of a man carrying what seems to be an RPG-7 or a similar shoulder-fired missile weapon, and the other from December 2011, titled “Africa rising” and showing a child flying an Africa-shaped kite. The dichotomy expressed by the two contrasting front pages has been equally noted by numerous articles on the web. The following slides confirmed the steady growth of the service sector, notably private services, despite distortions in resources and commodity markets. Additionally economic integration remains slow and steady despite political instability, which remains an issue to be tackled along with the low productivity, where growth sectors do not create enough jobs and the sector that employ the most, i.e. agriculture, is not competitive. Capturing the demographic dividend remains the central question, with one factor of the answer being urbanisation. If one issue only is to be singled out and treated, it would be the lack of transparency in the public sector, since it affects democratic development, cost of doing business, inequality, and poverty. Antila subsequently focused on the case of Tanzania and its trade ties with Finland, and asserted that the Foreign Ministry's policy and objectives in the country are in line with the recommendations of the AOE 2015, particularly with the development of the private sector, promoting gender equality and democracy, and pursuing sustainable growth. She concluded by emphasising the need on resolving the key issues of rapid population growth and urbanisation, as well as supporting economic integration and cross-border projects, and enabling capacity building at local government levels.

The following questions and answers section covered around ten questions of different focus that revolved around illicit financing, impacts of the Chinese economic expansion in Africa, challenges of urbanisation, balance between ODA flows and economic outflows, mining sector
constraints in Burkina Faso, and sustainable solutions in education, among other topics. The end note was delivered by Boly, and it sought to portray the role of the youth in the continent through a hopeful tone, by taking the example of his own Burkina Faso, where the youth was the force behind preventing a recent constitutional amendment attempt that would have voided the limit of presidential mandate, and where the military's youngest general was the one to control the overcome of the recent Burkinabe coup d'état.

No particular observations are to be made about the organisational aspect of the seminar; its exemplary proceeding has been the norm for similar events hosted by the UNU-WIDER and the Ministry of Foreign Affairs of Finland. However, the AOE 2015 deserves a particular mention seeing the developments that can be witnessed both in the annual publication and the dedicated website: The 397-page, and 431-page for the French version, report is certainly a rich and detailed document that provides a distinguished source for researchers interested in African affairs, and offers a clearly improving statistical database, comparatively to its early 2002 starts, that could rival other more general databases through its more refined scope. The website on the other hand, while remaining a commendable effort that has quickly evolved from its 2008 one-page start, could be improved in regards to data interactivity, database presentation and customisation, and data formatting, among other.