How to support ‘economic patriotism' to grow Africa's economies

The second International Conference on the Emergence of Africa (ICEA) was held in Abidjan, Côte d'Ivoire, in March 2017. Since the first conference in 2015 - at a time of robust economic growth on the continent - hopes for economic progress have dimmed because of a crash in the price of commodities, volatile global financial markets and a slowdown in global growth.

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Before departing New York to attend the second ICEA conference, jointly organised by the World Bank, the African Development Bank and the United Nations Development Programme (UNDP), assistant secretary-general of the UN and head of UNDP’s Regional Bureau for Africa, Abdoulaye Mar Dieye, sat down for an interview with *Africa Renewal’s* Kingsley Ighobor to talk about Africa’s economic development opportunities and challenges.

Why have you organised the International Conference on the Emergence of Africa?

Dieye: In 2015, when the first conference took place in Abidjan, Africa’s GDP was growing at around 5% since 2000. *The Economist* in 2000 had called Africa the “hopeless continent”. Ten years later it apologetically referred to Africa as the “rising continent”. Then the [economic indicators] were changing in terms of growth rate, poverty reduction and human development. I had a discussion with President Alassane Ouattara of Côte d’Ivoire, and we agreed to capitalise on the emerging new spirit and organise a conference to study the reality of the narrative. How do we consolidate and sustain that emerging trajectory? That was the rationale behind the conference.

Given current economic headwinds, triggered mainly by the crash in commodity prices, can you still say Africa is emerging?

Dieye: Yes. The analysis shows that one-third of the 5% growth was triggered by the emerging middle class and one-third by better economic and political governance. Only one-third is explained by the rise in commodity prices. The average growth rate from 2000 to 2015 was 5% in real GDP terms. Now it is between 2% and 3%. Don’t be fooled by the tyranny of the average. Some countries are still growing at more than 5%, for example Ethiopia, Rwanda, Tanzania, Côte d’Ivoire and Uganda. Some have been badly affected by the commodity prices, especially those producing oil, for example Nigeria, Gabon, Equatorial Guinea and Angola. Those are the ones whose growth rates have decelerated substantially, particularly Equatorial Guinea. Countries in conflict such as South Sudan and the Central African Republic also contributed to the continental economic growth downturn. But some countries are continuing on the path of emergence. Côte d'Ivoire is almost growing at double digits. Rwanda and Senegal are growing at more than 6%. Therefore, the narrative is still right, but you have different situations in the growth path.

How do you achieve the equilibrium when countries with varying growth rates sit to discuss common economic issues?

Dieye: They have some commonalities. Even countries like Ethiopia, Côte d'Ivoire and Senegal that have high growth rates still see areas for more investment to sustain growth.

Such as?

Dieye: Such as structural economic transformations. For instance, the cocoa value chain has an average of 15% retained in the continent, while 85% is outside the continent. You can't sustain development on that path. So how do you improve transformation of raw materials in the country before export? And you cannot do structural transformation without an increase in productivity.

> *The centre of global economic gravity is tilting slowly but surely towards Africa.*

Many conferences take place on the continent. Critics call them talk shops. How is this one different?

Dieye: In Abidjan [in 2015] we wanted to test the model that we offered: a developmental state that helps change the pattern of production and consumption but also impacts human development. We have done some calculations on elasticity. The Abidjan One - I call it the Abidjan One model - seeks to enforce a developmental state through a wider fiscal space to drive development and to rely on internal resources, instead of ODA [official development assistance]. You cannot sustain a development path if you don't consume what you produce locally, if you do not expand the value you retain internally, and if growth is not impacting human development. You need regional cooperation because our economies are extremely narrow in size. In the longer term you need to have inclusive dialogue. In Africa, whenever you have a change in leadership, there's a change in plan. These are the main messages sought to pass across to top-level policymakers in Africa, in addition to bringing experts from all over the world to share experiences on how to consolidate and sustain emergence.

Do you believe in what some experts refer to as "sophisticated protectionism", which is basically formulating policies that protect local industries?

Dieye: I don't think so. Protectionism is in the past. I believe in economic patriotism, which is completely different.

How do you ensure economic patriotism, which I presume is patronising locally produced goods and services, if the local population prefers imported items?

Dieye: The government should start economic patriotism. I am mystified that some ministries in Africa import furniture from Germany, France or the UK. We have to use our local enterprises.

Where has economic patriotism worked?

Dieye: Nigeria and Kenya have local content policies, both in the procurement of goods and in giving preference to local entrepreneurship.

How can there be enhanced levels of regional cooperation when intra-Africa trade is only about 11%?

Dieye: Some regions are doing better, like ECOWAS [the Economic Community of West African States]. SADC [the Southern African Development Community] is getting better lately. There are barriers you have to deal with, including in infrastructure. The market is booming between Ghana and Togo in West Africa, although the facilitation is not there. The people are yearning for integration but the states and governments are lagging behind. Where we have a better climate of peace and security, the people trade and cooperate with one another more than in situations where you have insecurity, like in the central African region.

Does Africa have enough domestic resources to mobilise for development? If so, which ones?

Dieye: Absolutely! Most of Africa's developing economies were funded in the past by ODA. Today even the remittances are trumping ODA. ODA in Africa is below $60 billion per year and remittances are up from $62 billion to $65 billion. We have a study by former South African President Thabo Mbeki's group [the African Union's High Level Panel on Illicit Financial Flows from Africa] that shows that the continent is losing yearly between $50 billion and $60 billion due to illicit financial flows. That is 3% of GDP lost. Now, if we enhance good governance, stronger control of corruption, we will retain that amount.

What is the impact of climate change on African economies?

Dieye: There is a huge impact. Africa is the least polluting region, but we are bearing the pollution burden. Africa deserves more resources for adaptation. I'm glad that African countries have identified their Intended Nationally Determined Contributions (INDCs). UNDP is supporting countries to implement INDCs and plans for adaptation that came out after the Paris Agreement. Most African countries are also candidates for the green climate fund.

How do you convince a government dealing with acute poverty to spend money on climate change?

Dieye: Climate change is a global public good. It means everyone has to foot the bill. And the greatest polluters have to spend more, including the US, China and others.

A lack of financial inclusion disproportionately affects African women, experts say. What's the solution?

Dieye: Our latest Africa Human Development Report shows that by not including women in the development process, Africa lost an annual average of $95 billion, peaking at $104 billion in 2014. That's 6% of GDP. The paradox is that our banks have money. We are not using it. UNDP and the AfDB are advocating for countries to invest in women to cure this syndrome of exclusion, which is also bad economics. Investments in women easily double GDP growth rates and improve the wellbeing of the society at large.

There is a sociocultural subtext, including barriers associated with patriarchy. How do you break such barriers?

Dieye: Economic policy can only work when you get the political economy right. And you're correct to say that in Africa we have some cultural norms that are barriers to women's development. In some countries, women cannot access or possess land to use as collateral for loans. So we need to work with community leaders, civil society and others to break these cultural barriers.

Is there a country where women's empowerment has led to economic development?

Dieye: Seychelles, Rwanda and Senegal are some examples. In these countries you see improving economic development.

How is UNDP supporting Africa's development?

Dieye: Africa is the heart of opportunity and home to about 60% of our investments [UNDP invests about $5 billion a year in Africa] and my greatest pride is that when we were preparing for Agenda 2030, [the UN's development framework], UNDP supported the African Union Commission in formulating the African Common Position. Africa's Agenda 2063 [the AU's regional development blueprint] is 90% in congruence with the Agenda 2030. I would recognise a modest credit to UNDP for supporting the African Common Position.

What's your vision for the African economy?

Dieye: The centre of global economic gravity is tilting slowly but surely towards Africa. Countries like China, India and Turkey and others sense that Africa is the future of the world, where you can get the highest returns on investment. I bet that if we manage to deal with insecurity in the Sahel, in the Great Lakes, in the Horn of Africa, Africa will be the new El Dorado.

Source: Africa Renewal.