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P R O C E E D I N G S

MR. SY: Okay. Good morning, everybody, and thanks for coming to Brookings. My name is Amadou Sy, and I'm with the Africa Growth Initiative. It's a pleasure today to host the African Development Bank for the D.C. launch of the African Economic Outlook 2016. This has been a tradition of the Africa Growth Initiative for a while. We had a short gap, so we are very happy that we are starting again to have these launches here in D.C.

And very, very interestingly for us, this report has a chapter on urbanization which for us, and of course for the African Development Bank is a priority for the continent. As you know, Africa is the fastest urbanizing continent, and this raises a number of challenges, and we really need to get it right. So it's a pleasure for me to host Mr. Abebe Shimeles, who is currently the acting director of the development research department at the African Development Bank, and previously, Abebe -- Adebe (sic) (Laughter) - sorry, worked for the World Bank UNECA and taught at the Addis Ababa University, and I think is also a co-author of our fellow, Dr. Siba here. I'm not mistaken. Right? (Laughter) All right.

Joining the panel, we also have Dr. Eyerusalem Siba, who is a research fellow with the Africa Growth Initiative in the Global Economy and Development program. And Dr. Siba was formerly a post-doctoral research fellow at the University of Goteborg in Sweden, so she speaks Swedish and Amharic and English, so we're very happy about that, and her research focuses on private sector development trade, industrial development infrastructure gender, entrepreneurship and tenure security in Africa.

We have Mr. Anthony Simpasa from the African Development Bank who is the chief research economist and currently serves as manager of the networking and research partnerships development in the development research department at the African Development Bank. And Anthony provides technical leadership and flagship research on development policy issues.

We have also -- unfortunately, Dr. John Page could not make it because of a medical situation, but we are very happy that we have with us Mr. Amar Bhattacharya, who is a senior fellow here at Brookings, and who doesn't need any introduction. But previously, he was also the secretary of the G24 here in Washington, and before that, assumed very high positions at the World Bank.

So, I will just now invite our friends from the African Development Bank for short presentations, and then we'll have a panel, and then we can't wait to hear from your questions. Thank you very much.

MR. SHIMELES: Hello, good morning. I just want to say how happy we are to be here at the Brookings Institute to share with you some of the thoughts about the African economic outlook, a flash disk publication that's jointly produced by ourselves and the bank, the United Nations Development Program, as well as the OECD Development Center in Paris. This is a very important report for us, and it comes annually, normally launched at the annual meetings of the African Development Bank in May. Subsequently, we follow up with the regular dissemination events like this one.

A very quick overview of the key messages that we have in the report are basically -- and you will be hearing a lot about this, that with the low commodity (Inaudible) environment, there are now questions about the Africa rising narrative, and where they still hold currently. But also, we have seen that even with this environment, growth in Africa remains relatively higher than the global average, and also, higher than that in Europe. And we hope that the next year and the year after, there will be improvements in growth; there will be some recovery in growth, essentially premised on the potential recovery in commodity prices, but also, as the current measures governments are taking, take hold.

Undoubtedly, Africa's growth still does remain resilient, and this is mainly because of our continued struggle with domestic consumption, but also, some macro-economic environments in a number of countries, but more importantly, especially for the high growth countries, public infrastructure development.

So, although the past couple of weeks you have probably have heard some of the stories coming out of Africa, that Nigeria is in a recession now, South Africa is barely growing. And so all -- and the economic development relatively very depressed. So we have had to revise our growth figures based on some of these developments; also, (Inaudible) the global environment.

At the time the report was being produced, growth for 2016 was projected to be at 3.7 percent, with a possible acceleration to 4.5 percent next year. We have since revised those numbers downwards, as we can see based on the information that is reaching us on the assumptions that we have currently made. And also, some of the political situations obtaining (sic) in a number of African countries. But that (Inaudible) standing, we still hope that there will be some recovery in the coming years.

Essentially, we see that the low growth will basically emanate from West Africa, basically because of the Nigeria effect, but also in Southern Africa, the South African effect. East Africa will remain basically the fastest growing economic region in Africa, precisely because of Ethiopia and Rwanda, as well as Tanzania, even with some of the prior challenges that are going on in Tanzania, and so on.

And we have seen that there is basically -- the (Inaudible) if you like in terms of the inflation or the outcomes, we have seen an acceleration in the inflationary pressures in a number of countries, but particularly -- and this is a mixture really; both commodity exporting countries as well as the non-commodity dependent countries. We see that in Angola, Zambia, Malawi, Ghana and Nigeria, inflationary pressures are accelerated over the past couple of months.

We also observed a very strong dichotomy between oil exporting countries and oil importing countries in terms of the growth effects of the low commodity price environment. Like I said, especially in Nigeria, but also political paralysis in Libya and South Sudan. But we hope that the current measures may help sort out some of these problems. But also, more importantly, we need a strong domestic policy buffers in order to protect our growth in the medium to long-term.

As I said, the current account balance, as well as the fiscal balance emanating from the shrinkage in revenues, particularly for commodity dependent economies have been widening over the distant past. We do hope some slight improvement in the medium to -- in the medium term, as some of the measures that are being undertaken take root.

Very quickly, and this is a summary, really, is that economic growth in Africa does not necessarily depend on the commodity exporting countries. Much of the growth that we have seen over the past couple of years has emanated largely from non-commodity dependent countries, and we see that continuity implementation of some macro-economic policies has been critical to sustaining this growth.

But we still need to strengthen the resilience of Africa's growth in order to achieve the (Inaudible) in the coming years. And the bank is taking a leadership along those lines in order to ensure that these countries do sustain their growth through increased infrastructure development we will see in the next couple of ...

The main theme for this report was looking at the sustainable cities, and how this can drive structural transformation. And it's a theme that views our point past the -- themes over the past couple of years. And we see, as you also heard in the introduction, that Africa has been urbanizing quite rapidly, and it would seem that there has been a boom, really, in both rural and the urban population over the past couple of years. And in about 40 years or 50 years from now, we will see a doubling of populations.

But one thing that we also noticed is that urbanization alone is not sufficient to reduce poverty. There has to be an accompanying set of measures and the structural transformation that needs to take place in order to be able to achieve convergence in incomes between different regions. Important also, we note that urbanization alone cannot bring about industrial transformation on its own. As you can that despite Africa's growing urbanization, the share of manufacturing is very (Inaudible) to GDP has been very, very low compared to other regions of the world.

So what do we see? Basically, we see that structural transformation is an outcome of improved urbanization, but also, there are three aspects to that. One is (Inaudible), its demographic and it's partial, as well as the necessary measures that are required to ensure that the three aspects all come together to realize Africa's potential.

We see from this map that -- the six diversifiers you could see, actually -- that's up there in North Africa, mainly, as well as in Southern Africa and (Inaudible) in the islands of the India Ocean where we have seen that economic diversification is higher, productivity is higher, as well as the declining fertility rates in those regions. They may not (Inaudible) so much with this, but one thing that we can see is that we need -- that for the transition, we need spatial as well as economic and also, we see that all these combination of factors that are required to ensure that urbanization does lead to transformation of the African economy.

How important, then, can urbanization be to drive transformation? We note that in particular, smaller cities will be critical in the coming years because of the accommodation effects, as well as the transformation of different activities, particularly forecasting on agriculture transformation and urban growth.

And also, just to summarize, we have tried to link this report to the bank's five (Inaudible) areas, and we see that urbanization and well thought out urban growth can lead to significant regional integration, which is critical for sustaining Africa's growth over the coming years. But also, cities can be important hubs for enabling Africa's productivity, as well as the industrial base, because one, they can serve as a source of capital as well as a pool of labor and other important drivers of growth.

And also, we realize that the cities could also be used to improve the energy as well as the power sector in African countries. So in summary, we need a strong and very well thought out urban strategy which focuses on national transfers, improving local revenues as well as the pooling of resources from the private sector in order to enhance public/private partnerships and show a green infrastructure, as well as emphasizing green funds to be able to produce the required industrialization that is needed in Africa's urban growth.

So this is a very summarized presentation. Much of what we have here is contained in the report that you have received in the flash disk. Thank you very much. (Applause)

(Break in recording)

MR. SIMPASA: Good morning, ladies and gentlemen. I hope the second presentation will come up here. So while we -- is it here?

SPEAKER: Yeah.

(Break in recording)

MR. SIMPASA: Okay, so we are really loading you with a lot of material. We apologize for that. But then, we want to take advantage of our being here so that you know more about the African Development Bank, but also, the work we do, and also, some new information that you may process to understand what's happening in one of the largest continents in the world, Africa. It fits I don't know how many continents into one space.

We were just talking this morning over coffee. If you look geographically at what Africa looks like, it can fit North America and then China and maybe India, and then you can even include Western Europe. It's quite a big continent, geographically speaking. But as we also know, it's one of the continents with a large, you can say, growing population, but also, human suffering and low developments, et cetera, which are not news to you.

What we have done in this report is basically to reflect on how Africa has done in the past 15 years. Most of recognize the MDGs, the Millennium Development Goals which were launched in New York in 2000. And then we've been monitoring that progress, and last year, I think exactly at the same time, the UN assembly approved the sustainable development goals, which essentially is to end extreme poverty from the globe.

So we wanted to see if Africa could be in that category where 15 years from now, we will not see anyone under the condition of extreme poverty. So this report basically touched into the five details of the link between economic growth and income inequality and poverty. So I encourage you, really, to read it, because also, we have tried to do justice by drawing from expertise in the field; global experts from Columbia, for instance, (Inaudible portion) contributed to this, Danny Roderick from Princeton, and some colleagues from Cornell, et cetera, and also, African scorers who have done extensive work in this area. So, it draws a lot from the state of thinking that we have.

So, what I'll now try to do is, since I have 10 minutes, probably I have already taken two of them, is just show you from my perspective, what exactly we are saying in this report that you don't know and can help us digest what is happening in Africa. One thing, probably, you have heard so many times, again and again in the media is that Africa is rising.

I mean, this is the performance Africa has shown in the last decade and a half. Some of you around my age might recall Africa as a lost continent; the scar of the world in its conscience, and Africa falling off the map. So if you follow the economists, you can see the trends. And then suddenly, Africa rising, the alliance on the move. And now, people are also questioning, is this a blip? You know? Are we now going back to the same tragedy, and then the stigma about Africa not being a hopeful continent, an Africa that is unraveling, and an Africa that is -- really needs again, another ballot from the international community.

We argue this. Actually, it's not the case. But there are significant issues that need attention for the policymakers. One we have seen is the Africa rising narrative is not affected. It is still happening in many places in Africa. Per capita GDP, for instance, has increased 25 percent in the last 10 years and a half, on the average. About 18 countries have increased their per capita GDP 50 percent. About five countries more than doubled their GDP during this rapid growth.

Yes, we agree the commodity crisis has a role to play, but also, there are a lot of other things that we account for this good growth. However, has the pool benefited from this? That question begs some answers. So in this report, we present different types of evidence to show that one, poverty has not declined as much as it should have, given the range of growth that has happened; given the resources and investments that have gone into the continent during this period.

And then, we question why this is not happening. The answer is, it may be surprise you, Africa is a most unequal continent, second to -- next to Latin America. And that is shocking for many people, because economies know that different (Inaudible). It's not that diversified. Everybody is almost a farmer, and everyone -- you know, there is around maybe 1 percent, 2 percent of the population in other sectors. So, why would we see so much persistent and high inequality in Africa?

So in this report, you will find the answers to that, and I will just go into a few slides to show you trends in poverty. This is a graph reconstructed from the official data that we have on individual countries for poverty and compared with the rest of the world. As you can see, maybe it's not very visible; what you see is Africa had the lowest -- I mean, poverty compared to the three developing regions.

South Asia, East Asia and Africa started out at a different level. Actually, Africa had the lowest poverty in the 1980s. And then we ended, actually, topping these three. That means almost flat; no change in poverty levels, while East Asia has a green line. For instance, you can see East Asia includes all of those countries who have been growing rapidly.

And there is a legitimate reason to question what's wrong with Africa. So here, we tried to slice and dice the reasons. So, I don't want to (Inaudible) into that. One reason, as I've indicated, is high inequality in Africa. This graph, global inequality picture shows that you can see the deep red, light red and whatever shades you, inequality is high in African -- most African countries where there is information.

And then when you study actually inequality in Africa, you find quite interesting patterns that you couldn't find in other places. One is, inequality seems to be actually driving basic social indicators, like health burdens, for instance, (Inaudible) and mortality, tuberculosis incidents, child mortality. They have nothing to do with development in Africa.

Fast growing countries, rich countries still have a big (Inaudible) burden, and when you correlate it with inequality, you immediately find very strong correlations, no correlation with per capita GDP. That's a bit surprising and also worrying. What is happening in the continent? Partly because of government responsibilities and delivering basic services to remote areas. So, if you are in Gabon, for instance, one of the richest places, $10,000 per capita, but it's still that this burden is no better than any other poor country; maybe Ethiopia, et cetera. So these contrasts give us another clue.

The other is the gender inequalities that most people talk about go beyond simply the social dimension. In this study, what we have tried to document is actually violence against women; not just only a question of justice, but a question of fairness, et cetera. It has economic consequences.

What we have found here is that Africa has one of the highest violence rates against women. If you read this report, you get very much shocked at the household level, how women responded to such questions as physical violence, sexual violence, abuse, et cetera. And what we found was actually a strong correlation between violence and weight of a child at birth. So women who generally face severe violence, close to 40 percent of them, give birth to children with a weight that has long-term consequences in terms of mental development, earnings -- you know, all of those things that require for a mature and fully well-developed human being. we are saying stopping domestic violence could be one of our social (Inaudible) in eliminating extreme poverty.

So finally, I will just skip to maybe the main interesting result that for this discussion can help us. There is a lot of talk about eliminating extreme poverty from the globe. I think next week, the World Bank will result its poverty status reports for the developing region, and my suspicion is that they will say, at least in the next 15 years, poverty will be in the frontiers in Africa. It will be eliminated in many other parts of the world.

So the question we have asked in this report is what does it take to eliminate extreme poverty in Africa? Growth is not enough. Even if you put 8 percent per capita GDP, still, we will have about 12 percent at the end of 2030, people living in extreme poverty. Eight percent per capita GDP is the fastest any African country can grow, given all of the conditions.

But then, if you include a lot of other factors on inclusion, the amount of resources African countries need to eliminate extreme poverty is not actually significant. In this report, the average additional resource an African country needs to eliminate extreme poverty every year is less than 3 percent of GDP. So we have been challenging the thinking that Social Security -- is Africa too poor to institute Social Security for its people?

I think the answer is no. Africa is rich enough from this, at least, analysis, to provide Social Security for people whose earnings are for instance, less than subsistence; for people who face shocks during (Inaudible portion), et cetera to provide the necessary assistance through distribution policies. If that can take effect, then the challenge of eliminating extreme poverty can be met.

A very good example we mentioned in this report is Rwanda, for instance. I don't know how or if you know, Rwanda has an instituted health insurance for all of its citizens. At this point in time, as we speak, more than 90 percent of Rwandan citizen have health insurance. This is absolutely unbelievable, and a lot of people questioned whether this simple statistics -- that means people just get some paper to say they have health insurance, but it never led to access to healthcare and you know, betterment of the health outcomes.

We have done a very extensive study of that, and what we have found is extremely encouraging. People with health insurance benefited significantly from this system. So, Rwanda is too poor, as all of you know, but now, its citizens have access to basic services. So no woman dies of childbirth, for instance, in Rwanda at this point for lack of medical services. They make sure they reach out, et cetera.

So you know, there are so many other examples. Ethiopia has instituted a Social Security program that is working also, well. Now, can these experiments be taken to other richer, wealthier African countries? Definitely. So, I will conclude by saying the African Development Bank then believes, at least in five areas of intervention to eliminating extreme poverty in Africa.

One is the population has to feed itself, because the basic of extreme poverty is hunger, malnutrition, et cetera. So we have what we called the Feed Africa program. And then, without structural transformation, this growth that we are seeing will not be sustained. So we have what we call Industrialize Africa. As we said, also, Africa is too big, and then we have to trade among ourselves. We have to communicate among ourselves. The lever has to move within Africa.

If you look at the migration data, actually, Africans do not come here. Most Africans migrate within each other. The migration rate in Africa -- 70 percent of it is within the continent. A slightly higher migration rate is in North Africa. Sub-Saharan Africa, you know, you do the data. You see a lot of movement. But that migration rate has not really managed very well.

Investments. If you look at investments these days, cross country investments, really integration, et cetera, is evolving. So the bank has what we call Integrate Africa. And then, with this, of course, the main is energy. So the bank has we call Power Africa. So there is a new thinking in the bank. Everybody calls its name the High Fives of eliminating extreme poverty. So with this, I relieve you going through all the charts. And then, thank you. I hope I have not taken your time. Thanks. (Applause)

(Audio drop out)

(Discussion off the record)

MR. SY: Thank you for what I think are very informative presentations, and that gives you really, in 20 minutes, an excellent overview of a lot of the trans-developments, but also, policy recommendations and policy debate that is happening now when it comes to the continent. So what I would like to do now is just to give each panelist a few minutes to get their reaction, and I will start with Eyerusalem.

MS. SIBA: Okay. I'm glad to have this opportunity to speak on this panel, particularly, because Abebe - Dr. Abebe Shimeles has been my mentor, and we have been colleagues back in Sweden and in Ethiopia, as well. I also would like to appreciate the work that the bank is doing, especially in supporting research which is relevant to African development.

I personally have been (Inaudible) from their funding on the work on structural transformation of African agriculture. Now that they have come up with a report on urbanization, which is an area of great interest to us here AGI, so we are very thankful to have this opportunity. So, I would like to focus on the first presentation, which is on how to manage African urbanization and to turn it into a production city and an engine of growth in Africa.

So I think urbanization is an inevitable process. Whether we manage this or not, it's going to happen, and it's happened. So the report has indicated that the urban population in Africa is going to develop within 15 years from 2015. So there is a need for managing urbanization. And I would like to focus on the role of governance in managing urbanization.

It seems that leaders have to do a lot in managing urbanization, starting from job creation for Africa's youth population and those migrating from the rural areas, and to develop also intermediate cities and to create linkage between their role in urban areas.

So governments also have to empower local governments; give away their -- influencing their power from the center, from the primary, from the capitol city to local governments. They have to transfer resources as well as empower local governments, which is not very easy for (Inaudible) a government or a leader interested in keeping power for a long time. So they also have to find adequate finances to invest on infrastructure.

And finally, there is a need to clarify land and property rights to better manage urbanization. Without it, there will be an expansion of city areas with informal settlements. So unless we have a clear definition of boundaries and a clear definition of planned rights, it's inevitable that -- so that a transfer of urbanization is going to be out of control, and the change of African governments having a formal land in the housing market would be challenged because of that.

It seems that the task for any typical resource constraint leader seems to be very daunting in terms of addressing not only job creation and all the things that these typical developing country leaders should do, but the good news is first, there is a high return for managing urbanization. According to a World Bank report, about 75 percent of the world's largest cities have a higher economic growth rate than their national average. So, there is a return for managing urbanization.

And the good news is that there are synergies between different goals. So if we look at sustainable development goals -- so one and two, they focus on food security and eliminating extreme poverty, which my fellow, Dr. Shimeles, has touched upon. If we look at goal nine, which is building infrastructure and sustainable industrialization in Africa, it comes into this picture. And goal 11 is coming up with sustainable cities.

So with a coordinated effort, we can reach at least four of these goals in just trying to manage urbanization successfully. So really, the returns are high, and also, if we coordinate between different actors, I think we can reach many goals in the same time.

So job creation, really, is one key success area in terms of managing the urban population. So if you look at the data, the key player in job creation is the private sector, so that governments need to, first, listen to the needs of the private sector when it comes to their business challenge, as well as partner with the private sector in terms of coming up with innovative solutions to finance infrastructure, for example, and also, to create jobs within the urban and also intermediary cities.

Most of all, I would like to mention the human capital investment and the role it plays in demographic transition, fertility transition, and as well as addressing the rights and the needs of women. So without demographic -- no country, no advanced country has made it without fertility transition. So we need to think of ways to invest in the skills of not just the use in general, but also women and girls and to invest in their skills, as well as to provide them with the job opportunities so that they have -- so that we manage fertility rates, as well.

Finally, I would like to think of the political economy of achieving urbanization for leaders. It’s not really easy for a centralized government to give away power, and also, to change many things without losing the political economic influence of leaders. So I invite the panelists to discuss on how to address this. Thank you.

MR. SY: Thank you. So I think that’s a very interesting point. You look at the former governor -- sorry, the former mayor of Jakarta is now the president of Indonesia, and if I’m not mistaken, the former mayor of Buenos Aires is the president of Argentina. Correct me if I’m wrong. The former mayor of Bangui in the Central African

Republic was until recently, the president of the Central African Republican.

So, I can see many presidents and many governments being very nervous. But at the same time, we have this challenge where we have a young population, and we have fast urbanization, and we need to create jobs. And cities can be really, an engine for jobs. So I think these policymakers should also look at the trade-offs, especially when small cities, intimidated cities as was said before, can also play a big role.

So maybe they can keep the capitol and have the smaller cities to the opposition. (Laughter) Just a thought. But I will have Amar tell us about his thoughts. Thanks.

MR. BHATTACHARYA: Thank you, Amadou. It's a pleasure to be on this panel, to actually listen to, and I look forward to actually reading the full -- I've been reading the African Economic Outlook from the first year that it was started, and I look forward to reading this one, too.

So, I'm going to make my intervention on three points building on the presentations. The first is, you know, what does the new global development agenda imply for Africa, and particularly, built around the sustainable development goals? Second, I want to elaborate a little bit on sustainable infrastructure and cities, and particularly, I've been doing a lot of work on sustainable infrastructure.

And third, you know, since this is a presentation of the African Development Bank, I would like to talk about the critical role that multi-lateral development finance institutions have to play, and indeed, the role that the African development is already playing on this agenda.

So on the SDGs, you know, the best way to -- on the 2015 development agenda, the best way to put it is that global leaders have raised ambitions very significantly, compared to the MDG agenda at a time when the global economy is headed south. So it's much more difficult in some sense, to achieve those ambitions, and nowhere is it more important, and perhaps, nowhere will it be more difficult than to do it in Africa.

Hence, it's very important to understand how does this agenda translate in a very practical way into what Africa needs to do. And in a way, the report makes a very important contribution to that. So let me elaborate a little bit on a few areas that I think are going to be particularly important.

And it's very clear that while growth is important, as Mr. Shimeles pointed out, it is not sufficient. And there is a need not to just provide social insurance, but to step up significantly as panelists have pointed out, investments in education, help and social well-being. The ambitions on the SDG agenda are much greater -- it's not just about you know, very basic levels of education, very basic levels of health. It's actually about, you know, human capital. It's about protecting the lives of mothers, but also, of the children, so that by the time every child is an adult, they actually can be a productive human being.

So the challenge for Africa is very important, and the expenditures that will be needed for education, for health and for social well-being are very significant macro-economically. So how will Africa provide for that, and what's the role of external support in that agenda?

Second, you know, we of course, believe very much in industrial transformation, but Africa's future also depends on resilient agriculture. Climate change will have a major impact on the agricultural sector, and the agricultural sector still provides a very, very strong potential for employment, for job creation and for income growth in Africa. And in some sense, positioning African agriculture -- you know, if you look at the gap in productivity between African agriculture and say, best practice in Latin America and China, it tells you a tremendous opportunity that lies from productivity growth and employment growth.

Third, yes, you know, we need industrialization, because we have to create jobs. But you know, there are two types of industrialization that we have to think about. One is you know, in a way, China is already a major investor in the African continent. There's quite a lot of job -- I mean, industrial activity relocation. But you have to remember that manufacturing is a declining proposition in the world, everywhere.

So you can't sort of expect that it will be, in some sense, the sole source of growth and job creation. In a way, Africa will have to move, like many other economies, much more rapidly into services, also for growth. And therefore, the central importance of a strong private sector development environment, both for businesses, but also for finance.

The fourth area is the one that I want to emphasize and I will come back to, which is the critical importance of sustainable infrastructure. And I'll come back to that in just a second. But let me also emphasize two other areas that are very, very important. One, which Ms. Siba emphasize, and that's the importance of public sector capacity and good governance. We cannot emphasize that enough in the kind of underpinning the transformation.

You know, if you look at, for example, what the World Bank is doing in Africa, roughly about 20 percent of its lending perspective is for public sector capacity and governance. So, it's an extremely important area of attention. And finally, a continuing challenge is fragility and coping with shocks.

We cannot forget just how many countries are caught in a vicious cycle of conflict, of fragility and spillovers to other countries. So invest -- you know, having better mechanisms to be able to deal with shocks, not just economic shocks, but political shocks and spillovers and underlying and longstanding fragility is a big challenge.

So I think Africa does -- you know, in each of these areas, I don't want to give the impression that things are not happening. There is a lot happening as the report makes clear. But you know, getting the foundations of growth, making it more inclusive and dealing with the social upliftment is the challenge that Africa faces.

Second: Sustainable infrastructure. Sustainable infrastructure. Why is it getting so much attention? You know, the only thing the two presidential candidates yesterday could agree on is the importance of infrastructure. (Laughter) Okay? Sorry, I shouldn't say that, but you know, even in a highly charged political debate in this country -- I met with the minister of infrastructure of Canada a few weeks ago -- the same kind of recognition of the importance of infrastructure.

But where is infrastructure absolutely needed most? It's in Africa. Why? Because the deficits are the largest, and because it is the most important potential engine, not only to drive growth, but the delivery of these other SDGs that I mentioned. You cannot have education if you don't have roles. You cannot have women's empowerment if you don't deliver health clinics.

So it's very important to invest in that infrastructure. And there are four areas of infrastructure that are linked and absolutely critical for Africa's transformation. The first, which the African Development Bank has stressed is energy. You know, the use of energy in Africa is 1/10th of that of other continents, and it is directly linked to the present stage of development.

Second big transformation is urbanization. So in the world at large, you know, we today have seven billion people on this planet, roughly 50 percent urbanized. In 2050, nine billion people on the planet, 70 percent urbanized. It's really a once in a history moment. I often say that in the next 20 years, we will see the kind of build that we saw in the entire 20th century. Okay? It's a huge transformation that's going to take place and therein lies the opportunity to get it right.

In the United States, the loss from urban sprawl amounts to in excess of a trillion dollars a year. Okay? We look at China, one of the best kind of, let's say developmental models. But China has also paid a huge price in terms of its developmental model. I just came back from Beijing, and probably you know, about the best transport systems in Asia.

But you know, Beijing is building its eighth ring road. You know what? We know what one beltway is. Now, imagine having eight beltways like that in concentric circles. The footprint of Beijing is just too large. Africa has an opportunity to actually do urbanization and leapfrog learning from the mistakes of other countries. So, tremendous opportunity for Africa to get it right.

Although there are these opportunities, there are four reasons that in a work that we have done and which the Global Commission on New Climate Economy will publicize during these annual meetings, that hold back the quantity and quality of infrastructure. The first is the prices are just wrong. Fossil fuel subsidies distort choices in infrastructure. There is no carbon pricing of any significance, and certainly not in Africa.

So one of the issues -- you know, we might say that Africa is not contributing to the carbon out there today. But that's not the issue. The issue is how do you make investments that are going to last for decades and make it right? So if the prices are so distorted, of course you will choose the wrong technology. And I'm particularly concerned about fossil fuel dependence and potentially, coal. So it's extremely important to get that right.

Second, one good aspect is prices may be distorted, but most decisions in the infrastructure space are made by governments. So, even if prices are distorted, governments can actually make the kinds of corrections in their investment strategies in order to ensure that the investment is sustainable. In the OECD now, there is systematic use of green procurement principles. There is use of shadow pricing by the World Bank, for example. You know, so there is lots that you can do to make sure that those investments are done right.

But there are some fundamental problems in the chain of infrastructure decision making. In this city, Washington, D.C., it has taken us 10 years to build the silver line, which is one line going from this city to Dulles Airport. Okay? In China, they are building 365 systems at the same time. There are massive difficulties, particularly in democratic societies around infrastructure decision making. And we are learning lessons.

We want to make sure that these decisions are not based on short-term political, you know, interests of a government while we are making 30, 40 years. So the issues of governance in infrastructure are extremely complicated. You know, if you look around the world and you say which country has good infrastructure plans in place, where you can give directions for the next 20, 30, 40 years, and the answer is virtually none; no advanced countries, no emerging markets countries, no developing countries.

China has some kinds of plans, but not all of those plans are necessarily sustainable. So we have big work to be done. Despite all of these opportunities, their lack of project pipelines, you know, and particularly in Africa. I mean, there are good opportunities, but translating that into concrete project proposals is something that’s very important. You need public/private partnerships, but you need clear frameworks so that the public interest is protected and the private sector can proceed with a certain degree of (Inaudible). And yes, you need much better arrangements for financing.

And I want to spend a little bit of time on that, because it’s my segue into the development bank issue. So, we live in a world where interest rates have never been lower. You know, today interest rates are virtually close to zero. But financing infrastructure in the developing world means paying 10, 15, 20 percent. So we have a paradox.

We have extremely low interest rates, large pools of savings, but we are not able to utilize that for the huge needs for infrastructure, and nowhere is that problem greater than it is in Sub-Saharan Africa. What does this problem of finance mean? It means that when we turn out a power project in Africa, often, the cost of that delivered power cannot be afforded by the citizens for whom it is intended. You know? So it’s a paradox.

So we really need to address that, and the best way to address it in this chain that I mentioned from you know, the demand side constraints to the provision of adequate and affordable financing, you know, tailored to the complexities of an infrastructure project are the multi-lateral development banks, not just by providing their own finance, but by crowding in the finance of others.

The African Development Bank is a pioneer in this. The Africa 50 Initiative, for example, you know, the whole energy transformation drive that the African Development Bank is playing. But I want to be very clear. If you look at the numbers of the African Development Bank, it's going to be hugely constrained in what it does without some major capital infusions that it will need.

As an independent scholar, I can say that (Laughter) very loud and clear, but that implies -- and this is my last point -- this is not just an issue for the multi-lateral development banks. It's an issue for the shareholders of these banks. So let me end with that. Thank you.

MR. SY: Thank you. I'm tempted to applaud (Laughter). (Applause) Incidentally, I was in another meeting yesterday to talk about Beyond AGOA with the U.S. trade representative, Froman, and it was mentioned that -- you know, I think last week, we had the second U.S.-Africa business leaders' forums. President Obama hosted African leaders as well as U.S. and African CEOs.

And when it was asked the following question, what was the biggest impediment to doing business in Africa, the response, 76 percent of the audience -- and I remind you, these are U.S. and African CEOs, responded that it was infrastructure. But what I think is important is that we also think about infrastructure in a very, very broad sense, including urban infrastructure.

And the cost of not getting it right is very high, because if you get it wrong, you end with up slums -- of what Eyerusalem called very politely -- how did you call it again? Informal settlements (Laughter). But you end with slums with all sorts of issues again and with lots of challenges, taking us away from meeting these sustainable development goals.

So before I open the floor, I would just give a chance to Dr. Shimeles and Tony to maybe have some reactions. If not, I'll just open the floor to questions from the audience.

(Break in recording)

MR. SHIMELES: Thanks, Amadou. I think we got very interesting and useful points from our discussions. Just probably to highlight, particularly Amar's point, but a few points. One is the challenge of what type of energy to use in Africa in the (Inaudible). You have raised -- yes, the fossil oil is a disaster for everyone. However, when you talk to people in Africa, they are a bit hesitant.

You have enormous fossil fuel, and then the world is telling you, look, we have this problem of global warming; and do you think you can switch away from this very tempting resource that you have towards the evolving and newly developing energy sources? For some countries in Africa, it's very natural to use clean energy. Like Ethiopia, for instance, because we have a lot of regions. So for a very long time -- and winds; strong winds, even in some other parts.

But then there are also countries who are very rich with natural gas, et cetera. Now the political economy of making these choices, how do you make a very gentle, and also, a transition from fossil fuel to clean energy in an environment of pressure to be democratic? Which means also, you have to deliver within the term limits of your government.

So, some African -- I mean, take Nigeria, for instance. Now, the president is besieged to deliver things. Now you tell him about clean energy, I don't think he has the patience to listen to you, because people are waiting. So this is where the bank is trying to engage African leaders, and also, counterparts to see what kind of equilibrium we can get without neglecting the global warming issue, but also, without wasting the resources that are there to make the transition into a good development. So this, I want to highlight the dilemma. It's not that Africans are not aware of what's going on in the world. It's simply, also, these difficult choices for some countries.

On sustainable financing, I think Amar made a very good point. Given the huge infrastructure deficit, we estimate Africa needs a minimum of $90 billion a year to catch up with the kind of infrastructure that it needs for its level of development. And oftentimes, these resources are considered to be expensive to get them from the global financial market.

And institutions like the African Development Bank, I mean, we cover less than 5 percent of the financing needs of African countries, if you look at the data. But there is another dimension that not many people talk about. There are a lot of illicit fines coming out of Africa -- about a hundred billion a year, because of several reasons, including, of course, the collusion between people here and (Inaudible portion).

So finance is not necessarily a constraint. If you really closely look into African books, people have -- the continent has money. But it's been leaking. Just partly, it's not also stealing. It's also weak financial infrastructure. If you are a businessman in Africa, it's very challenge to use your resources.

It's much better if you check it elsewhere, whereas the financial infrastructure allows you to be flexible, et cetera. The taxing system (Inaudible). I can give you various examples of changing invoices, legitimate ones. (Inaudible) in Ethiopia are very interesting cases. If you are an importer in Ethiopia, for example, you are only allowed to import from foreign exchanges given by the Central Bank. Even me, as a citizen, I cannot carry (Inaudible) for myself by bank from accounts I have somewhere else. It's as serious as that.

Now then, you have to find some importer who can get money from the Central Bank to import anything from furniture to other things. The first thing the bank will look at is how much it costs. So the importer will under price it, so that they get the money. By the time they import it, the revenue authorities, when it comes to them, well, by the way, you are under-invoicing. Some of them even go to prison for legitimate reasons. Say for instance, if you are a foreign exchange constrained country, why do you have this route? You have to relax it in such a way that importers, citizens, can bring in whatever they want into the country, legitimately, so long as it's their money.

Other examples on sustainable finance that are raised are sovereign ratings. Say for instance, the Standard & Poor rates in African countries is B. The maximum they will give it is B, even though those countries are good for the money that they can borrow. So that brings into more than junk bonds -- 9 percent, 6 percent, 7 percent. You cannot finance infrastructure with 9 percent borrowing, because you will never pay it back, or it will not have enough returns.

Having said this, I think, let's give the audience more time. But Anthony, if you --

MR. SIMPASA: Sure. But I just would like to hear from Amar about this important issue of the transition. You know, some African countries are just like prisons of their geology. I mean, if you go to the southern cone of the continent, it's full of coal. Right? South Africa. Same thing in India, by the way. So, I would just ask Amar if you could just comment quickly on this issue of transition and renewable energy?

MR. BHATTACHARYA: Yeah, so you're absolutely right. You know, energy sources are not uniformly distributed. As a continent, Africa is extremely rich in renewables. So if you look at the renewable potential of Africa, and you look at you know, electricity demand, you know, particularly when you're taking in some of the other big projects, potentially, and you look at plentiful sun in many parts of -- and wind, you know, you actually could run a system.

You know, one of the problems with many systems of renewables is the sun shines during the day. It doesn't shine at night, and you need storage capacity. But if you have different kinds of renewables, you run the water at night and you use solar and wind when it's there, you can deal with the intermittency issue.

So, Africa as a continent has great capacity to actually build up smart grids and better connected grids as a continent. But that's different from the political economy of what individual countries face. Yes, South Africa is very, very, you know, well-endowed in coal. And in a short-term sense, you would say, well, putting in a coal plant seems cheaper.

But if you look at the economics of it a little bit more carefully, it's not that simple. An ultra-critical or super-critical so-called clean plant costs three times more than a gas plant, and much more than a solar or wind farm right now. The bids that are coming in from Mexico right now are 2.9 cents a kilowatt hour on solar. So you know, that's what I meant by Africa has huge potential to leapfrog.

When you go to a major oil producer, the debate is more difficult, because we know that if we really have to meet the climate goals, we probably will have to leave you know, a lot of the oil and most of the coal underground. So, the short-term temptation is to use this. But when you build a coal plant, you are locking yourself into 40, 50 years.

So you know, in some sense, the need for a policy debate is very important, but the other way to change and tilt incentives is the way I mentioned, is through financing. If I can bring down financing costs massively, then you know, renewables certainly become a lot more attractive. So, I do feel that you know, this discussion is a very, very difficult one.

I mean, in my own country, India, that's exactly the discussion that's taking place. And the choices have to be -- you know, you have to make the choices not just on the basis of climate, but also on the basis of health. I mean, the pollution costs from fossil fuels are estimated globally at 4 to 5 percent, you know, in terms of GDP. And the number of lives that we are talking about are literally in the millions.

China pays something like 10 percent of GDP, because of mistakes on past investment decisions. Africa can avoid those costs. So, I think you do need to have a debate in countries about liveability, not just about climate.

MR. SY: Great. So, I think one common theme we've had with our discussing it really thoroughly, is the government issue, as Dr. Siba was saying, and the (Inaudible) between short-term political cycles and long-term choices, that sometimes involve the well-being of future generations.

Okay, so we'll take some questions. I think we have a microphone somewhere. Great. Okay. So, I usually take from the left and the right to be balanced. So I'll take one in the front here, and I will take the lady in the back and the gentleman in the back, too.

SPEAKER: Well, thank you very much. My name is Nia Quitta. I'm from Ghana. And I am very happy that urbanization is such a prominent feature in this discussion, because when I've looked at the continent, it seems to me that it's a huge phenomenon, but I haven't heard a lot of public discussion about it.

Having said that, though, I'm surprised. I think that the whole panel's take on it seems to me pretty optimistic, whereas my own experience in several African cities has been that it's a problem. Dr. Siba mentioned the land issue.

African land mostly is owned on a communal basis and ethnic basis, so you get land-fueled ethnic conflict with the first group. And then, I know a number of -- since we are pushing for democracy, and it is the African people pushing for democracy, a lot of the political leaders have hot potatoes on their hands with urbanization.

For instance, power outages, because the power production can't keep up with the growth of the cities. So, it seems to me that we shouldn't look at urbanization as -- I mean, it is an opportunity, but it comes with certain dangers for the people in charge of rallying the countries. So, it seems to me we ought to be talking about how you can slow it down -- not prevent it, but slow it down so that the political leaders can cope with it. So, tell me why I'm wrong. Thank you. (Laughter)

(Break in recording)

MR. MINSER: Yes, my name is Irving Minser. I'm a professor at the Johns Hopkins University School of Advanced International Studies, next door. And I have a question for Dr. Shimeles.

I want to come back to the point that was raised by Amar about infusions of capital, in particular. One of the milestones achievements of the Cap 21 in Paris, the Climate Conference, was the announcement and the agreement of the Africa Renewable Energy Initiative.

This initiative has been endorsed by the heads -- African heads of state and AMSEN. It will be hosted at the African Development Bank, and now has pledges of 10 billion U.S. dollars from the G7 Netherlands of the EU. AREI has the ambitious goal of installing 300 gigawatts of renewable electric power in Africa.

Well aligned with ADP's high fives about powering Africa and industrializing Africa, could you comment, please, on the plans that AFDB has currently for mobilizing and implementing the AREI in order to ensure the smooth transition toward clean energy economy, aware that many countries in Africa will continue to rely on fossil fuels in the next decade or two?

MR. SY: Thanks. We'll just take two more questions, and answers, so -- just to be efficient. So there is the lady and gentleman --

MS. COVI: My name is Marsha Covi. I teach at Trinity Washington University. And my question is about the effects of climate change on sustainable development in Africa, and also, the effect of environmental refugees across the continent. Thank you.

MR. SY: (Off mic) That was very (Inaudible) (Laughter) -- So, I'll just answer the question (Inaudible portion)).

MR. BOND: Yeah, my name is James Bond. I'm with the Centennial Group and with the Green Climate Fund. Basically, this is a question. I really liked the presentations by Abebe and by Anthony. Very interesting.

But there's one paradox in the decade of passive growth that we've had, and that is why Africa, unlike other regions, really hasn't gone through an industrialization phase. You mentioned it, but didn't really dig into it. And this means that essentially, Africa hasn't had a growth in its manufacturing sector, which I think is actually perhaps -- I don't think it's finished yet, Amar, but it's certainly still important.

And it also -- it hasn't really plugged into tradable services. It seems to me that this means that Africa really isn't in the global value chains that we find everywhere else, and it has -- is underweight in terms of its share of global trade.

So the question I'd have is that this basically means that Africa's growth is vulnerable. Its commodity driven, plus as you rightly said, the improvement in productivity that comes from urbanization, and to really create very strong, long-term growth, industrialization in the broader sense is really a very important strategy.

What I would like to know from the panelists; one, how come the African continent, unlike any of the others, hasn't gone through its industrialization? And two; what should African countries do to really kick-start an industrialization trend, so that Africa is part of the global economy in trade terms? Thank you.

MR. SY: Okay. This was actually the theme of the event we had on Monday with (Inaudible portion) (Laughter) -- so, but we'll have a blog on that pretty soon. But please, other they -- Tony, Amar, Dr. Sibo?

(Audio dropout)

(No response heard)

MR. SY: I can remind you of the questions, if you want. We had four questions, but --

SPEAKER: No, I'll try. And then -- I think a few addressed directly to me referred to the African Renewable Energy Initiative and what the bank is doing in terms of taking that agenda forward.

Recently, probably a few months -- the bank approved -- the board of the bank approved what we call the New Deal for Energy in Africa. It's a strategy exactly to implement the agreement that our leaders -- global leaders signed at the party's event that you mentioned.

And in this new deal, it has both the financing component, which emphasizes the collaboration between governments, private sector, and the multi-laterals. In order to chart out infrastructure needs, and also, particularly power towards the renewable resources.

The (Inaudible portion) since the African Development Bank is a major player for the audience INGA project, which Amar mentioned is in the Congo. Congo -- the Democratic Republic of Congo is the Amazon of Africa, if you want to call it.

In terms of our adversity, the reverse. So it's systematic for, in a sense, if that project takes off and becomes realized, it could light up the entire Southern African region easily. South Africa is one of the stakeholders. But still, South Africa is hesitating, as well, in terms of what exactly was mentioned.

So, the bank's effort is to leverage its convening power with the leaders, but sides of the aisle; north and south, and then arrive at an equilibrium, which I mentioned. We are not neglecting the resources or the force of -- because most countries are using them anyway, at this point in time. But we have to help them transit, exit out of that, and use the renewable resources that have been mentioned. So, I'm happy to share that new deal document with you. It's official now, and it's a very interesting strategy that we have.

On industrialization, why Africa has not gone through the industrialization process; actually, we just published a book with Brookings on what's -- it's entitled (Inaudible) in Africa, with John Page and other coauthors. We documented from a few country case studies, why little industry in Africa.

During independence, that means in the '60s and immediately after, actually, Africa embarked on a big industrialization program. It's under the (Inaudible portion) strategy. And so much has happened in that 10 years than combined in the last 40 years in terms of manufacturing capability.

If you take Senegal, for instance, a model -- the share of manufacturing in GDP in the early '70s was 30 percent. Now you see it's less than 10 percent in Senegal. In many other countries where documented of de-industrializing Africa.

So partly, it was efforts to start, and probably, also, the inference of the global environment. As the structural adjustment programs, et cetera, all of that came as (Inaudible portion) -- put pressure on governments not to pursue a strategy of subsidizing industries and all associated things.

Now, what can Africa do to industrialize? It's a very complex question. Already, Amar mentioned even the word itself is deemed industrializing, anyway. When you look at the manufacturing -- I think a recent paper by Rubrick shows a lot of countries have moved. He considered early industrialization.

Is there hope for Africa? I think so. I mean, from the scale point of view, from the scale part of -- from the population size, the demography and the demand within Africa itself, there is a huge potential for manufacturing to take off.

However, there are some ingredients, we have to get them right, which includes the same thing Jerry mentioned earlier about the political economy -- how leaders met this informed choice between today and tomorrow. Very few leaders in Africa think 10 years -- I mean, forget about 40 years. So, there is a lot of time inconsistency in the decisions they make. So, I think that needs to be resolved.

(Break in recording)

MR. SIMPASA: Thank you. I think the question is, why are we being so optimistic, and why should we prove you wrong. I think what -- one thing that we probably need to acknowledge is that the urbanization force is very strong, and it cannot be stopped at this rate, primarily because of the nature of this urbanization itself. One, it's been driven by rising incomes across Africa, and so it's attracting people from the peripheries, but also, it's an outcome of improvements in the infertility rates, and so on.

So, one aspect that probably we can fly and address, and it's been done in a number of countries is that has been done in a number of countries is that we need to improve the capacity of administrators in (Inaudible) cities. City managers need to strengthen their governance structures. We need to improve the planning process. And also, attend to issues of what we sometimes call the underground economy, where you find where the sewer lines are prepared, or they are drawn out in the cities. It's in such a way that it contaminates the underground water systems, as well.

But one aspect that you raised, and this is critical, and she also alluded to that, is the issue of land. You suggest that the -- most of the land in Africa is owned by communities or ethnic groups. What we have observed in the number of -- in some countries now is that there is a close engagement between the political establishment with the local chiefs and the kings, in order to see that some of the land that is owned community (sic) is (Inaudible) off the communal books to allow for investments that also benefit these communities.

In some of the mining (Inaudible), for instance. But this has to be seen as being beneficial to the -- to people in the local communities where this land is being (Inaudible) off, and also, seeing initiatives to improve the governance of land registration processes that also allows the authorities to take into account the inventory of what land is available for planning purposes.

Another aspect is this idea of the importance of (Inaudible portion) effects. And you see, we talked about the intermediate cities and the role this can play in central transformation. So, this is very critical, that we see that the changes that are taking place in these smaller cities is in such a way that it is more transformative, relevant to inhibiting the growth of industrial sectors.

I need to emphasize, as well, that we can't really stop this urbanization process. What we need is to view to capacity. And this capacity is lacking, even in very well established urban cities -- for instance, in South Africa. You know, South Africa is predominately run by the local councils.

But you find that (Inaudible) administration and expenditure processes are so weak, even in improved economies such as South Africa. So, this is where we need to strengthen the capacity, so that the people at the local level know how to plan; they know how to raise the resources. But they also, more importantly, know how to administer these resources that they are generating from local productive processes. Thank you.

MR. SY: We had another question on the ethics of climate change and environmental refugees. But this is giving me an idea for another event, and we should maybe take some precedence and maybe bring some mayors here, and have them debate about your question and the chiefs, too.

(Break in recording)

MR. SY: -- climate change, ethics of climate change and also, the mentioned -- the issue of the environmental refugees.

MR. BHATTACHARYA: Yeah, so the main point I would make is we know it's coming, but it's quite uncertain what is coming. Because you know, climate -- we know that climate change will have massive impacts. But exactly the precise nature of the impacts are difficult to assess in a way that leads to you know, very precise investment decisions.

And the best way to think about it is, you know, that climate change brings with it three types of major challenges. One is rising sea levels. The second is violent storms, and the third is changing patterns of precipitation. In Africa, it's the third that is the biggest problem.

MR. SY: Okay.

MR. BHATTACHARYA: The changing patterns of precipitation. But we -

- (Inaudible) models that give some indication about what that is likely to be. But it is very difficult to say with what probability that will actually happen. So, you know, in a way, therefore, you know, part of again thinking about urban settlements is how do you think about climate resilience, because a lot of this is ultimately in the planning sense, about urban settlements.

On James' Bond's point about global value chains, I couldn't agree more. I mean, I think more and more global value chains will not just only be about manufacturing. They will about services, and Africa will have to find a way to get into these global value chains.

Some of that is beginning to happen, as I mentioned, in Ethiopia. There's some signs that you know, there might be some investments. But let's say, you know, compared to a Vietnam, which is being very rapidly drawn into the global value chain, just you know, the distance, the logistics, the costs of not only hard, but soft infrastructure, means that the challenge is that much more in Africa.

So, I think this is -- you know, there are two ways to think about it. One is well, we are going to promote particular industries. The other is to address, in some sense, some of the impediments to competitiveness such as connectivity, such as human capital. And then you know in some sense, use that as a better positioning.

So that debate has been perennial, at least in the institution that I was associated with, the World Bank, and I think it still remains. But you know, a lot of the work that John Page, who unfortunately is not here, has been doing, is precisely how you trigger that kind of a competitiveness (Inaudible).

SPEAKER: Yes, if I may just add also, that I think one issue that a part of Africa's growth is also driven by services, and what we define by services can be very, very broad, and issues like logistics and all these things that are in the grey area between industry and services are also important for Africa.

And the issue, also, of content, of intellectual property; I think going forward, it will be very important, because sometimes, even for some global value chains, if you take the Apple phone -- I mean, the iPhone, we -- Africa -- I think there's some part that comes from Morocco. But anyway, in terms of value added, it's mostly U.S. It's mostly American valued added. But when it comes to content, if it is Nigeria, than we have a very interesting proposition, and then we have to think forward about its issue of intellectual property rights, and so on.

On the issue of climate refugees, I think we had one expert from the World Bank that presented here about conflicts in Africa and so on, and one takeaway we had was that the need to think about beyond countries and think about these, basically centers of gravity, if I may say, that are cross border, like the Lake Chad Basin and all the countries around it, or the Gulf of Guinea and so on, and really have a regional approach to these issues, and so on. I will leave the last word to you, Eyersulam -- Dr. Siba. (Laughter)

(Audio dropout)

MS. SIBA: I think as you have mentioned, it's on the issue of land ownership. It's important to address -- to have a clear land right. We have discussed why we need that. But, so how can we improve land ownership in Africa?

So one example we have in Ethiopia is to decentralize land management, land administration, and to give local governments to have their power to formulate a land certification program which was instituted in four of the regions -- four major regions in Africa.

So, there are -- so we are seeing lots of results that it has improved productivity, specifically in agriculture in terms of in promoting structural transformation. So, without making big changes, governments can do small changes in terms of instituting this land certification program, even without shifting from state ownership to private ownership.

They can decentralize these decisions among different regions. And also, by empowering local governments, we can make them compete to attract businesses. They can be responsible for the development of the region we give them as a responsibility. So, by instilling competition between different governments, local governments, we can improve land rights, job creation and investment climate of different regions, even within a country.

So, these are like small changes governments can do, even when they are faced with a big challenge of the political economy of making big changes, and insisting their influence and power in government. I can also comment on industrialization.

So, we have said many things about how Africa can do what Africa can do with industrial environments. Really, the major challenge is to have like a wider market. So, if we look at countries -- specific countries, the market for industries might be limited to promote industry and development.

But if we allow trade between countries within Africa and outside, we can widen that market by export promotioning (sic) by giving specific incentives for business to engage in exporting, and also engaging in global value chains. We should also note for (Inaudible) the service sector.

So currently, the major formal service sector employment in Africa is in trade, local trade, restaurant in services. So by encouraging -- so the development of the service sector to trade development sectors, we also expose the sector to be more exposed to international best practices, so that the improved productivity attracts for indirect investment.

So, we need to shift from traditional service sectors, non-tradable service sectors, to us -- tradable service sectors in the continent. Thank you.

MR. SY: Thank you, Eyerusalem. Thank you very much. We will put the -- we will have the presentations up on our web site, which will increase our measures for access (Laughter). But thank you very much, Abebe, Anthony, Eyerusalem, Amar.

And thank you for taking the time to come again this morning. If you have time, we are hosting the presidents of the Central African Republic at 2:00 p.m. today, and we will talk about peace and conflicts and different issues, but all very important. Thanks again for your support (Applause).

* * * * *

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