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Central coordination or mutual adaptation? The contribution of digital space to achieving social goals in Africa

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Introduction

- ▶ **Interlinkages and interactions of state/non-state actors in economies reflect competitive, cooperative or co-ompetitive patterns of behavior.** Stabilization and development become feasible due to the process of mutual adjustment or central coordination. These processes form the basic core for new efficient/dynamic socioeconomic entities and structures to emerge.
- ▶ **As these processes have evolutionary nature, they are continual and cover various business operation spaces in parallel** (see Brzica, 2024).

Introduction

- ▶ The analysis shows the growing vulnerability of current socioeconomic systems. This is also true for African countries, which also face several long-standing challenges of their own.
- ▶ Progressive discontinuity can be a process that allows for a radical development turnaround. Mutual adaptation rather than central coordination (in the economic sphere, not political), together with the use of digital technologies, can enhance the economic system and enable the maintenance of social goals, including the employment of especially young people.

Introduction

- ▶ **Mutual adaptation** seems to be a better governance mode of managing the integration of institutional elements and advanced technologies. Moreover, a reduction in central economic coordination can reduce the vulnerability risks of systems using advanced technologies. economic entities and structures to emerge.
- ▶ In early April 2025, a major **Artificial Intelligence (AI) summit** will take place in Kigali, Rwanda. The event, organized by the domestic *Centre for the Fourth Industrial Revolution*, the *Ministry of ICT* and the *World Economic Forum*, will bring together key stakeholders from across the continent to find ways to make progress on "shaping Africa's role in the global AI economy".

Research topic

- ▶ We have chosen to analyze situation in Africa from four strategic functional viewpoints:
 - ▶ advanced/digital technologies,
 - ▶ social issue,
 - ▶ /intra/continental integration, and
 - ▶ cooperation/governance)
- ▶ Each of these points relates to **transformation of economies** on the continent in the face of emerging challenges.
- ▶ As these processes have evolutionary nature, they are continual and cover various business operation spaces in parallel (see Brzica, 2024).

Topic

- ▶ Digital technologies will require **new frameworks and business models for business** and a **rethinking of government policies** in general and specifically related to individual policies (e.g., social policy). We assume that **positive changes may occur through a mix of policies and interventions**.
- ▶ Therefore we will focus on:
 - ▶ (1) emerging challenges,
 - ▶ (2) evaluation of coordination modes and the factual situation,
 - ▶ (3) anticipation of near-future developments, as well as on
 - ▶ (4) societal conditionality and implications of technological progress in the digital sector (DS).

Literature

- ▶ A positive step is the ongoing initiative of the **UN Econ. Comm. for Africa** to develop standardization of statistical sources for the continent. **Cirella (Ed.)**, explores how African countries dealt with the Covid-19 and how it affected various aspects of socioeconomic structures. The book informs how to build a more robust Africa, how to reduce future shocks to Africa, and evaluate theories of impact shocks using a sustainable growth/change model. A decade ago, **Newman et al.** addressed the issue of how to strengthen the role of industry in low-income countries. Considering the industry good for growth, job creation, and poverty reduction they saw that these factors depend on the size and the rate of growth of industry. They noted that Africa does not have enough industry to reach the SDGs.

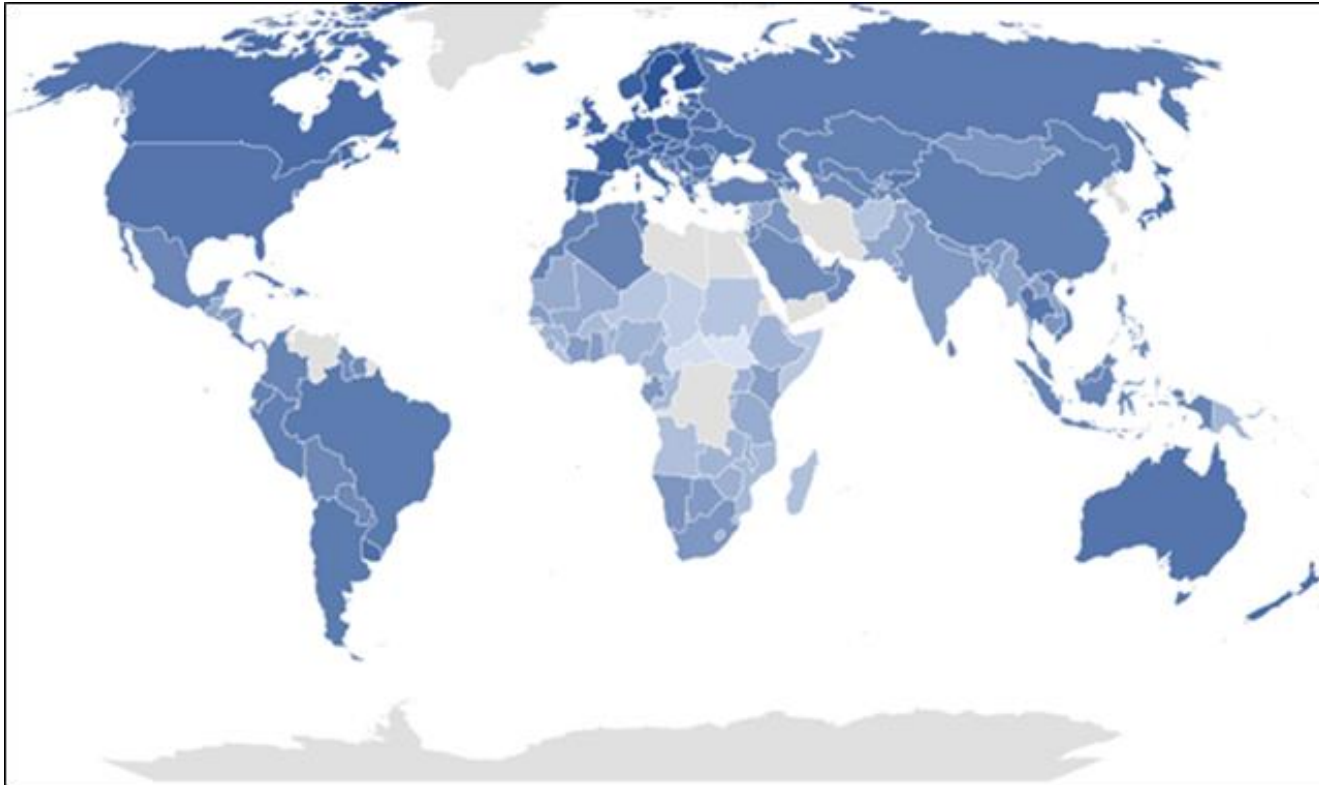
Literature

- ▶ **Iloh et al.(2023)** focus on African PE from an African perspective. They discuss the future of African development and how African countries can approach global economy at various levels. **Lindblom** provides an overview of both mutual adjustment and central coordination concepts.
- ▶ **Park** argues that Africa's development challenges are not due to a lack of resources. The author suggests new solutions for sub-Sahara Africa's economic growth, inspired by Korea's successful growth model based on industrialization. The AFDB study informs on key actions that African member countries and Africa's development partners need to take to achieve the goals of Agenda 2063.
- ▶ **Phaahla** traces the welfare regimes of Mauritius and South Africa focusing on the historical circumstances leading to the dominance of state-funded old-age pensions.
- ▶ **Esiaka and Abidogun** measure Africa's complex and uneven development to provide insight into how Africans across the continent utilize indigenous economic processes.
- ▶ **Melonio et al.** examine the potential of AI investment to drive development across diverse national contexts. By evaluating critical factors, including AI readiness, and social inclusion, it presents complex analysis of the African, AI landscape. **Venske** highlights key hurdles to Africa's digital independence.

Literature

- ▶ **Mboya** examines the implications of the rivalry between China and the US for dominance of the digital landscape and its implications for Africa.
- ▶ **Gariba** finds that claims that China is exporting a digital authoritarianism model to Africa are misleading. **Castells** documents the current global configuration of digital society and examines its socioeconomic consequences.
- ▶ **Rodrik** identifies "premature deindustrialization" (a key driver of growing youth unemployment across African economies).
- ▶ **Houmada** monitors the African Union's review of its First Ten-Year Implementation Plan in support of Agenda 2063.
- ▶ **Gargliardone** addresses the issue of China's digital infrastructure in African countries.
- ▶ **Comunian et al.** reflect on the role of the creative economies in a range of African countries.
- ▶ **Avellaneda and Bello-Gómez** provide case studies of 20+ subnational governments, analyzing how different degrees and forms of self-rule have impacted the wellbeing of local citizens.
- ▶ **Arouri and Gomes (Eds.)** examine various energy-economy-environment links.
- ▶ **Sinclair and Baglioni (Eds.)** provide a critical perspective to stimulate mutual learning between the interconnected fields of social innovation and social policy analysis.

Sustainable Development Index score (the situation in 2023)



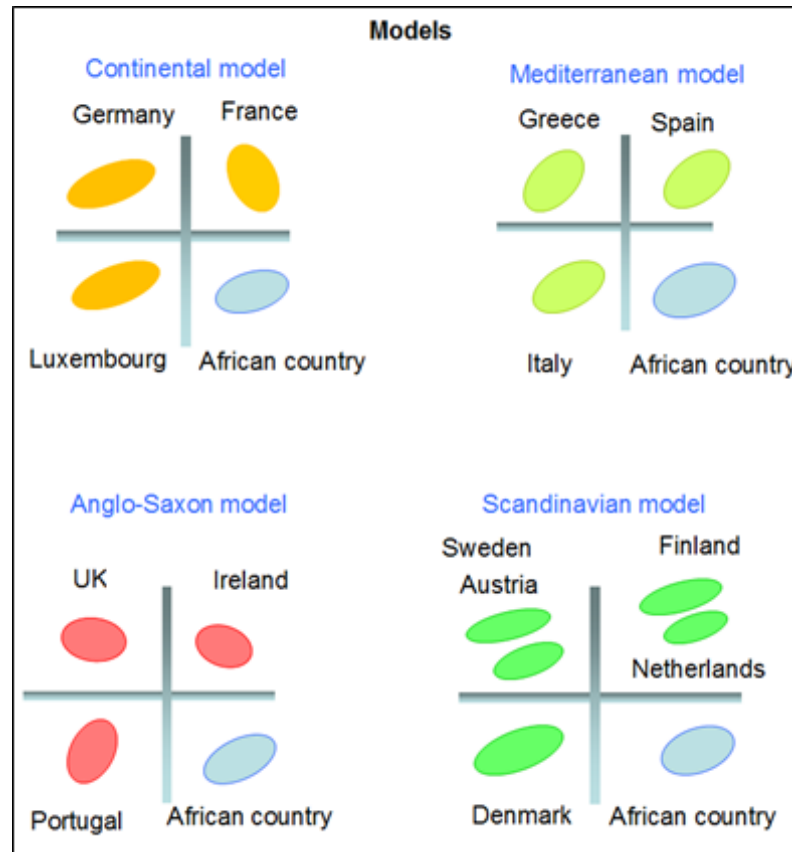
Notes: Darkest color means higher score and therefore better position. As two examples may serve Finland = 86.8 and South Sudan = 38.7.

Table 3. Growth performance and outlook by region, 2021- 2025 (in %)

Region	2021	2022	2023	2024	2025
North Africa	5.4	4.6	4.1	3.6	4.2
West Africa	4.4	3.9	3.6	4.2	4.4
East Africa	4.9	4.5	1.5	4.9	5.7
Central Africa	3.4	5.1	4.3	4.1	4.7
Southern Africa	4.5	2.8	1.6	2.2	2.7
Africa - total	4.8	4.1	3.1	3.7	4.3

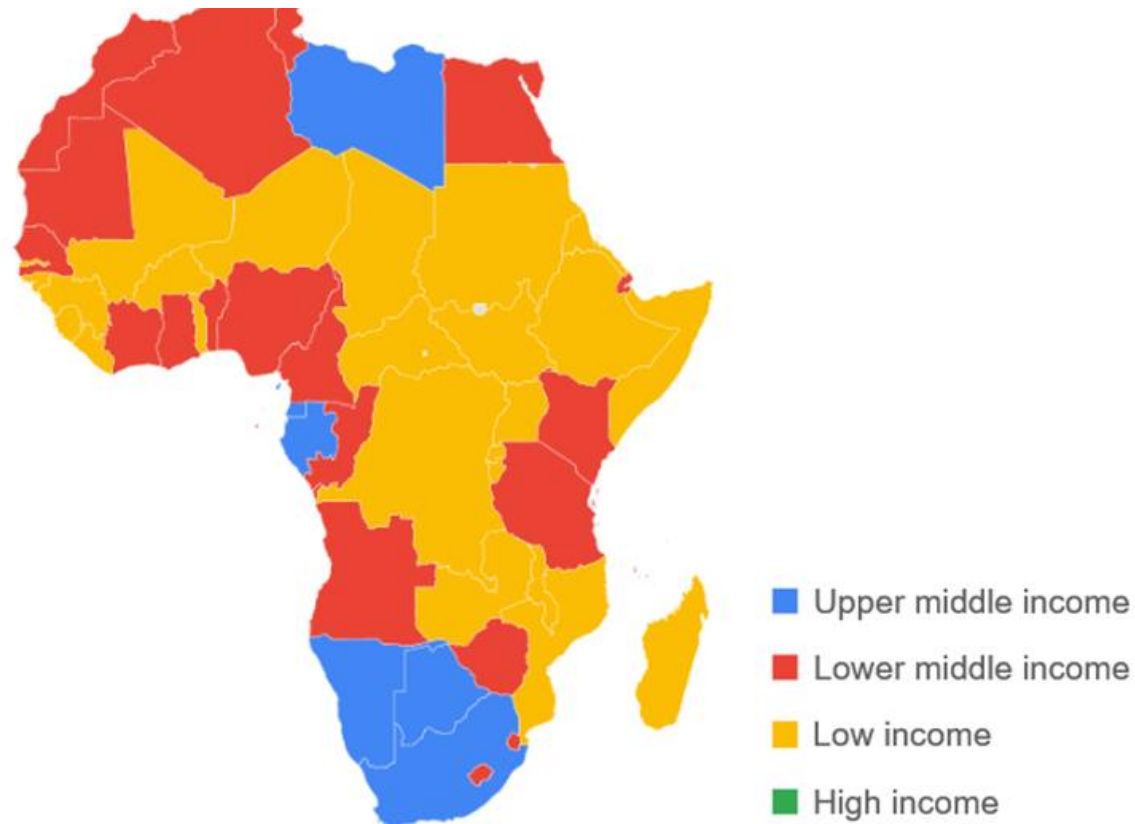
Source: Adapted by author based on AFDB statistics

Sample of European (non-African) employment models applicable in African countries

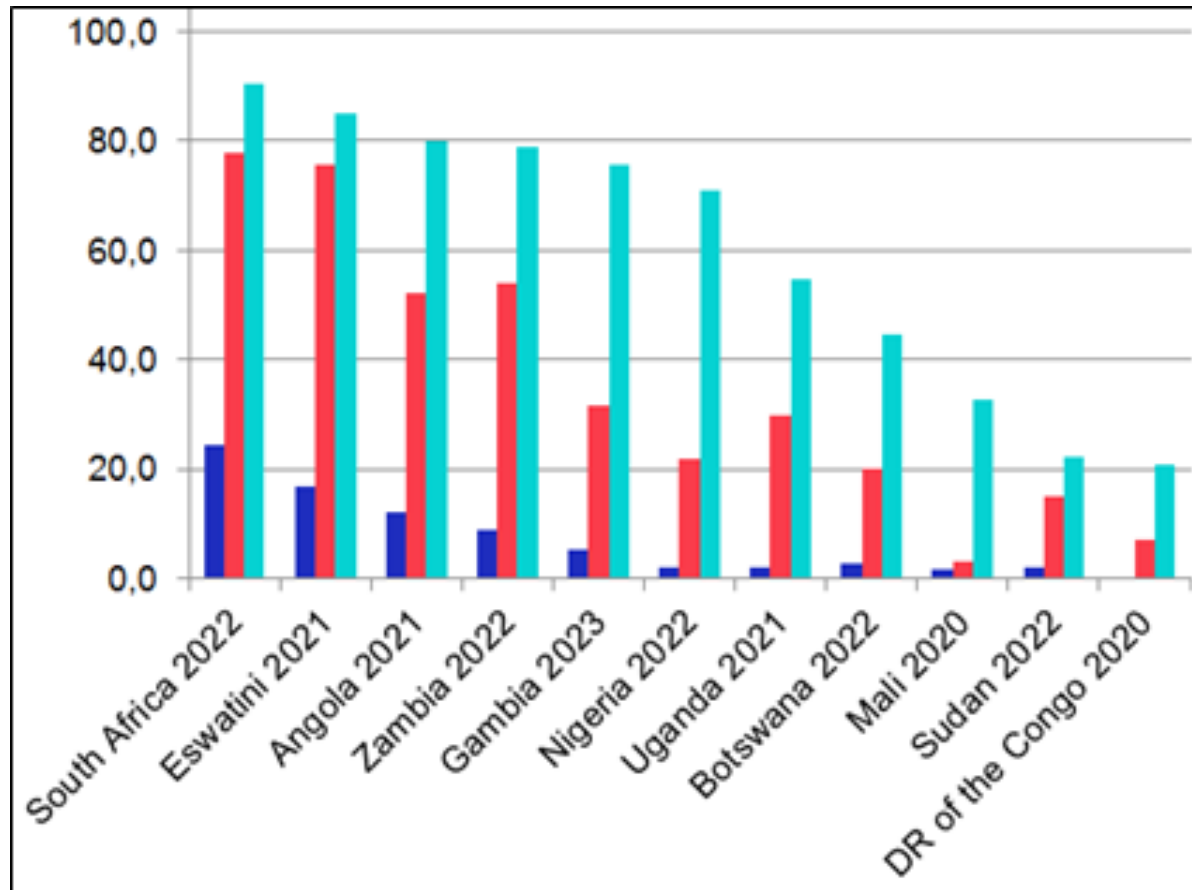


Note: The question remains in which of the models the individual countries will find their model. The inclusion of an anonymous African country here indicates that there may be interest in applying some model in African conditions. Source: Author

Classification of individual African countries according to income level (in 2023)



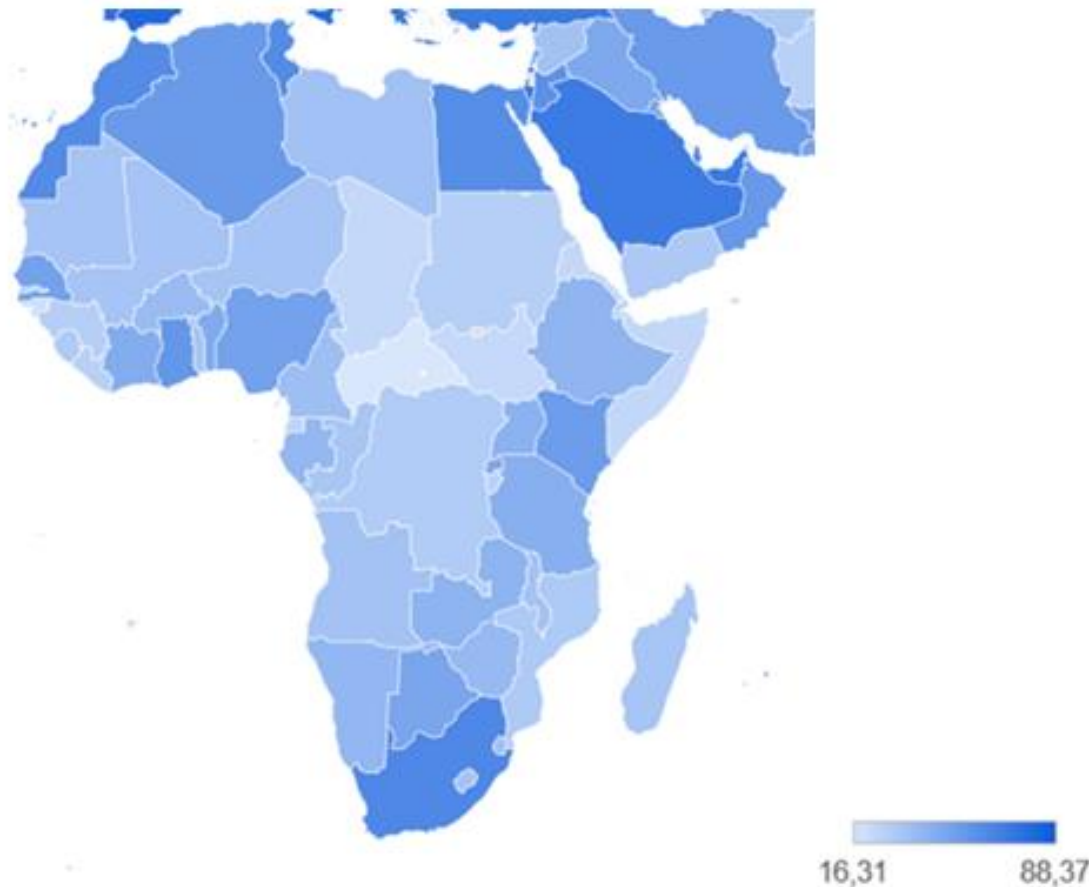
Employees contributing to social security, by size of the firm (selected African countries, latest year)



Blue column = Share of employees at Size of the firm (less than five with social security contribution); **Red column** = (5-49); **Green column** = (50+).

Source: Author, based on data from ILOSTAT

AI Investment Potential Index (AIPI) score (the situation in 2023)



Notes: Darkest color means higher score and therefore better position. As two global extreme examples may serve the United States = 88.37 (global highest) and Central African Republic = 16.31 (global lowest).

Transformation challenges

- ▶ The lack of AI technological capabilities and underdevelopment of AI research in Africa hinders the ability of its economic systems to respond adequately and rapidly to these technological challenges.
- ▶ Economic development nowadays for African countries is a gradual/partial process of moving from the phase of traditional production and export to the phase of higher value-added product activities in regions.

Transformation challenges

- ▶ The strategies/policies illustrate the reasons why African economies must make a commitment to advanced technology and econ. transformation. In line of what has been presented so far, **wide-scale and mutual acceptance of transformative steps** may lead to:
 - ▶ (1) more consistent approaches to modernization of industrial bases,
 - ▶ (2) may promote mutual trust between African countries in adopting new advanced technology-related business and governance, and
 - ▶ (3) help to stabilize/unify regulatory environment for intra-regional, intra-continental and intercontinental cooperation.
- ▶ Growth is also likely to be a result of **better use of digital technologies**, and, if **social impact will be mastered**, than these technologies can improve position of the whole African continent.

Transformation challenges

- ▶ African countries must take measures to ensure the integrative/coordinated actions and cooperation of many countries and their stakeholder groups and be directly involved in the development of policies for the governance of advanced digital technologies, including AI, in the continent.
- ▶ Continental harmonization of digital technology institutional framework does not mean the end of economic policy efforts. It is a dynamic process whose intention is to achieve effective, continentally created, collective strategic and highly ambitious technological goals that reflect and balance national specifics.

Transformation challenges

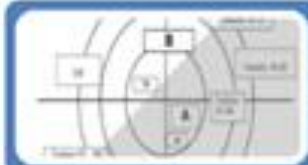
- ▶ **Africa's role in the global landscape vis-à-vis main economic groupings/regions is still rather small by global comparison. The continent accounts for only a tiny global share of trade and investment flows.** However, there are several reasons why the economic importance of Africa is increasing.
 - ▶ (1) **China, have a great investment stake in the African economies - more than, e.g., have the US/the EU.**
 - ▶ (2) **Young population (promising factor for advanced technologies)**
 - ▶ (3) **many developed countries have become and probably remain dependent on African minerals and petrol. It is therefore in the interest of all actors on the continent to make the best use of their resources of all kind, including human capital.**

Some of the current challenges facing African economies



Global position

- Advanced technology development (global cooperation)
- Intra-African integration (economic - trade, investment etc.)



Knowledge generation

- Education of young/older people
- Knowledge-production linkages



Social stability and prosperity

- Improving social systems (incl. pension systems)
- Profitability of business activities/efficient taxation



System efficiency

- Optimization of multi-level governance
- Coping with complexity/wicked problems



Conclusions

- ▶ In our four-step approach, key catalyst factor analysis shows that to be successful in digitally-based socially acceptable transformation it is important to reach, besides some standard factors, also **critical mass of several specific factors**:
 - ▶ institutional density,
 - ▶ institutional flexibility,
 - ▶ technical (energy and transport) infrastructure and
 - ▶ highly qualified experts with tacit knowledge.
- ▶ All of them are key elements in building a successful dynamic economy. Decreasing costs, increasing prices for new products, improving efficiency, and increasing employment level may be important benefits of systemic changes using advanced digital technologies.

The end

► Thank you

Questions and Discussion

▶ United Nations Sustainable Development Goals

- ▶ <https://sdgs.un.org/goals>
- ▶ Topic.
- ▶ Topic

▶ Discussion questions

- ▶ How does the topic relate to issues of public concern or the common good?
- ▶ What communities might be involved in or affected by the topic? What are the histories, social contexts, assets, and needs of these communities?
- ▶ What community partners (e.g., public offices, nonprofit organizations, social enterprises, faith-based organizations) could collaborate on your topic for mutual benefit and growth?