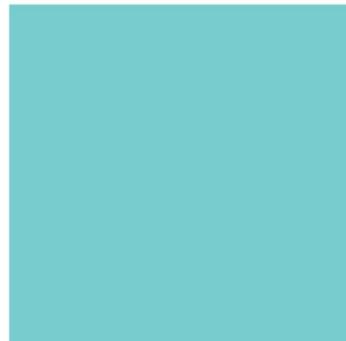


Transforming Africa

The role of NEPAD and South-South Cooperation

CARI, Buenos Aires, 11 March 2014

Dr Ibrahim Assane Mayaki – CEO
NEPAD Planning and Coordinating Agency



Outline I



The global context



Africa is transforming...



...but challenges remain



Is there an “African system”?



Where is the State?



Africa’s position in the value chain

Outline II



Opportunities exist



The conditions and implications of structural transformation



Africa's response: planning for transformation, sector strategies and implementation, South-South Cooperation



The world we live in...

Failures of multilateralism

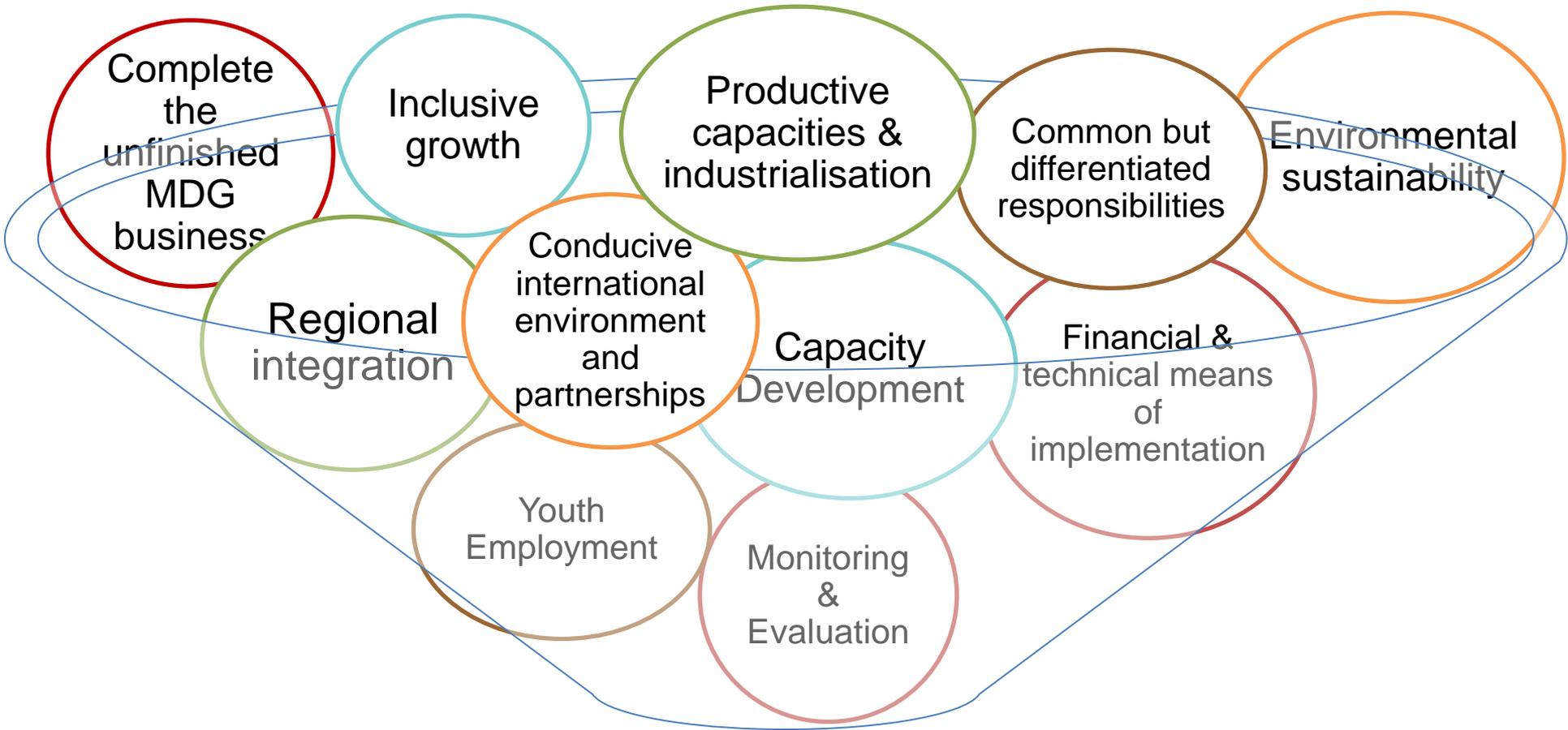
- Making the Post-2015 agenda work for Africa

Handicaps of global governance

The “age of choice” (ODI)



Making the Post-2015 agenda work for Africa



Africa is changing...

Intergenerational change

Invisible integration

Innovation leaps: “Africa takes lead in mobile revolution” (Financial Times, March 2013)

- In 2011, the mobile phone ecosystem provided more than five million jobs and contributed around US\$15 billion directly to government revenue.
- 650 million mobile subscriptions in 2012, i.e. more than in the United States or the European Union.
- Africa is leading the trend of mobile money systems, with 60 of the 130 mobile money systems implemented in the developing world (March 2012). Kenya’s M-Pesa mobile money system replicated in India, Afghanistan, Qatar, Fiji.

2013



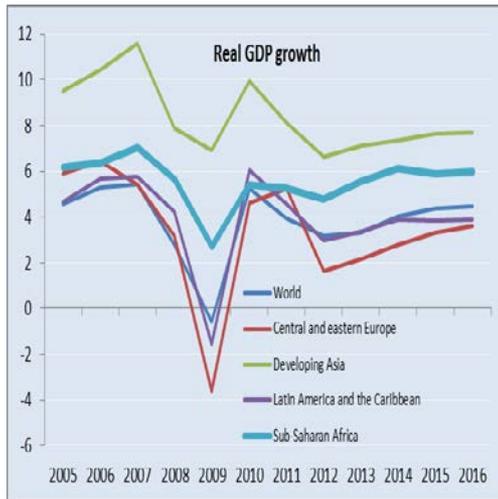
2010



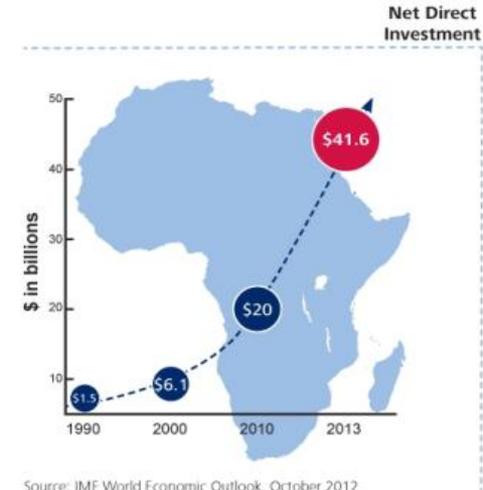
2000



Continent-wide transformation



7 of the ten **fastest-growing countries** globally based in our continent
 In 2013, expected **growth rate** of over 7% for 12 of Africa's 54 economies



Source: IMF World Economic Outlook, October 2012

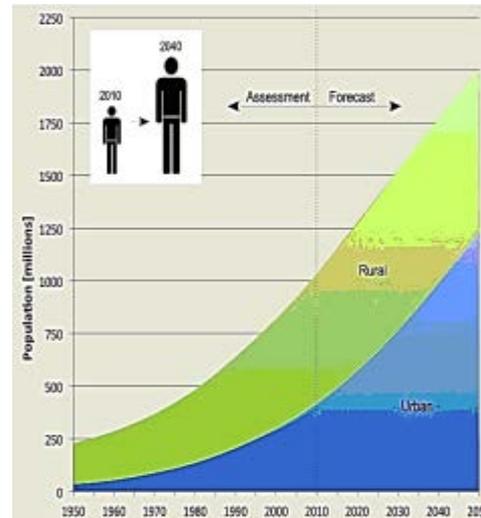
Growing population:

Africa's population expected to double by 2050; 400 million young people by 2035

Growing middle class:

Currently 34% of the population; Expected to grow to 1bn by 2060

→ Rising domestic demand



Capital flows into Africa

- ✓ **Funding still resilient** during financial crisis.
- ✓ **\$48 billion (2011)**, three-quarters from FDI flows.
- ✓ **Rate of return** on foreign investment is **higher** in Africa than any other regions
- ✓ Drivers of FDI growth are increasingly coming from **within the continent**



...But challenges remain

Poverty levels in Africa remain high: Absolute poverty rate is next to 50% in Sub-Saharan Africa; Absolute number of poor has grown steadily between 1981 and 2010; Twice more extremely poor people (414 million) than three decades ago (205 million)



social inequality: new middle class (1/3 population) but from the 10 most unequal countries, 7 are African; poverty in rural areas is massive



youth employment: between 2010 and 2020, the continent is set to add 122m people to its labour force, youth represents 60% of the continental unemployment



fragile democracies: significant progress in democratisation across the continent, but foundations are weak – cases of Tunisia and Mali



natural resources governance: Africa's natural resources were worth \$333 billion in exports in 2010...but an estimated \$1 trillion every year is lost in illicit financial outflows from developing countries



regional integration: intra-African trade remains low, potential for regional value-chains rests untapped; African economies are insufficiently diversified and are essentially commodity-based

Is there an “African system”?

Political vision

Development Experts’ vision

Researchers’ vision



... what lies behind?

Where is the State?

1st phase:

Aid-centred and 'schizophrenic'

2nd phase:

De-structured through the SAPs

3rd phase:

Reconstructing itself



Africa's position in the value chain could improve

Least value

Most value

The value chain SSC and Africa ends here, at best

Developed countries complete the chain

Exploration

Mining

Mineral processing

Smelting & refining

Semi-fabrication

Final product manufacture

- ❖ Most minerals exported as raw materials
- ❖ Africa's mineral resources remain under-explored and under-exploited
- ❖ Insufficient levels of geosciences knowledge to attract exploration and investment

Opportunities exist

Means of our ambitions: FDI=50bn\$/y; capital flight=80bn\$/y; tax=520bn\$ and tax evasion≈25bn\$/y → opportunity to go beyond (declining) ODA

Governance is improving as a result of more coherent institutions and a new generation of leaders open to accountability – **APRM@10**

Africa's **institutional architecture for integration** is better defined, with **anchor role for RECs – CFTA by 2017**

International context is more conducive to greater ownership and leadership by Africa of its own development process



The conditions of structural transformation

Combination of top-down and bottom-up approaches in planning and implementing processes

Mainstreaming of social inequality reduction strategies

Youth employment as a cornerstone



What does this imply?

Adapted governance systems (multisector approach, citizen empowerment)

Renewed leadership (accountability)

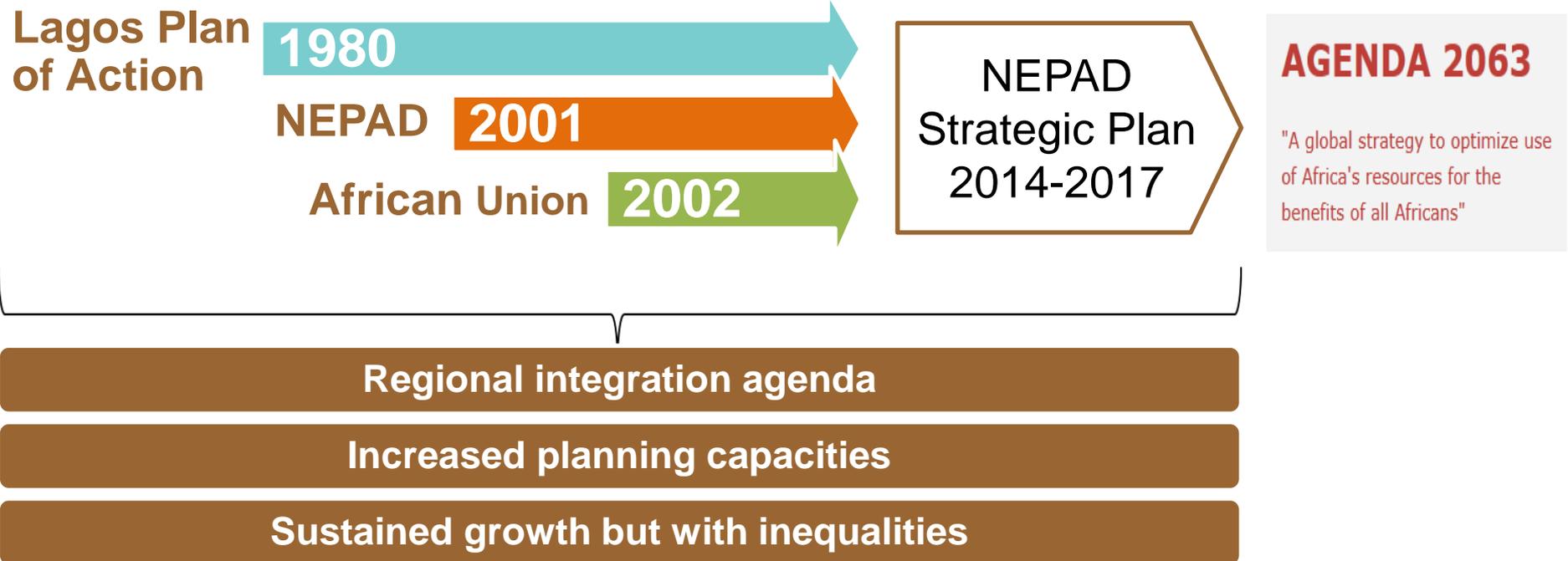
Regional integration as the trigger of national solutions – not as the integration of existing governance systems (e.g. CAADP, PIDA, AIDA)

Results-driven partnerships



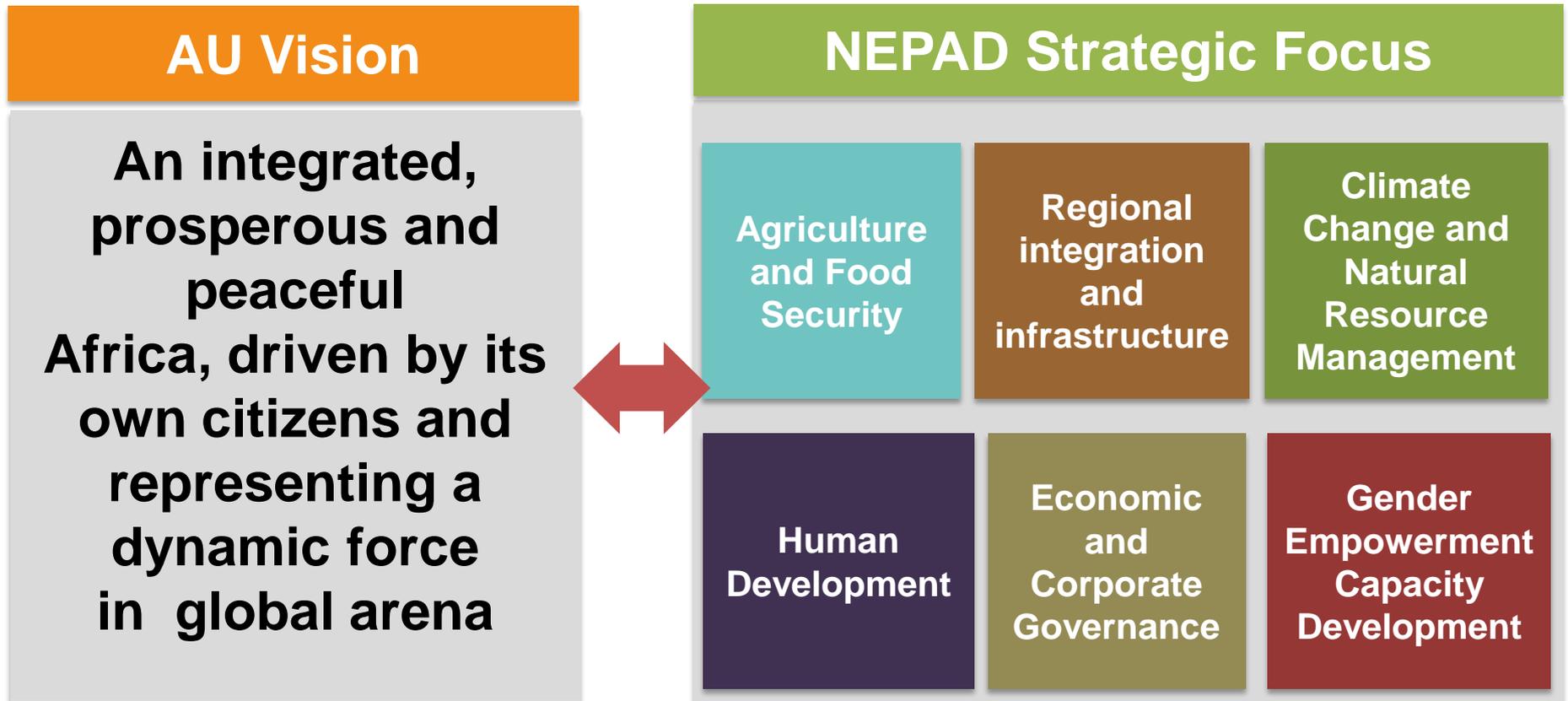
Africa's response:

Planning for long-term transformation



Sector strategies to advance Africa's transformation

NEPAD as a comprehensive programme of the African Union with priorities and approaches for the political and socio-economic transformation of Africa



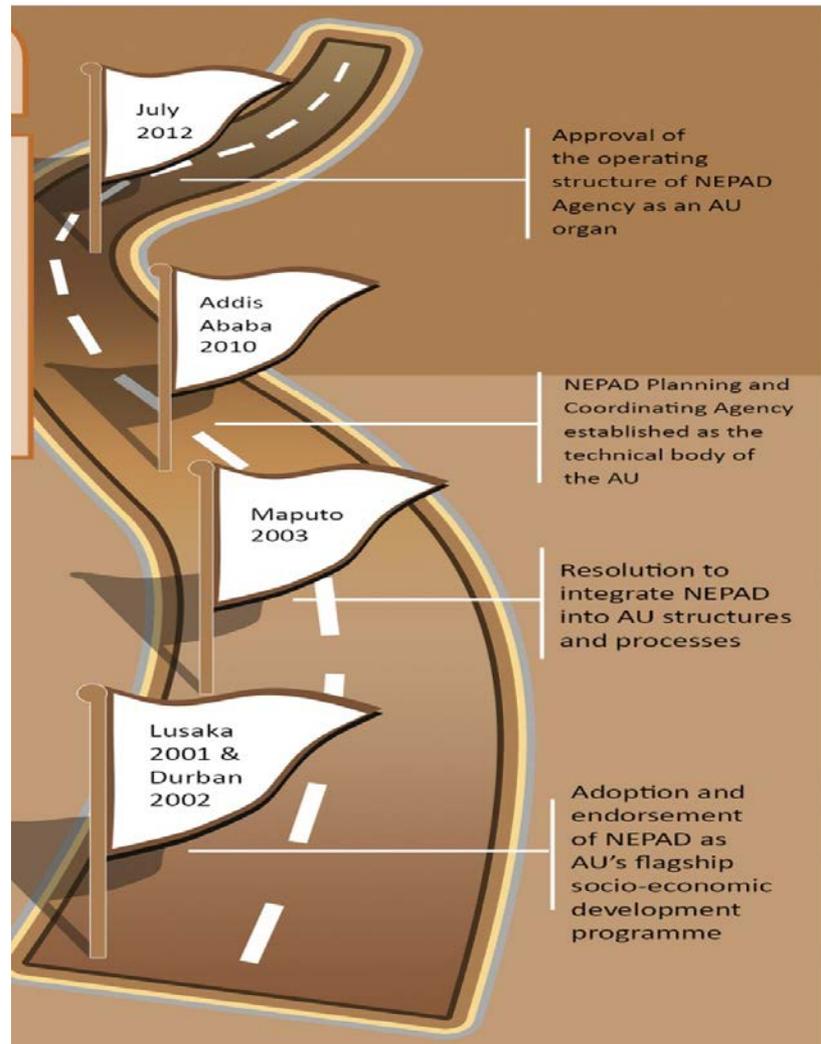
Stronger institutions – the NEPAD Agency

New mandate & structure

- A legal identity within the AU family
- NEPAD Agency as a technical body of the AU
- Clearer – thus stronger – role and responsibilities within the AU system and strategy
- On-going recruitment process to match long-term orientation of AU/NEPAD transformation agenda

Results-based management

- From sector-based approach to programmatic and thematic activities



Implementing NEPAD Flagship Programmes

Comprehensive Africa Agriculture Development Programme (CAADP)

50 countries
actively engaging

29 investment plans

44 Country Compacts

2 Regional Compacts



Implementing NEPAD Flagship Programmes

Programme for Infrastructure Development in Africa (PIDA)

16 Priority projects

- Abidjan – Lagos Coastal Corridor
- Abidjan – Ouagadougou Road-Rail
- Batoka Gorge Hydropower
- Brazzaville – Kinshasa Road-Rail Bridge and Kinshasa – Ilebo Railways
- Dar Es Salaam Port Expansion
- Douala–Bangui–N'Djamena Corridor
- Juba – Torit – Kapoeta – Nadapal – Eldoret
- Kampala – Jinga road upgrading
- Lusaka – Lilongwe ICT Fibre Optic
- Modernisation of Dakar-Bamako Rail Line
- Nigeria – Algeria Gas Pipeline
- North African Transmission corridor
- Ruzizi III Hydropower
- Sambangalou Dam
- Serenje – Nakonde Road
- Zambia – Tanzania – Kenya Transmission Line



SSC and Africa

South-South Cooperation

- ❖ An additional booster for Africa's transformation
 - Use southern-led expertise and resources;
 - Exchange technology and information;
 - Develop local capacities

The African Union

- ❖ Strengthening South-South partnerships to make development more effective
- ❖ Developing continental frameworks: FOCAC, Africa-India Forum, **Africa-South America**
 - 3rd ASA Summit in Malabo (February 2013)

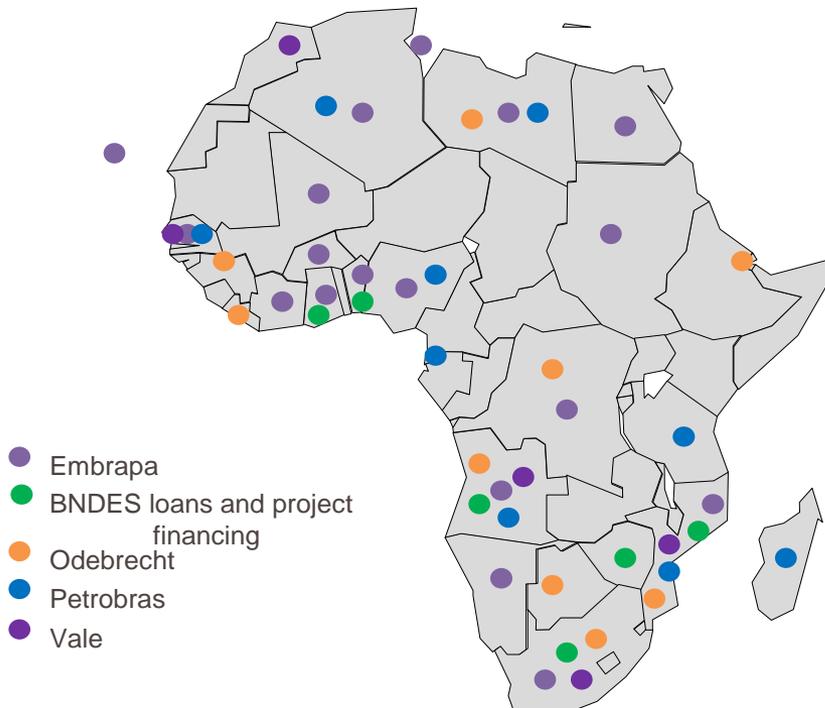
The NEPAD Agency

- ❖ Partnership with Brazil and Colombia:
 - Cooperation in transformative sectors (agriculture, infrastructure, natural resources governance)
 - Promotion of trade and investment
 - Knowledge exchange and mutual learning

Brazil's Investment in Africa

Brazilian Multinational Corporations and government institutions have an extensive footprint on the continent

Example of some of Brazil's footprint in Africa



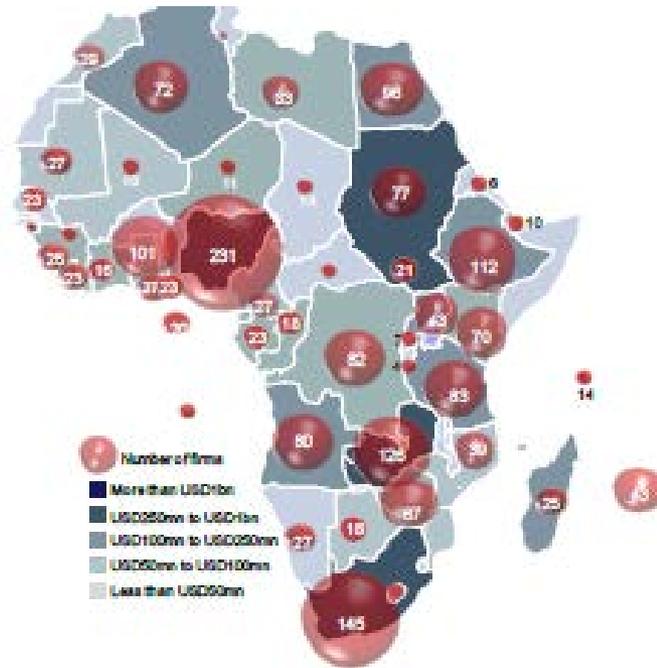
- **Africa plays a pivotal role in Brazil's global agenda:** seeking to shape a new trade geography that will place developing countries at the forefront of *energy and food security, and resource management.*
- **Brazil's New Foreign Policy:** linking various agencies (e.g. BNDES, EMBRAPA and the Brazilian Export Promotion Agency, APEX) with diplomatic agreements and business interests (eg. Petrobras, VALE, Camargo Correa and Odebrecht)
- **Brazil's Key and Growing Interests**
 - oil (Nigeria and Angola),
 - Biofuels and associated technology,
 - Food / agricultural production
- **Competitive Advantage:** Africa's growing markets and large agricultural potential, as well as its technological deficit, provide Brazilian companies with a formidable competitive advantage in expanding their global reach and establishing market participants on the both the demand and supply sides.
- **The Core of Brazil's Strategy:** providing free assistance to African governments looking to *improve levels of farming sophistication*, as well as those interested in developing indigenous biofuels industries.

Source: DBSA research (2011), Standard Bank, "Brazil weds itself to Africa's latent agricultural potential" (1 February 2010); Lyal White, "Understanding Brazil's New Drive for Africa" (SA Journal of International Affairs, Vol.17, No.2, August 2010, 221-242). Analysis Source: Development Bank of South Africa

China's Investment in Africa

A crucial feature of China's rapid engagement in Africa has been the role of Chinese finance, involving China's policy banks to its commercial banking sector

China's FDI stock and number of Chinese firms



Sources: MOFCOM, SBR

'We assess risk differently. There isn't an African country that we would not invest in.' (Senior official, China ExIm Bank, Sept 2009)

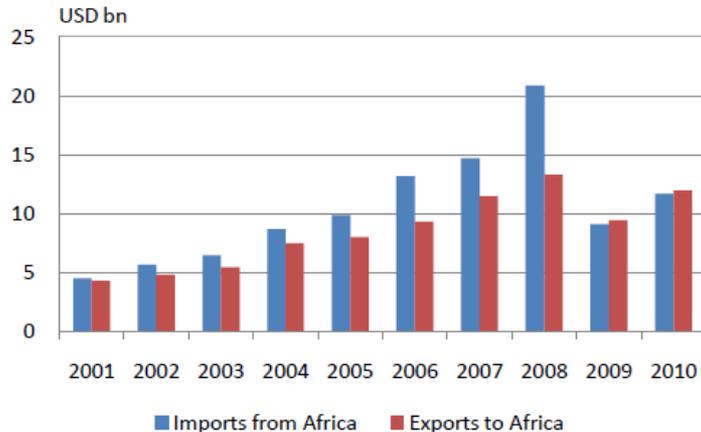
Analysis Source: Development Bank of South Africa

Source: Riaan Meyer, SAIIA, "Chinese Financial Institutions in Africa" (March 2011); Standard Bank, "EM10 and Africa: China-Africa-taking stock after a decade of advance (19 March 2012)

- **Chinese investments have been spearheaded by policy banks** which complements the competitiveness of Chinese firms in Africa, and bolsters trade.
- **China's capital** is seeking (seemingly successfully) to secure markets for its goods and employment opportunities for its labour. And, Africa has provided fertile terrain for this strategy.
- Investments have **ushered in Chinese firms**, most prominently large State Owned Enterprises, though increasingly followed by private Chinese firms and entrepreneurs.
- Though **estimates of Chinese investment to Africa vary dramatically**, Chinese official statistics suggest the country has FDI stock of USD13bn on the continent. However, Chinese cumulative capital investments into Africa since 2000 are potentially north of USD30bn.

Japan: an emerging strategic partner

Japan-Africa Trade

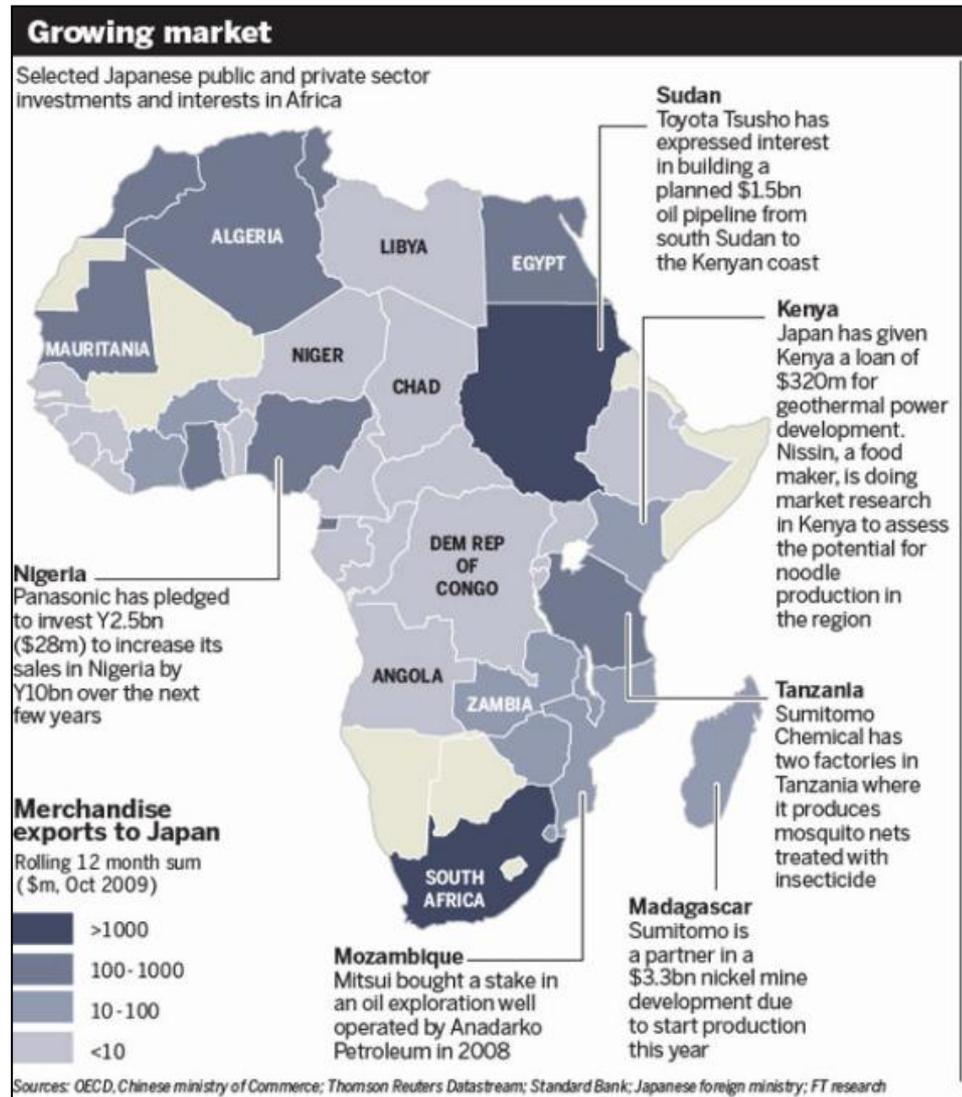


Japan-Africa trade increased almost four-fold between 2001 and 2008

Japan's FDI to Africa exceeded its 2012 target of \$3.4 billion, reaching over \$6 billion

Over 300 Japanese companies currently operating in Africa – almost 1/3 in South Africa

The automotive, construction and telecom sectors have attracted the lion's share of Japanese investment



NEPAD-Argentina: the way forward

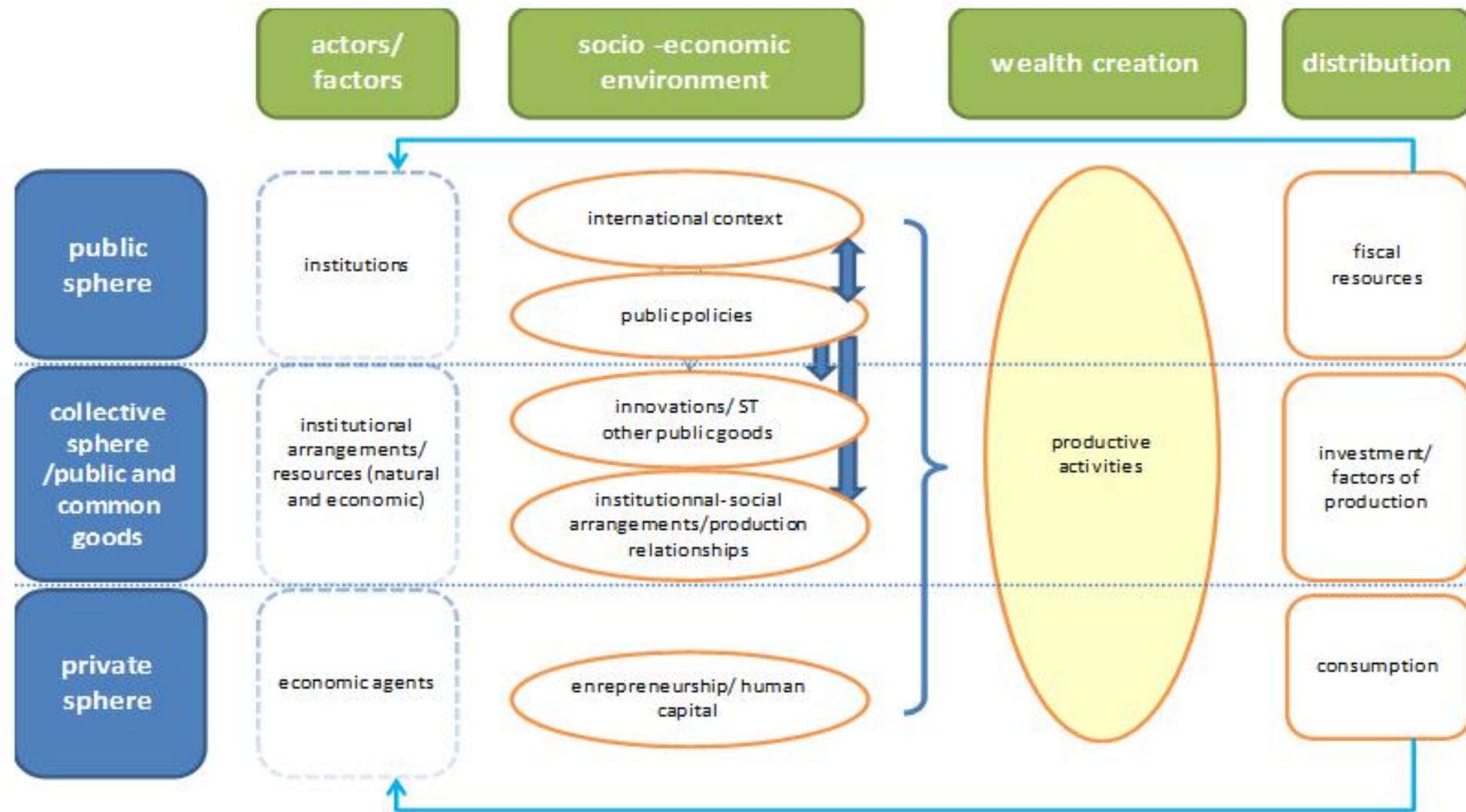
NEPAD Agency: a SSC broker for African countries and regions on priority programmes

Potential for Argentina – NEPAD cooperation: Creating profitable investment opportunities and mutual learning in transformative sectors:

- Agriculture/Food Security and Rural Development, including agribusiness and agro-processing, fisheries, livestock;
- Governance in Mining and Extractive Industries;
- Renewable energy and Biofuels;
- Mobilisation of the private sector to engage in South-South cooperation activities;
- Capacity Development, vocational training and knowledge exchanges in priority sectors, including on public-private partnerships.



A theory of change for Africa



Muchas gracias!

Asante Sana

Merci de votre attention

Thank you

شكرا على حسن استماعكم

Obrigado pela vossa atenção

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