



ADF Today

Ninth
African
Development
Forum

Neuvième
Forum pour le
développement
de l'Afrique

SENEGAL

Private
investment
booms **P2**



CLIMATE FINANCE

Africa needs
common
positions **P3**

DOMESTIC RESOURCES

Building tax
systems **P4**



LE CAP-VERT

Une stratégie
sur le dévelop-
pement **P6**



African nations need to articulate a strategic focus on development to build credibility and win international support, says the prime minister of Cabo Verde.

NEVES: INVEST IN HUMAN CAPITAL FOR JOB CREATION

AFRICAN COUNTRIES NEED TO INVEST IN HUMAN CAPITAL and build conditions for both the public and the private sector to invest in job creation if they are to overcome widening inequality and unemployment, according to the prime minister of Cabo Verde, José Maria Neves.

"First of all, I think that we need to build up a vision and a strategy for development," Neves says, "And then create the conditions for both the public and the private sectors to be able to invest in the main sectors for development in the country, the sectors that should create the dynamics for growth, investment and job creation."

Speaking on the sidelines of the African Development Forum in Marrakech, Neves says that ensuring that economic growth is aligned with social development and job creation requires a balance between public and private sector investment.

Almost all African economies have posted high annual gross domestic product growth rates since the turn of

the Millennium, and the International Monetary Fund has predicted that the trend will continue, with growth rates due to exceed 5 per cent in 2014 and approach 6 per cent in 2015.

African economies have been buoyed by higher commodity prices, growing urban populations and the consequent expansion of the consumer goods sector. However, population growth has dampened the effects of that economic expansion—over the past decade, Africa's per capita GDP growth has averaged less than 2 per cent, which is below the average for developing countries. Many have made progress on poverty reduction, but that progress has not kept pace with their economic growth.

Economic inequality is also high and rising in many countries. Research from the African Development Bank shows that the richest 5 per cent of Africans—those earning more than \$20 per day—account for nearly 20 per cent of the continent's wealth. Leaders are under pressure to



move beyond simple expansion and onto creating equitable, broader-based economic growth. There are some well-known mechanisms for promoting this kind of growth according to Neves.

"I think there are some major pillars that should be taken into consideration," he says. "First of all, strong modernisation of infrastructure, a strong investment in human capital and the consolidation of institutions, the development of the private sector, and creating conditions for the development of businesses that can create jobs. And then bring about mechanisms for both the public and private sector to participate in this process."

International development partners need to support these initiatives, and move beyond ideology to promote practical strategies designed by developing countries, he explains.

"Once a particular country has set out its own vision and agenda, it should start to share that vision with developed countries and to get them mobilised for their participation in this process," Neves says.

Despite its successes in economic growth and reform, Cabo Verde remains a small, island economy of the type often marginalised in international negotiations. Neves has become a leading interlocutor for Africa and small island states, and he says that the group has found its collective voice as it demands a global response to climate change. At the 2014 UN Conference on Small Island Developing States in Samoa, these countries created a framework that should enhance their ability to shape debates on development.

"Small island nations have plenty of possibilities and resources that should be put at the service of the global economy," Neves says.

To make sure they retain the voice they are winning, they need to continue to make visible progress.

"Last year President Obama invited four African leaders to the White House Summit. They were the president of Sierra Leone, the president of Malawi, the president of Senegal and the prime minister of Cape Verde. Why Cape Verde?" Neves says. "Because of the work that we have been doing to transform our development. If the small island nations do their jobs right, they are going to be on the front line." — PG

"Small island nations have plenty of possibilities and resources that should be put at the service of the global economy."



Senegal innovates for infrastructure finance

President Macky Sall says that Senegal is using build-operate-transfer initiatives to build critical economic infrastructure.

SENEGAL INTENDS TO INVEST ACROSS A RANGE of productive sectors and form public-private partnerships to build infrastructure, according to the country's president, Macky Sall.

"Senegal has a plan for economic and social development, including agriculture, infrastructure, mining, ICT, tourism and housing," Sall says, speaking on the sidelines of the African Development Forum in Marrakech. "With the build-operate-transfer system, we plan to expand and improve the involvement of national and foreign private sector in the delivery of public infrastructure."

Build-operate-transfer is a public-private financing structure that is used to de-risk large infrastructure and construction projects. A private sector company or consortium of companies undertakes to build an asset and is able to run it for a limited time period, generating revenues to make back the cost of construction, before transferring it to the government.

International businesses, including companies from Morocco, are participating in Senegal's infrastructure plan, Sall says. Public-private deals have been successfully structured in road development and the creation of independent power producers, he explains.

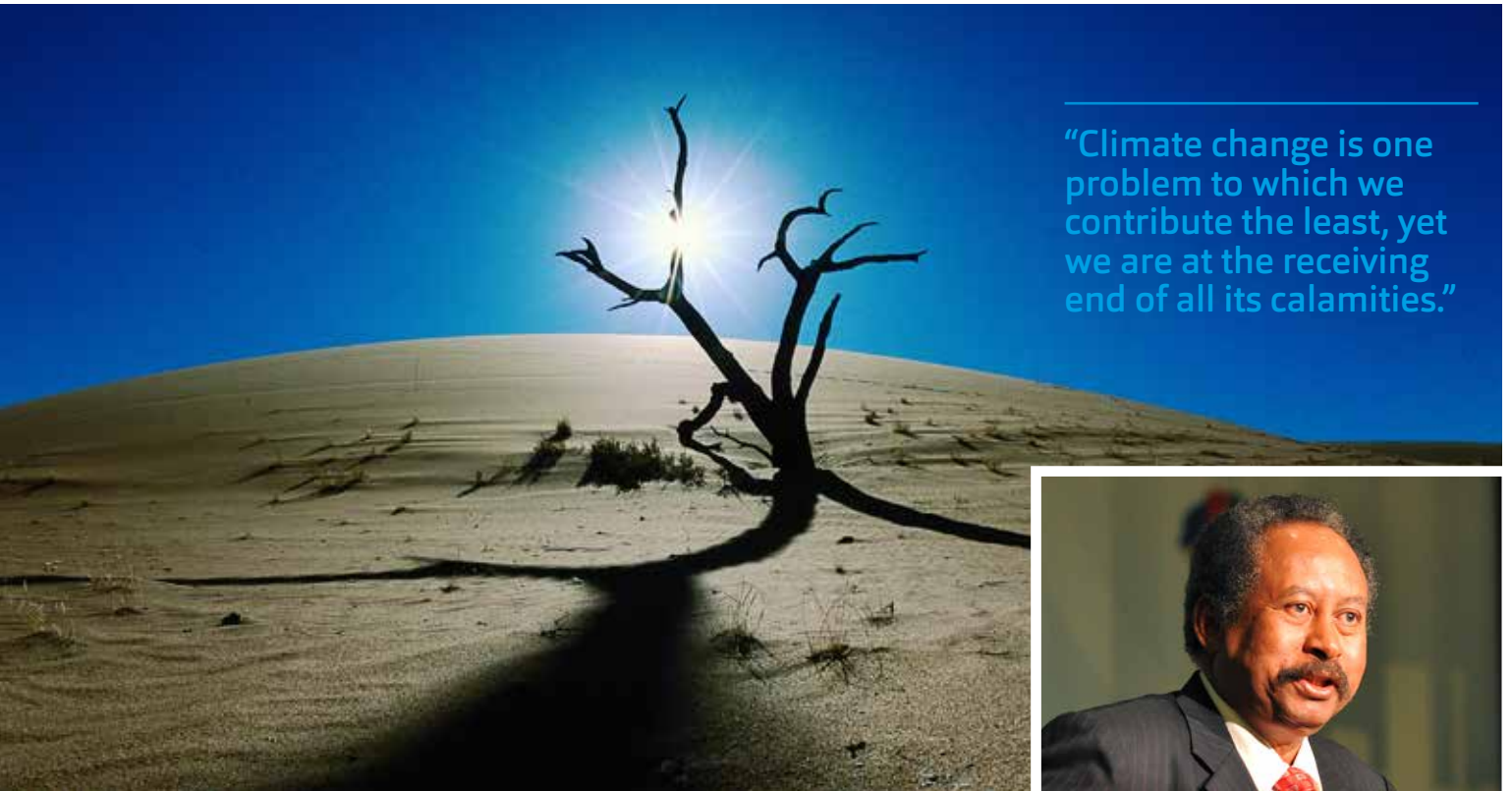
The same public-private approach will be taken in urban development, Sall says, citing the construction of the Damniadio city development, a new centre for conferences and business 30km outside of Dakar, which is to be capital by a toll road. An express train line and a new international airport are also planned, he says.

"This new airport, which will be operational in 2015, was funded through an innovative mechanism through an airport infrastructure development fee that was imposed on airline passengers," Sall says.

This is one of a number of promising sources of finance, the president says. "Migrant remittances... are estimated at more than \$2 billion per year," he says, "more than official development assistance." — JF & PG

ADB LAUNCHES FUND FOR WOMEN IN FINANCE

The African Development Bank is launching a pan-African facility to support the development of women fund managers, as part of a cross-cutting initiative in the bank to promote gender equality in the finance industry. "At the moment you can count women fund managers on your two hands," Geraldine Fraser-Moleketi, the bank's special envoy on gender, says. "Why should you not invest in 50 percent of your human capital, if you really talk inclusive growth this is necessary?" — BB



“Climate change is one problem to which we contribute the least, yet we are at the receiving end of all its calamities.”



Africa needs to build alliances for climate talks

Africa will not get the deal it needs on adaptation and green industrialisation unless it finds a common basis for negotiations.

ADB CREATES FUND FOR WEATHER AND CLIMATE

The African Development Bank has created a \$40 million fund to enhance Africa's weather forecasting capacity and to build climate change policy centres in all regions of the continent. Climate change makes the need for forecasting capability more acute, while poor information has in the past harmed many sectors of the economy, from agriculture through to the aviation sector, according to Ken John, the coordinator of special projects at the bank, who is overseeing the initiative. — AYK

AFRICAN COUNTRIES NEED TO COME UP WITH A UNIFIED position on climate change mitigation and adaptation ahead of the Conference of the Parties events in Lima and Paris, policymakers and researchers say.

Many African countries are already experiencing damaging climate change. Rain-fed agriculture, which is responsible for the majority of the continent's food supply, is at risk from increasingly unpredictable rainfall patterns, while the incidence of extreme weather events, such as devastating droughts, has increased. This burden should spur Africa to find a common position on climate change.

“If there is one candidate for a common position by Africa that is climate change,” says Abdalla Hamdok, the deputy executive secretary of the United Nations Economic Commission for Africa.

“Climate change is one problem to which we contribute the least, yet we are at the receiving end of all its calamities, whether it is floods or drought. We need to stand as one front in the negotiation for finance. Our pan-African institutions have to come up with a common African position.”

The World Bank estimates that developing countries need between \$20-100 billion in financial assistance for climate change adaptation over the next decade, but currently less than \$2.3 billion has been committed to the Green Climate Fund, a vehicle created for that purpose.

Hamdok believes that African countries need to develop a single, clear voice on the issues ahead of negotiations, to ensure that they do not end up short-changed by the process and to make sure that any funding mechanisms that are created can be integrated with the continent's development priorities. As much as Africa needs

to adapt to climate change to protect its food security and economies, it also needs to industrialise and build power infrastructure to create productive employment for its people.

“If we get the \$100 billion [for adaptation] it will go a long way to address issues of technology adaptation but I cannot say how much will go into adaptation, mitigation or industrialisation,” says Hamdok, who adds that, while Africa should embrace clean technologies such as wind and solar power, it cannot bear the cost alone.

Research by the African Climate Policy Centre (ACPC) based in Ethiopia indicates that the cost of adaptation and putting Africa on the low carbon growth is about \$31 billion a year by 2015, rising to \$68 billion by 2030. ACPC says in a climate change policy paper that ‘climate proofing’ would add 40 percent to the costs of meeting the Millennium Development Goals in Africa.

Tara Shine, head of research and development at the Mary Robinson Foundation on Climate Justice, says that the continent needs to form solid, progressive alliances, because when united, Africa is a critical mass of countries and should be able to exert its influence.

Time is short to develop that position, however. The Lima meetings are in December 2014, and will pave the way to a formal deal next year in Paris.

“A united position will augur well for Africa as a successful Lima will turn the key in Paris, but Africa must be organised and have its priorities in terms of what it should aim for first,” says Tosi Mpanu Mpanu, the former chair of the Africa group of negotiators on climate change. — BB

Democracy and taxes

African countries need to improve their fiscal institutions and cooperate with one another to mobilise resources through taxation.

IN TOTAL, AFRICAN SOVEREIGNS RAISED \$11 BILLION on the international capital markets in 2013. Kenya's record-breaking \$2 billion eurobond this year could push the 2014 total higher, demonstrating that international investors still have an appetite for African assets. African governments have rushed to take part in the boom as they look to international creditors to finance multi-billion dollar gaps in infrastructure and public service provision that are hampering their development.

By contrast, domestic resource mobilisation through taxation is startlingly limited. Tax collection as a proportion of gross domestic product is, on average, just 27 per cent, with many countries reporting ratios of less than 10 per cent. The figure has barely improved in decades.

African countries—and those in other developing regions—need to re-establish the social contract between taxation and the provision of public services, says Machiko Nissanke, professor of economics at the School of Oriental and African Studies in London.

"Government has to be seen to be accountable to domestic stakeholders. Tackling the political economy of taxation and public goods provision is very important," Nissanke says. "They have to get out of this vicious circle, and they have to improve the quality of public services and public goods."

Governments' reliance on natural resource rents, combined with largely informal economies, has created a situation where direct taxation on incomes and companies is very limited. However, Nissanke says, informal businesses have few incentives to come into the formal sector and pay taxes when they are not seeing the benefits in terms of utilities, such as water and power.

"You have to tackle structural bottlenecks in the tax base," she says. "They need a really integrated approach, strengthening their fiscal institutions."

Weak fiscal institutions are partly a result of democratic failings in the post-colonial period, according to Nissanke, but can also be attributed to the legacy of aid dependence.

"Major economic policies and development strategy decisions were taken not out of the democratic discussions themselves, domestically and politically, but they were taken outside," she says. "That undermined democracy, perhaps unintentionally... governments are

asked to be accountable to outsiders, but not accountable to domestic stakeholders. So a productive domestic debate could not take place."

With the global commodity boom over, the small statistical gains made by African countries in tax revenues as a proportion of GDP could well reverse, says Mick Moore, chief executive of the International Centre for Tax and Development. Moore agrees that the process of improving tax regimes will be a holistic one, starting with building institutional and human capacity.

"It's a long, slow grind to do something about it," he says. "I don't think there's a quick win."

Moore believes that African governments need to cooperate more on tax issues to avoid potentially destructive "tax competition", where countries bid for investment by dropping rates, and to give themselves more power in negotiations with companies and at international forums.

"All of the international tax reform currently is really led by the OECD. It's not that they're doing it against Africa's interests. But Africa, and low income countries generally, are a pretty peripheral concern," Moore says. "If the African countries can get a little bit organised and get their own organisation on taxation, that puts a little bit of pressure on the OECD to take them more seriously." — PG

Nairobi,
Kenya



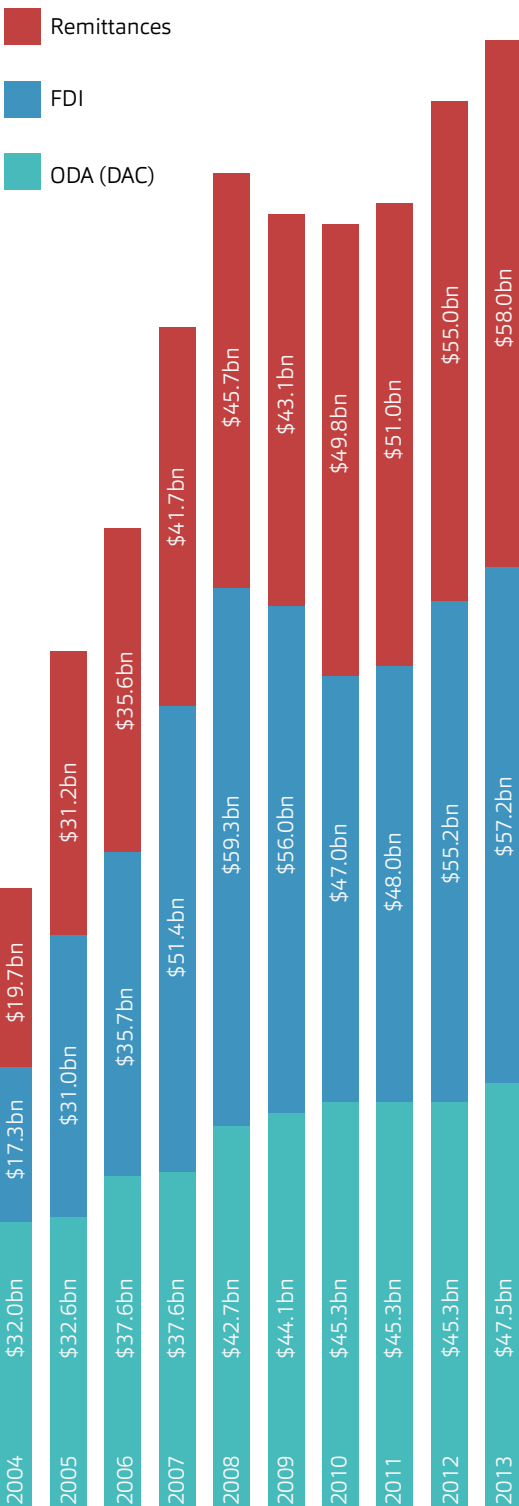
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Domestic resource mobilisation

African countries have often turned to international funding sources, whether public or private, to meet their huge capital and social investment needs. However, many countries have significant domestic capital and wealthy Diasporas, which could be leveraged to provide resources for development.

Remittances represent a huge part of inward capital flows to Africa.



On average, tax revenues are just

27 percent
of African countries' GDP

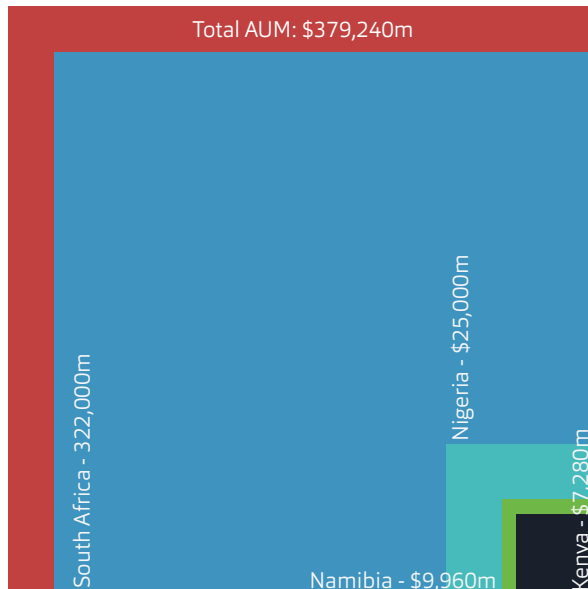
Sub-Saharan African migrants had

\$37 billion
stored in savings in 2012.

\$379 billion

is currently held in pension funds in sub-Saharan Africa.

After a decade of economic growth, several Africa countries have developed large pension pots, which they now need to invest in further growth as populations expand and age.



JOSÉ MARIA NEVES,
PREMIER MINISTRE DU CAP-VERT

Investir dans les ressources humaines pour la création d'emplois

Le Premier ministre du Cap-Vert, José Maria Neves, considère que les pays africains doivent articuler une stratégie axée sur le développement, afin de renforcer leur crédibilité et gagner le soutien international.

Selon le Premier ministre du Cap-Vert, José María Neves, les pays africains doivent investir dans le capital humain et créer les conditions requises pour aider les secteurs public et privé, afin de faciliter la création d'emplois, s'ils veulent mettre fin à aux inégalités croissantes et au chômage.

« Tout d'abord, j'estime nous devons construire une vision et une stratégie en vue du développement », explique le Premier ministre. Qui poursuit : « Et créer les conditions requises aux secteurs public et privé pour qu'ils soient en mesure d'investir dans les principaux secteurs de développement du pays ; des secteurs qui doivent créer une dynamique de croissance, d'attrait à l'investissement et de création d'emplois. »

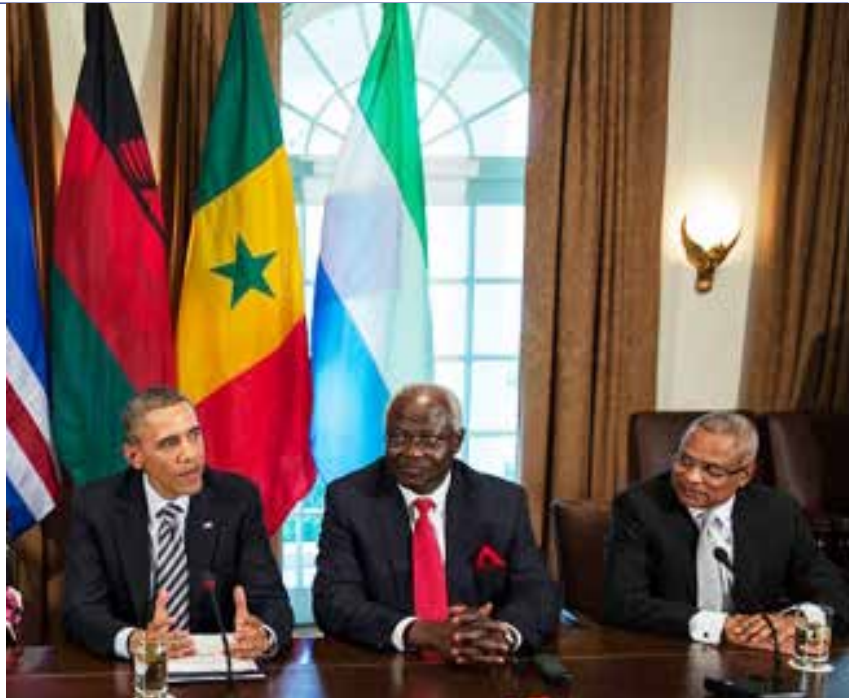
S'exprimant en marge du Forum africain pour le développement, qui s'est tenu à Marrakech, José Maria Neves a indiqué que les dirigeants devaient s'assurer que la croissance économique soit synonyme de développement social et de création d'emplois. Ce qui nécessite un équilibre entre les investissements du secteur public et ceux du privé.

La plupart des pays africains affichent une croissance de leur PIB élevée, depuis le début du millénaire, et le Fonds monétaire international (FMI) prévoit que la tendance se poursuivra, avec des taux de croissance pouvant dépasser 5 % en 2014 et approcher 6 % en 2015.

Les économies africaines ont été soutenues par les cours élevés des matières premières, la croissance des populations urbaines et, par conséquent, par l'augmentation du secteur des biens de consommation. Toutefois, la croissance de la population a atténué les effets de cette expansion économique au cours de la dernière décennie : la hausse du PIB par habitant de l'Afrique a été en moyenne inférieure à 2%, un niveau plus faible que la moyenne des pays en développement. Beaucoup de pays africains ont progressé, en matière de réduction de la pauvreté, mais ces progrès n'ont pas suivi le rythme de leur croissance économique.

L'inégalité économique est également élevée, et continue d'augmenter, dans de nombreux pays. Les recherches de la Banque africaine de développement (BAD) montrent que les 5 % les plus riches en Afrique – ceux qui gagnent plus de 20 dollars par jour – représentent près de 20 % de la richesse du continent. Les dirigeants sont sous pression, ils doivent aller au-delà de la simple croissance économique et rechercher une croissance économique diversifiée, équitable. Il existe des mécanismes bien connus pour la promotion de ce type de croissance, rappelle José Maria Neves.

Pour le Premier ministre du Cap-Vert, « des axes majeurs devraient être pris en considération ». Il précise : «



« Les petits États insulaires ont beaucoup de possibilités et de ressources qui doivent être mises au service de l'économie mondiale. »

Tout d'abord, une modernisation conséquente des infrastructures, un investissement important dans le capital humain et une consolidation des institutions, un développement du secteur privé, et la recherche des conditions du développement des entreprises génératrices d'emplois. » Tout ceci suppose « la mise en place des mécanismes nécessaires aux secteurs public et privé, dans un processus global ».

Au-delà de ces aspects, poursuit José Maria Neves, se font sentir les besoins d'innovation et de transparence en matière de fiscalité et de mobilisation des ressources intérieures. Les partenaires internationaux de développement doivent soutenir ces initiatives et aller au-delà

de l'idéologie pour promouvoir des stratégies pratiques conçues par les pays en développement.

Le Premier ministre ajoute qu'une fois qu'un pays a défini sa propre vision et son programme, il devrait la partager avec les pays développés pour les amener à se mobiliser et à y participer.

Malgré ses succès en matière de réforme et de croissance économiques, le Cap-Vert reste un petit pays insulaire, souvent marginalisé dans les négociations internationales. José Maria Neves est devenu un interlocuteur de premier plan pour l'Afrique et les petits États insulaires. Il rappelle que le groupe de petits États insulaires « *parle d'une seule voix* » car ces pays exigent une réponse mondiale face au changement climatique. À la Conférence des Nations unies sur les petits États insulaires en développement, organisée en 2014 à Samoa, ces pays ont créé un cadre pour améliorer leur capacité à influencer les débats sur le développement. José Maria Neves considère que les petits États insulaires ont «

beaucoup de possibilités et ressources qui doivent être mises au service de l'économie mondiale ».

Pour s'assurer de conserver cette voix, qui est écoutée, ils doivent poursuivre leurs efforts, lesquels sont déjà perceptibles. En 2013, sur l'invitation du Président Obama, le Premier ministre du Cap-Vert était présent au Sommet de la Maison-Blanche. À la question « *Pourquoi le Cap-Vert ?* », José Maria Neves répond : « *En raison du travail réalisé pour transformer notre développement. Si les petits pays insulaires répondent présent, alors ils seront écoutés.* » — PG

« Tout d'abord, j'estime nous devons construire une vision et une stratégie en vue du développement »



Côte d'Ivoire L'émergence portée par les PPP

Sous l'égide du président Alassane Ouattara, la Côte d'Ivoire ambitionne d'accéder au statut de pays émergent à l'horizon 2020. Pour atteindre cet objectif, le gouvernement a fait le choix des partenariats public-privé.

INFRASTRUCTURES, ÉNERGIE, SANTÉ, ÉDUCATION, agriculture... La Côte d'Ivoire est en chantier. Tous les secteurs sont concernés. Le pays connaît une vague de réformes structurelles et sectorielles. Ce qui lui a valu d'être classé par la Banque mondiale parmi les dix pays les plus réformateurs au monde en 2014. « La Côte d'Ivoire s'est fixée pour objectif d'atteindre l'émergence en 2020. Cet objectif est à portée de main, assure le chef de l'État. Depuis 2012, nous avons un taux de croissance annuel avoisinant les 10% ! » Ce résultat a été possible grâce aux investissements inscrits dans le cadre du Plan national de développement (PND 2012-2015), la feuille de route du gouvernement qui pose les bases de l'émergence.

Pour réaliser ses objectifs, la Côte d'Ivoire a fait le choix des partenariats public-privé (PPP). « Nos pays

doivent encourager le financement des grands projets structurants, pourvoyeurs d'emplois, par les partenariats public-privé, exhorte Alassane Ouattara. Mon gouvernement a créé une cellule de partenariat public-privé pour tirer le meilleur profit de ce type de financement. » Résultat : aujourd'hui, 60 % des investissements prévus en Côte d'Ivoire sont portés par des opérateurs privés. De 9 % du PIB en 2012, le taux d'investissement devrait atteindre 16 % de la richesse nationale en 2015.

— JF & DBM

« La Côte d'Ivoire s'est fixée pour objectif d'atteindre l'émergence en 2020. C'est objectif est à portée de main »



ADF Roundup

NEW PARTNERSHIPS FOR DEVELOPMENT

South-south engagements could account for as much as 70 per cent of Africa's total trade by 2020, delegates at the African Development Forum in Marrakech were told yesterday. Before the financial crisis, Africa's share of trade with other emerging markets was just 30 per cent. The rising importance of these relationships calls for a reevaluation of Africa's new partnerships, according to experts speaking at the ADF. The panel discussed the importance of

ensuring that these partnerships are seen as complementary, rather than competitive, with existing relationships, and also noted that, while the BRIC countries—Brazil, Russia, India and China—often dominate discussions about south-south partnerships, Africa's internal trade also needs to be considered a part of this emerging trend. Less than 12 per cent of African countries' trade is within the continent, and African governments should, the audience heard, look close to home before they look overseas.



“We have to look within and act together. It is true that economic indicators show us that Africa is rising but it would be good to find correlation between indicators and activities. I believe, the world is excited about us because we have resources and we have our markets. But we should not become a dumping ground for other peoples' goods”

— NKOSANA MOYO

ILLICIT FINANCIAL FLOWS

The illegal flow of money out of Africa and into tax shelters remains one of the most serious challenges facing the continent, attendees of the African Development Forum were told. Cristina Duarte, the finance minister of Cabo Verde, said that it is time that African leaders stood up and took a stance on the issue. Institutions need to be strengthened to ensure that flows can be stopped and perpetrators brought to justice, the panel concluded. Fragile environments created by weakened institutions attract predatory tendencies.



TODAY Thursday, 16 October 2014

10.00 am – 6.00 pm	Exhibition (Full day)
9.30 – 11.00 am	Plenary session 7: Review of the discussions, policy suggestions and proposed actions emanating from the breakout sessions
11.00 am – 11.30 am	Coffee Break
11.30 am – 1.00 pm	Launch of the Mutual Review of Development Effectiveness in Africa 2014 (MRDE)
1.00 – 2.30 pm	Lunch Break
2.30 – 4.00 pm	Plenary session 8: Open-ended discussion on the draft consensus statement
4.00 – 4.30 pm	Coffee Break
4.30 – 5.00 pm	Closing Session

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