

Brookings Blum Roundtable 2007

Panel 5: Africa's Economic Successes: What's Worked and What's Next

Moderator

The Right Honorable Paul Martin, 21st Prime Minister of Canada

Panelists

Donald Kaberuka, President, African Development Bank

Ngozi Okonjo-Iweala, Distinguished Fellow, Brookings; former Finance Minister of Nigeria



Africa's economic and development fortunes are the subject of widespread attention as the world increasingly focuses on how to help improve the lives of the world's poorest people. Yet the intense spotlight on Africa generally overlooks most of the continent's successes, often leaving some of the most optimistic and enlightening development achievements overshadowed. At the 2007 Brookings Blum Roundtable, a distinguished panel gathered to

discuss the state of Africa's economic progress and comment on the future prospects of the continent. A summary of the panel's key points follows.

The keynote panel "Africa's Economic Successes: What's Worked and What's Next" was introduced and moderated by the Right Honorable Paul Martin, 21st Prime Minister of Canada. Panelists included Donald Kaberuka, President of the African Development Bank and Ngozi Okonjo-Iweala, Distinguished Fellow at Brookings Global and former Finance Minister of Nigeria.

Paul Martin opened the keynote panel by highlighting that Africa's future economic success is dependent upon its continued efforts to integrate regionally. Faced with growing competition from Asia and the need to develop a robust middle class, the continent must leverage its assets jointly and then operate continentally. Should Africa continue on this course, Martin remains optimistic about its future prospects. Noting that by 2050 Africa will have 500 million more people than India—constituting the youngest population in the world—the continent will have the labor force needed to transform the region. Provided the continent continues to create the institutional capacity, regional infrastructure, and economic opportunities needed to catalyze the productive capacity of its population, Africa will be poised for growth and success. On this markedly optimistic

note, he asked Okonjo-Iweala and Kaberuka to comment on the Africa of today and discuss their vision of Africa in the near future.

Okonjo-Iweala began by noting that south-to-south lending is in fact occurring within the continent as evidence of Africa's growing economic independence. For example, the Nigeria Trust Fund (NTF)—an fund within the African Development Bank (AfDB) that is financed by the Government of the Federal Republic of Nigeria—makes financial resources available to low-income regional member countries of the AfDB at below market rates to support development efforts. Since its establishment in 1976, the NTF has approved UA 304.6 million (around 457 million current USD) for 71 projects in 20 member countries. Of this amount, UA 14.1 million (around 21 million current USD) was allocated to multinational projects. In other words, African countries are assisting one another as they develop and are attacking extreme poverty of their own volition and accord.

Okonjo-Iweala also called attention to current media portraits of Africa as a place of constant economic struggle without depiction of some of the continent's growth and progress. In fact, she noted that Africa has grown faster than the rest of the world each year for the last four years. On average, the continent has recorded an average real GDP growth rate around 5 percent over the past four years, while the world grew at a rate of approximately 3 percent over the same period. Therefore, contrary to typical portrayals in the developed world, the continent is open for business and promises high-growth investment opportunities.

In order to continue on this pro-growth course, both Okonjo-Iweala and Kaberuka agreed that the continent should accelerate its socio-economic integration. Okonjo-Iweala stated her belief that merging the continent's infrastructure development efforts would facilitate its ability to leverage the region's natural resources on the global market, as evinced by the West African Gas Pipeline. Yet bureaucratic barriers to fusing these projects have created large stumbling blocks that could be overcome at the pan-African level.

During his remarks, Kaberuka emphasized the need to create an integrated pan-African market in order to mitigate much of the embedded risk one assumes when conducting business in insecure environments. While political integration is much more complex, there is a growing consensus that economic integration will buttress each country's competitive edge in the global economy. The AfDB has a singular role to play in this process as an international development institution in breaking down barriers and facilitating the channels of communication. In fact, 15 percent of the AfDB's operation approvals in 2006 went to these multinational efforts.

Yet the AfDB is constrained in its ability to promote greater integration by challenges of debt sustainability and an aid allocation system that is more national than regionally focused. Kaberuka said that the continent should be looking to diversify sources of funding from official development assistance (ODA), to remittances, to mobilizing pension funds domestically and internationally to finance infrastructure projects. He also noted the increased role of public-private sector partnerships in infrastructure projects.

Martin concluded the panel by inviting Patrick Awuah, founder and president of Ashesi University Foundation, Samuel Jonah, executive chairman of Jonah Capital, Mo Ibrahim, chairman of the Mo Ibrahim Foundation, and Olara Otunnu, president of the LBL Foundation for Children, to share their thoughts on the continent's future before the panel was opened for questions.



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