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AFRICA'S ODIOUS DEBTS:
HOW FOREIGN LOANS AND CAPITAL FLIGHT BLED A CONTINENT

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PARTICIPANTS:

Introduction:

MWANGI S. KIMENYI
Senior Fellow and Director, Africa Growth Initiative
The Brookings Institution

Moderator:

OSITA OGBU
Visiting Fellow
The Brookings Institution

Keynote Address:

LÉONCE NDIKUMANA
Andrew Glyn Professor of Economics, Department of Economics and Political Economy Research Institute (PERI)
University of Massachusetts at Amherst

Panelists:

HIPPOLYTE FOFACK
Senior Economist
The World Bank

RAYMOND BAKER
Director
Global Financial Integrity

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P R O C E E D I N G S

MR. KIMENYI: Good afternoon. My name is Mwangi Kimenyi. I am a senior fellow and director of the Africa Growth Initiative, and I would like to welcome you to this very important forum, and I'm very happy to see a lot of friends that we have worked with before and others who have attended our events before.

Mine is going to be very brief. I'm going to introduce a colleague of mine who will then moderate this event and his name is Dr. Osita Ogbu, who is a visiting fellow with the Africa Growth Initiative and he is very well known to many of us who have worked in Africa. He was working with the IDRC. I see Connie Freeman here; I think they may have worked together at some point. And he also started a center there on technology studies, an institute in Africa.

So, he is very well known in Africa. But beyond that, Dr. Osita was with Obasanjo administration at some point and served at the cabinet level in the Ministry of Economic Affairs, I think, doing the planning. So, you served as an advisor to the President in Nigeria.

He has been visiting us here at the Africa Growth Initiative and doing a lot of work and telling us how policy is done, not just from theory, so he has been a very good colleague and I would like to welcome you to moderate this session. Dr. Osita.

DR. OSITA: Thank you very much. Good afternoon, ladies and gentlemen. I would like to introduce the panelists starting from the author of the book. You all know that today we are here to present the *Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent*, and we are pleased to have you, Léonce. Léonce is a good friend of mine.

Léonce is the director of the African Development Policy Program and the Andrew Glyn Professor of Economics. He has served as director of operational policies and director of research at the African Development Bank, and chief of macroeconomic analysis at the United Nations Economic Commission for Africa, and a visiting professor at the University of Capetown at one time.

He is also an honorary professor of economics at the University of Stellenbosch, South Africa and he has contributed to various areas of research and policy analysis on African countries, including the issues of external debt and capital flight, financial markets and growth, macroeconomic policies for growth and employment, and so on.

He is, of course, the coauthor of the book we are presenting today, and in addition to that, dozens of academic articles and book chapters on African development and macroeconomics. He is a graduate of the University of Burundi and received his doctorate from Washington University in St. Louis.

Let me go ahead and introduce the other panelists as well who will be discussing Professor Ndikumana's book.

On my immediate left is Raymond Baker. Raymond Baker is the director of the Global Financial Integrity and the co-author of *Capitalism's Achilles Heel: Dirty Money and How To Renew The Free Market System.* Mr. Baker is a senior fellow at the Center for International Policy in Washington, D.C., researching and writing on the linkages between corruption, money laundering, and poverty.

In 1996, he received a grant from the J.D. and Catherine T. MacArthur Foundation for a project entitled *Flight Capital, Poverty, and Free-Market Economics.* He's traveled to so many countries, interviewed over 335 central bankers, so he knows what he's talking about.

From 1985 to 1996, Mr. Baker provided confidential economic advice services at the presidential level for the European country governments. Activities focused primarily on issues around anticorruption strategies, international terms of trade, and developing country debt. He has also done research among 550 business owners and Mr. Baker would like to welcome you.

On my not so immediate left is a colleague and friend, Hippolyte Fofack. Dr. Fofack is a senior economist with over 50 years of experience in academia and international development. Currently he is with the macroeconomic and growth program at the World Bank Institute, which, as you know, is the knowledge of the World Bank.

His interests, primarily, in development economics, growth, banking, and finance science and technology. Mr. Fofack is noted as the founder of the Nelson Mandela Institution for Knowledge-Building and Advancement of Science and Technology in Sub-Saharan Africa, and, in fact, this institution now exists in Abjua, Nigeria, where they're trying to train high level scientists and engineers for Africa.

He holds an advanced degree in international economics and finance from France, a master's degree in mathematical statistics, and Ph.D. in applied statistics and economics from American University in Washington, D.C. He is a member of the Academy of Sciences and American Economic Association.

Please help me welcome these panelists. (Applause)

Professor Ndikumana, you've written a very important book. I would like to give you 20 minutes to give us the gist of this book so that we can get it discussed.

DR. NDIKUMANA: Thanks a lot, Osita, and thanks, everyone, for being here. It's a great pleasure for me to be here on this beautiful day of early spring and I thank you for taking the time from not only your busy schedule but actually you might have preferred to be outside in the nice weather, but I'm grateful that you were able to come and share with us some ideas about this topic, which we take very seriously, capital flight and the problem odious states.

But before my remarks, I would like to express my deepest appreciation to the African Growth Initiative of The Brookings Institution for hosting this event and for inviting me to this distinguished panel. It is especially nice for me to be with my two colleagues, Raymond and Hippolyte, who take this issue of capital flight very seriously. I think it's always at the top of their concerns every day.

I thank you for your support and your encouragement and inspiration.

Distinguished guests, ladies and gentlemen, I thank you for taking time from your busy schedule to come and be with us today.

For many of you in this room, reading and writing on Africa is your profession. For some of you, it's your vocation. So, you do hear and read a lot about African economies. Some of what you hear is reality, but a lot of it is nothing but myths. You've heard that Africa is the poorest region in the world. True. Even as poverty headcounts continue to decline, we actually see that absolute numbers of the poor in Africa continue to rise.

Access to health and other basic needs remains elusive for many Africans today, but at the same time, the African continent has fueled and continues to fuel industrialization in the West as Africa continues to sell, for cheap, it's natural resources. It is, thus, a rich continent.

You've also read and were told that Africa is heavily indebted to the West, that it receives large sums of aid, that it drains the resources of the West. True, many African countries face a heavy burden of debt. The continent also accounts for a substantial share of total aid to developing countries, but at the same time, on a net basis, Africa is actually transferring more funds to the rest of the world than it is receiving today from abroad. These transfers include capital flight and other forms of illicit flows, the volume of which continues to rise.

You heard that Africa is plagued by high levels of corruption and mismanagement of natural resources. True, corruption cripples economic activity in many African countries, but grand scale corruption in Africa rarely involves Africans alone. The plague is perpetrated because of the complacence and even complicity of agents in Western financial centers that turn a blind eye on illicit dealings by African corrupt actors. It is also perpetrated because of malpractice by private firms, especially multinational corporations operating in Africa natural resource sector when they collude with corrupt African agents to strip the continent of its wealth.

In our book, *Africa's Odious Debts: How Foreign Loans and Capital Flight Bled a Continent*, my colleague, Jim Boyce, and I take a close look at the fate of African countries in their attempt to finance their development in the context of an international financial system plagued by perverse incentives and legal systems that enable impunity of economic crimes. We document how African countries continue to suffer financial hemorrhage through capital flight and to estimate the human cost of capital flight and the cost of servicing odious debts.

The first point we make in the book is that contrary to the popular perception of sub-Saharan Africa as a heavily indebted region, the subcontinent is actually a net creditor to the rest of the world in the sense that its foreign assets exceed its liabilities. From 1970 to 2008, the subcontinent's debt increased from about 50 billion to nearly 200 billion, but during the same period, the continent experienced capital flight to the tune of 735 billion, in real terms. Including compounded interest, the stock of capital flight is $944 billion.

Thus, the continent's wealth stashed abroad vastly exceeds the stock of debt or the bad (inaudible) the rest of the world. However, while these assets are in the hands of private Africans, the liabilities are public and owed by the African people at large through their governments. In fact, in one of the reports by Merrill Lynch on the world wealth, which is called *The World Wealth Report*, they look at Africans who are classified as high net worth individuals. These are people who have at least $1 million investible liquid assets, not counting houses, yachts, and all that, Lamborghini.

That club, that elite club, has about $800 billion. Eight hundred billion dollars. I just told you capital flight from Africa is about $900 billion. You may ask how many people are in that club? Not very many. Nobody in this room. It's about 100,000 only.

So, yes, there is a lot of poverty on the continent, but there is extravagant wealth also in the continent. And one may wonder: how did that money get accumulated? Capital flight, we submit, is one of them.

Our second point in the book is to show that capital flight and external borrowing are intertwined phenomena. External borrowing has fueled capital flight and capital flight has induced further external borrowing. We estimate that over half of the money borrowed every year is siphoned out of Africa as capital flight, over half a dollar borrowed from abroad goes back to financial centers somewhere, but in private bank accounts.

Often the money returns to the same institutions that made the official lending, but this time in private accounts of the same officials that were entrusted with borrowing for their countries. This revolving door creates a corrosive incentive structure whereby the lender turns a blind eye on illicit wealth accumulation by corrupt leaders while the latter are encouraged to pursue illicit enrichment with the comfort of banking secrecy laws.

But then, you may ask, why did the Western financiers keep pouring money to regimes that were demonstrably corrupt such as the former regime of Mobutu in Zaire? The answer is that, first of all, financiers are just that, they must lend to make profit, loan officers must move the money, but also leaders like Mobutu are strategic allies to powerful governments who helped them to secure loans from multinational institutions in the name of national interests.

Moreover, often the returns on these loans are so high -- are high enough to dwarf any risk and when private loans are guaranteed by public entities such as governments and multinational institutions, this introduces severe moral hazard in the business of lending, encouraging lax or no due diligence.

Third, we find that in addition to embezzlement of debts, another conduit of capital flight is mispricing of imports and exports. This is made possible by the complicity of business partners in the west that collude in producing fake invoices to enable African exporters/importers to illegally acquire and retain foreign exchange abroad.

We conjecture that the natural resource sector is particularly exposed to trade mis-invoicing due to the large volume of transactions, the complexity of natural resource exportation processes, and the increasing complexity of the governance and (inaudible) structure of multinational corporations involved in this sector.

The rising number and (inaudible) of secret jurisdictions further facilitates the manipulation of trade and financial transactions. That's fueling illicit financial flows from Africa.

Fifth, we emphasize that even the debts that were embezzled and financed capital flight have to be paid, thus, irresponsible external borrowing and lending impose a double burden on African nations. Public funds that could be used to provide social services such as health and education are diverted to servicing debts, some of which fueled capital flight.

And the heavy debt burden makes these countries actually ineligible for further external financing to support national development initiatives because when we say, many times, that over 60 cents of each dollar borrowed has left the continent as capital flight, people say, it's okay, but the continent does keep 40 cents. Never mind that even those 40 cents could be used imprudently to projects which are not productive.

But the problem is that the next day, Africa has to pay the full dollar, including those 60 cents that left, so the continent is penalized many times. First of all, that's, again, to resources to be utilized for financing development, it has also to pay back the debt which it never saw.

The sixth point we make is that the cost of this irresponsible borrowing and lending practices are not just financial. Human lives are actually lost due to the lack of financing for health care.

We estimated that an additional dollar of debt service paid, especially to pay back the odious debts, means that 29 fewer cents are going to be spent on public health, on average. In turn, a reduction in public health spending increases the risks of poor health and child mortality.

We estimated that a $40,000 reduction in health spending translates, on average, into one additional infant death. Putting those facts together, these results imply that debt service payments on loans that fueled capital flight from Africa translate into more than 77,000 extra infant deaths each year on the continent.

So, the analysis here focuses on the payment of debts that never served Africa for the purpose of development. And we know that about 60 percent of the debts have fled the continent, so we estimate how much does that translate into lost services in terms of public health services? Because of the reduced means to finance health care, this increases infant mortality. We find that given the actual amount of debt that was embezzled, this translates into an average of 77,000 additional infant deaths.

Alternatively, if Africa could have saved that amount of money, they would have saved 77,000 infants from dying. So, to me as a development economist, if capital flight was just a financial scam, I would leave it to the finance guys to deal with it, but I worry about it because it's a development problem. It takes away money that Africa does not have to finance development, that's why we care about this problem.

Finally, we propose a strategy of selective repudiation of public external debts whereby African countries will repudiate debts for which it cannot be established that they were used for bona fide development purposes. Such debt should be regarded as odious.

A debt is odious if it meets three criteria: one, it was contracted without the consent of the African people, as in the case of an oppressive regime; second, it did not benefit the Africa in the sense that it did not finance development; and third, the creditors knew or should have known about the first two conditions, because a lender has the responsibility to monitor the loans, to get to do due diligence first before they lend, and monitor the use of the loan as the loan is being disbursed.

So, if the lender fails to do that and there is no evidence and it cannot produce evidence that the loans were used to finance development, then it should not be the responsibility of the African people to pay those loans. The lenders should go and find where the money went.

Ecuador has just recently completed a process of national debt audit where the president decided all the debts owed by Ecuador would be audited to be determined how much was borrowed, how much was used, how much was paid, and, in the end, a report was produced by a very independent international body -- team, which was able to classify debt between odious and non-odious debt. The president decided they would not pay odious debt. Of course, when they decided to do that, people were saying, oh, you have to be careful, the banks are going to penalize you, you'll not get a penny after that.

Now, if you look at it, many African countries actually pay more outside than they are receiving, so if the lenders stop lending, then, on a net basis, they are better off. Ecuador is much better off after the debt audit than before the debt audit.

The key is to have that process purely transparent, independent. In that case, honest lenders have nothing to worry about because they have done their job, they have done their due diligence, they will get their loans repaid. But those who have colluded -- the lenders who have colluded with corruption should not be rewarded by getting their debts repaid.

In the book, we argue that -- we provide detailed arguments for the proposition of selective debt repudiation based on both historical precedents as well as international and national laws. We argue that selective repudiation of odious debt will benefit both Africans, the borrowers, and their creditors, as it would lead to a more transparent financial system, minimize default risk, and maximize the developmental impact of international financing.

We close the book by issuing a plea to the international community to assist African countries to track and repatriate their stolen wealth while plugging the leakage of financial resources out of the continent. This, indeed, will do as much, if not more than, providing more aid to African countries.

I thank you very much. (Applause)

MR. OGBU: Thank you very much, Professor Ndikumana. First of all let me say that I know it was tight for you to do this in 20 minutes you did really keep to that time.

There's a lot more in the book and some copies of the book are actually outside somewhere. If you ask any of the AGI staff here they would be able to point you to the right place and I think it's sold for about $15 or so. And, like I said, there is a lot more in the book.

But before I turn to Raymond Baker, you've heard the author speak about Africa being a net lender, if you may say, to the rest of the world -- we actually have more money abroad than we are receiving -- but that is not even the interesting part. The interesting part is the human cost of these transfers and the implications of growth for Africa, so I want you to spend five to seven minutes giving us your sense, you've been in this business yourself, as to not only the analytics -- the implications for Africa's growth.

MR. BAKER: Thank you. It's always a pleasure for me to have an opportunity to praise this piece of work by Léonce and his colleague, Jim Boyce.

This book does the best job of any that I know of of linking illicit money flowing out of the continent to human rights concerns. I have been involved in Africa for 51 years now. I know people today in Africa who are living at a lower standard than they were when I met them first in 1961. This is directly a consequence of the huge amount of money that has passed out of the continent.

Léonce and Jim Boyce have been the pioneers in examining this subject matter.

Flight capital is a term that many economists find difficult to use because it has both a legal and an illegal component and it is based on -- the analysis of it is based on murky data.

When I wrote my book I used the term "dirty money." After we set up Global Financial Integrity, we didn't want to use the term *dirty money* because that wasn't very sophisticated. We didn't really want to use the term "flight capital" or "capital flight," because those words themselves tend to put the focus on the countries out of which the money is coming, that there is some flaw in their countries that accounts for the escape of that money.

So, we chose to use the term "illicit financial flows" because that does a better job of suggesting that this is a two-way street. This phenomenon has an outflow and it has an inflow into another part of the world.

The terminology "illicit financial flows," we made a decision, my colleague, Tom Cardamone, back there, and I made a decision that we would use this terminology, "illicit financial flows." I frankly don't recall whether we had read this elsewhere or what, but the terminology is now in the political economy vocabulary. We see references to this concept, illicit financial flows, all the time, as a result not only of our work, but the work of a whole consortium of people who have been studying this subject matter.

Léonce and Jim were the first to study this money flowing out of Africa. We produced a study in March 2010. Our analysis tended to confirm Léonce's analysis. Our analysis was $854 billion disappearing out of Africa during the period 1970 to 2008. We think that this estimate is very conservative. It does not include some major elements of money flowing out. It doesn't include much of the criminal component. It does not include anything that's done in cash, because that doesn't show up in global financial statistics. And it doesn't include some forms of the mispricing of trade.

So, if you were to factor in the elements that are not included, we think that the figure could be as high as $1.6 trillion over that period of time.

Léonce, by every indication available, is correct: Africa has been a net creditor to the rest of the world. Outflows continue, in our analysis, averaging about $50 billion a year out of the continent.

Now, many people, particularly in the Western media, think that this is all about corruption in those countries over there. In the cross-border flow of illicit money, and I'm speaking globally here for a moment, I'll come back to Africa -- globally, in the cross-border flow of illicit money, our estimate is that the component that stems from corruption, that is, bribery and theft by government officials, is about 3 percent of the global total. The criminal component is about 30 to 35 percent of the global total. The commercially tax evading component, which is mostly the mispricing of trade, as Léonce has referred to, is about 60 to 65 percent of the global total.

Now, those, we have not done an independent analysis of those percentages for Africa, but I'm quite satisfied in saying that the ranking of those would be the same in Africa. The corrupt component would be the smallest, the criminal component next, the commercially tax evading component, without question, would remain the highest.

This money, and the reason we use the term “illicit financial flows” is because the flow of this money is facilitated by a shadow financial system, a global shadow financial system, which we in the West created. This system was not created by those who live in the countries out of which the money comes; it was created by we, who live in the countries into which the money arrives.

This system comprises tax havens, secrecy jurisdictions, anonymous trust accounts, fake foundations, disguised corporations in the millions and millions around the world, money laundering techniques, and then holds, quite deliberately, left in the laws of Western countries which facilitate the movement of this money out of developing countries through the shadow financial system and ultimately into our own accounts. This is very much a two-way street and it requires a concerted effort on the part of both rich and poor countries to address this problem.

There has been a significant flaw in development efforts over the past two decades.

Let me go back just briefly to the Washington consensus. The Washington consensus did not contain a single element, not the most minute particle, of introspection: what do we have to do, ourselves, in the richer countries, to help create the conditions that will enable the Washington consensus principles to work in the poorer countries? That was not part of the Washington consensus. That’s the major change that has to take place in the post-millennium development goals. We must address development as a cooperative effort, a two-way street, between rich and poor countries alike. Thank you.

MR. OGBU: Thank you very much. (Applause)

From capital flight to illicit financial flow. One of the things I think I like about the concept of illicit financial flow is that those (inaudible) in developing countries tend to focus primarily on public corruption, corruption by the government. But illicit financial flow expands this definition and context and says, there is a lot more in the private sector, which we must pay attention to.

Hippolyte Fofack, I know you are not speaking for the World Bank, you are here as Hippolyte, but if you read the book, (inaudible) IMF, World Bank, and other international financial institutions are implicated in the manner in which they have also turned the blind eye. They were lending without necessarily due diligence.

But I wanted you to focus more on what should we do. Is repudiation an option? Are there options on the table for us to get at all this?

MR. FOFACK: Thank you, Osita. I think I would like to thank all the colleagues in thanking Léonce and Jim for their sustained effort and contribution to increase financial transparency, and more importantly, for Africa development.

I think in this particular case, enhanced financial transparency and Africa development are linked. I will even posit that they are codependent variable when it comes to Africa. And to have a good research topic is one thing, and to be able to have a research topic on which you will work for years, if not decades, is quite another. And it only happens when your work is driven by passion and drive for a higher goal, not just having an article in a good economic journal.

So, I think the sacrifice that you've made with James on this particular topic is something we have to be very thankful for.

And the book is timely and I've been asked to look at the implication of the book for ongoing efforts for asset recovery, and I believe the book is timely because it's published in the post-HIPC and, as you know, debt relief was granted to many African countries without prior analysis of the processional and genesis that actually led to debt overhang. And the book does a very good job at addressing and highlighting the processional causes and in the process will mitigate to get the risk of entering another debt profile where we move from debt relief to another debt relief.

And I also have to say that one of the key lessons learned from the (inaudible) recovery initiative is that it is very important to link it to what has been -- what have been the cause of external debt accumulations and capital flight, and the book is also very good at highlighting those aspects.

And one particular example that I would like to point out here to illustrate is the example of a white elephant, and we tend to focus on mis-invoice of import and export, but Léonce has mentioned a white elephant, and quite frankly, it's quite an interesting concept, because growing up in Africa, I never saw a white elephant. And, Léonce has actually, in this book, Léonce and Jim have tried describing to all of us how this animal, almost alien to the African continent, are created and for whom they are created. When you have (inaudible) Gabon, which is how many (inaudible), which has never transported a single good or passenger and the present concerned about it, we tend to wonder, why did we spend so much money? And the answer to that is, significant fractions of that investment, actually ended up in the pocket of those who were pushing for it.

And the book is also -- has also shown that the (inaudible) of the principle agent problem, which actually led to capital flight from Africa, has almost a parallel with the explosion of the financial bubble, which led to the financial crisis in 2008, and that is a very important result in the sense that this parallel is actually taking the debate on capital flight to the global sphere of accountability, which will inevitably lead to stolen -- increased prospect of stolen asset recovery.

And (inaudible), to go back to the point raised by Raymond, I think capital flight and illicit financial flow have been viewed as developing country problems and by putting the onus on the recipient countries, we will actually create more incentive for progress on this front.

And as another example to illustrate that in this book and Citibank closing the 1,000 -- 1 million accounts that Bongo had in the Citibank. Was it one thousand or one million bank accounts?

SPEAKER: It's a large number.

MR. FOFACK: It's a larger number. So, they closed -- Bongo had more than 1,000 account numbers at Citibank, so they end up closing that bank because they were actually concerned with their image. So, the global aspect of it will actually help in the prospect of recovery.

And the prospect for recovering stolen assets are also very much enhanced by awareness rising. This is a vey important aspect, an illustration of what has worked and what has not worked, and I also found some very interesting examples in the book, in the particular case of Philippine and Nigeria. Once the government decided to declare this debt at odious, just like the one down in Ecuador, it became very obvious that steps would be taken for the recovery.

And this tells us that recovery becomes possible once there is a committed government to actually push for it. However, the drawback of this is that if you have a case where stolen assets happen under Omar Bongo and Omar Bongo is replaced by Ali Bongo or Sassou Nguesso is replaced by Sassou Nguesso, Jr., or to go back to East Africa, to the Anglo (inaudible) part, Omar is replaced by one of his protégé, we are not likely to achieve results on that front.

The drive for recovery of stolen assets will increase with a better understanding of the costs of the phenomenon. I think the book is also very good at highlighting some of the human, social, and economic costs.

Another personal example worth mentioning here is that thousand of Congolese, the Sassou Nguesso Congolese, die and now must pay for the arm that killed their loved one, and this was a statement by the former head, the CEO, of (inaudible) of France, referring to the oil backed -- the illicit oil-backed loans for guns came, put in place by the financier in France and the Sassou Nguesso government. This is how far this process can be.

But do not get me wrong; I think all is not necessarily a resource curse. It has actually worked very well for Norway, which, as you know, actually enjoys today one of the largest sovereign wealth fund in the world, and the cause is actually brought to resource in Africa because of the corrupt behavior and the vulture attitude adopted by multinational corporations and financier exploiting the resource in the African continent.

And just like all is not necessarily resource caused, not all sovereign debts are odious. We have to really make this clear, and virtual sovereign wealth fund actually helped develop Asian emerging market economies in the ’60s, ’70s, and ’80s.

The key question, therefore, becomes how to change the behavior and incentive system at a global level to strengthen the culture of deterrents, accountability, and sanction mechanisms. And since its inception, the StAR, the Stolen Asset Recovery Initiative, has not been very effective in Africa, we have to say it, and the U.S. actually recovered more resource from tax evasions than Africa from capital flight.

Let me take the case of Nigeria and out of -- even though we have a chair who's a Nigerian, my apology for this, out of an estimated $377 billion of capital flight, Nigeria has recovered $1.2 billion, which is 0.3 percent, more than a drop in the bucket, it's more like a drop in the Atlantic Ocean, the path through which the flight actually leave Africa for West. And I hope that this excellent and timely manuscript will utterly intensify the pressure for more results on the recovery and preventive front to get Africa out of the poverty trap and hopefully prevent another cycle of HIPC in the future. Thank you. (Applause)

MR. OGBU: Thank you very much, Fofack. This is not an easy subject by any means.

I think what AGI is trying to do is to create a platform for sensitizing the policy committee in Washington and beyond on this subject and we hope the debate continues beyond here.

Fofack has made an important point, and in fact, your last point on asset recovery that Nigerian backed upon was in fact quite just. Getting money out of the Western banks, even when you can prove that this was stolen money, is not easy and as a matter of fact, conditions are placed -- serious conditions, even when you prove that this money is stolen, on how you are even going to use your own money.

So, when Abaha died and Nigeria was going after the illicit flows, they encountered quite a bit of difficulty in trying to repatriate that money and that discussion is still ongoing, but, Léonce, you've heard Baker, you've heard Hipploÿte. I would like to give you just two minutes to make additional remarks from the points they have raised.

MR. NDIKUMANA: Thank you very much. First of all, I appreciate, once again, the contribution from Raymond and Hippolyte. We have had long discussions about this topic.

I think as Raymond has indicated, this is only scratching a small piece of a much deeper problem of resource utilization in Africa, but first of all, of a global financial system gone wrong, because, as he indicated, when we started working on this, people brushed it away, they said, oh, it's another African story again about corruption.

But I keep telling people that if only Africans were corrupt, there would be no corruption in the world, because they may run out of who to corrupt. But the reason these phenomena persist is because there is a willing buyer, willing seller. It takes two to tango.

So, if we're going to resolve to get help, to move ahead in sealing the leakage of African financial resources, yes, we need -- African countries need to do their homework in terms of strengthening governance, institutional reforms, transparency, but I believe that we need to move to a higher level of financial transparency in the West.

Only then money coming out of Africa could be identified, could be detected, because the best deterrent mechanism is, to me, transparency.

The other point that the two speakers made is that this is a development issue. Today the global development community is championing aid effectiveness, but to me the -- to have aid being effective requires that aid helps mobilize resources in Africa and keep the resources in Africa. If aid is going to catalyze resources in Africa, we need to find a system -- we need to improve the systems that keep resources on shore, that don't send resources off shore.

The other point that Raymond made is that many times when people talk about secrecy jurisdictions, tax havens, because there is the word havens, people think that, oh, these are places in heaven. No. These are actually places in our own economy -- London, New York, Paris -- these are the centers of the financial transactions, because when you look at the -- there's an interesting group on secrecy jurisdictions, there's even a new report that ranks secrecy jurisdictions by transparency, it's by Tax Justice Network. You find that even those remote alien lands belong to the UK. So, it's the big governments that have the leverage to actually make a difference, but if you keep relegating it to the Cayman Islands as if they are alien lands, we're not going to make progress.

So, it has to be a part of the aid effectiveness agenda, the development financing agenda. When people keep complaining, you know, we have poured so much money in Africa but we don't see the results -- of course you don't see the results, we could have not worked enough to get aid -- to make aid productive. Aid is productive when it not only finances the project to finance, but it also helps improve capacity to manage development, improve institutions, improve transparency.

So, in that case, aid is going to be effective. We need to push our self more to get more from our money that we are investing in Africa, and that also is true for private finance. Again, when we present these papers in academic circles, people tell us, but, you know, Léonce, I think you are misinterpreting your figures. What you see is actually the result of normal portfolio diversification, of the savvy African saver who chooses to save abroad because the returns are higher abroad than domestically. I say, wow, that makes sense from a theoretical perspective, but if that was true, then I should see systematically that net returns abroad are higher than in Africa. They are not.

Returns in Africa are very, very high, in any sector you choose. Secondly, if that was the case, then I should not see a savvy investor investing in Africa.

Why is it that savvy Africans invest abroad and savvy non-Africans invest in Africa? There must be something wrong.

So, what you see is not the result of fewer portfolio divestments. That happens, of course, when you see -- you find Nigerian companies setting up branches and so on, that's real investment, that goes through the checks and balances, through the ministry of commerce and the central bank and so on. That is fine.

But the massive outflows of illicit money is not portfolio diversification. It's robbery. Serious.

MR. OGBU: Thank you very much. We want to, once again, thank the panelists for this illuminating presentation and discussion.

Before I turn over to the audience, I think it's very clear that this is a very serious problem and that both sides need to reflect. One thing that I need to add is that in fact part of the crisis is that even private lenders, rather than stand alone in their lending decisions, when the (inaudible) -- it became an issue from the club. And that's when you got the London club because they couldn't negotiate individually with the nations. So, they teamed up in order to -- and so private lending is intertwined with public lending as a matter of fact, so that you've found banks in New York, London, and Switzerland being backed by their countries. It was no longer a private decision.

There's a lot more to this and I think that is why it became extremely difficult for even African countries to renegotiate their debt, because they were no longer dealing with individual lenders as a matter of fact. And even the ODL lender is also from the club and we came to know about the Parie, so negotiations, again, was with, you know, the big guys.

But having said that, I would like to open the floor for questions and brief comments. Please make it brief, so that we can get as many people in as possible.

I'll start here and I will go down on my right, then I will come to the left. Connie.

MS. FREEMAN: Hi. Connie Freeman, Syracuse University. I would like to start out by thanking the Africa Growth Initiative for having this very interesting and important meeting and to compliment you on finding four superb speakers on one platform, especially on a topic that is as difficult as this one. The program was really very enjoyable.

And my question is more in the form of a comment, though I'd like peoples' reactions, and this is that this topic is even more important today -- I've just come back from teaching for a semester at Tsinghua University in Beijing and so I'm imbued with the sense of hurry you find in China to develop and develop and develop and the degree to which the Chinese need African resources to do so.

I'm also very aware, just now, of the land grabbing issue that revolves around food. What this says to me is the next couple of decades are truly a decade for Africa or it's really a decade for African resources, and it will be critical how Africans manage the flow of resources out of their continent.

Hence, around in a circle to this debate or this presentation today, because these flows have really harmed the continent and enriched the rest of the outside world. So, the urgency of getting a handle on this, in view of what is likely to happen in the next couple of decades, I think, is particularly notable.

Thank you very much.

MR. OGBU: I saw a hand here. Yes. I will go down this way and then I will come to the left.

SPEAKER: Thank you very much for the presentation. I fully agree with you that it makes a lot of sense to repudiate odious debt. Now, the big problem is in the detail, how do you define odious debt and how do you do the audit? I mean, all in favor of doing the audit, but -- and you want -- what you are suggesting is that the lender should prove that they have done their due diligence.

Now, it's never a question of black and white there, it's always a question of gray, a nuance of gray, I mean, if you expect people to do their due diligence, at the best -- the best practice on Earth, I mean, you will find very, very, very few debt which is not odious.

So, there you have a big problem because you will need a very large number of auditors to look at that. What you will need also, the country which will start this process will have to prove that the past practices are finished, and that the people are beyond any doubt of corruption.

So, it's a very, very difficult process, which will be extremely expensive if you want to do it thoroughly. How would you react to that? Thank you.

MR. OGBU: Thank you. Go down -- yeah, Freeman. Yeah.

MR. FREEMAN: Lawrence Freeman from Executive Intelligence Review, the Africa desk. I'm not related to the earlier speaker.

I think you've put your finger on something that's very important, but by naming it the shadow financial institutions, this actually broadens it, because this was actually what Philip Angelides wrote in his report on the collapse of the financial system two years ago for the Obama Administration, a shadow financial system, and it's not accidental, I think it's very conscious. It's not being done by an illicit person -- I think if you look at the financiers, the city of London, and Wall Street, this is a conscious practice to keep Africa from developing, actually carry out genocide in the new -- after the colonial period ended. And I think that we have to think about how to repudiate -- correct this.

And I would suggest one thing is immediately go for debt cancellation, of all debts right now, until they're reviewed, and move from this financier monetary system to a credit system for infrastructure and development -- Africa building an east-west railroad, Africa building hydro electric plants, even nuclear plants, develop the economies, and I think this would mean African countries working with other African countries and other countries outside Africa such as Russia and China, to form a common interest in actually economic development, because the current financial system, the transatlantic system, is finished. It's dying before our eyes in, of course, Europe, and in the United States, so let's move to something better and let Africa become part of that system of actual growth and development.

MR. OGBU: There's a guy standing at the back.

MR. AKEBI: Thank you. I am Femi Akebi with African Trade and Development Center.

MR. OGBU: Speak up, please.

MR. AKEBI: Well, I'm from Africa, I can shout very well.

I thank the Brooking Institute for the effort. I think this is a very good panel to discuss this issue.

I would like to simply just expand on Larry Freeman's points. Before that, I'd like to address the issue from the writer.

On the issue of pleading to the international monetary system for consciousness, to be fair with us, I think it's a no-brainer. I think we're naïve if we're still asking the Western world out of our consciousness to be fair with us. I think we need to put something in place that will have teeth and effectiveness, that if you play with us, we will bite. Until we do that, I think we're still playing.

On the issue of transparency, in the past day I read an article from Howard University that the lecturers were collecting over a million dollars in bonuses at the point where they are laying off staff and increasing the student tuition by 12 percent. But what brought this into full fledge was that it was listed on the campus website, how to spend the money. Could we get African countries to do this?

And last question, the founders of the global monetary system are mostly trilateral commission or trilateral group, which most of the money that are borrowed by the Africans are from this group, and these are the same group that double dipping by getting the money back again while we pay interest on money we could not use, and so also they're getting the money back into the hemisphere where it came from. How do we stop some of those (inaudible)? Thank you.

MR. OGBU: Before I get to the -- Mwangi, you had a last -- before I turn to the panelists and then take another round of questions? Okay.

SPEAKER: Thank you very much. Listening to the very interesting presentation, my mind was running into another part of the world, Europe, and the periphery of the so-called European Zone, and what I was hearing I was trying to compare it to what I know about what happens there.

So, my question, specifically, is to what extent you see an applicability of what -- of your conclusions into the other financial crisis in Southern Europe? And specifically, there, I understand the transparency. There is a debt problem and in addition to corruption there is also an incompetence and infrastructure constraints within the domestic scene.

I wonder whether you can comment on that. Thank you.

MR. OGBU: There's somebody behind you.

MR. MASSAMBA: Rudy Massamba, National Endowment for Democracy.

In the last three years there's been a proliferation of cases against the Bongos, Sassou Nguesso and Obiang families who all acquired lavish properties under questionable circumstances. And they've been getting away with this for years. So, my question is, what sort of measures can be taken to discourage Western businesses from taking this money?

MR. KIMENYI: Maybe as you respond -- well, since -- these are very good, actually excellent work, and the forecast on dealing with the problems, you know, recovering the assets, and so on, is very important, but I think Connie had an important point that we need to get a handle on and that's the issue of China.

China is signing billions of contracts every day, you know, and if you look at where they are -- China is going is pretty much everywhere, but also in areas where we don't know what -- you know, the transparency in those countries is quite -- it's a very opaque government, whether it's Angola, whether it's Congo, you know, and signing all these contracts.

Do you have -- and I know we have the transparency in natural resource -- Extractive Industries Transparency Initiative, but I don't -- and China subscribes to that, but we really don't know what's going on and I wonder whether you have -- is there anything that can be done at this point to make sure that these contracts are open, you know, with China?

MR. OGBU: I would like to start with Raymond, for you to just pick one or two or three that strikes you and make brief remarks on them.

MR. BAKER: I'm a hawk on debt forgiveness for Africa. The current level of indebtedness is a trillion and 68 million dollars. This is the whole of Africa. The public and publically guaranteed component of that is $325 billion, which might be -- the public component might be a little bit easier to deal with.

I would love to see the African Growth Initiative do a study -- a cost-benefit analysis on this debt that Africa owes, the public debt that Africa owes. I don't think the case can be made that it is in the interest of either the African countries that are in debt or the bilateral and public lenders to which the money is owed, I don't think the case can be made that it's beneficial that that debt be repaid. I would like to see it canceled, but canceled in a very systematic way, that is to say, the African countries are able to take their debt -- their interest and principle payment -- and keep it internally in return for an increase above a baseline in the -- in health and education expenditure.

Determine a baseline, and then in return for increased expenditures in health and education, that portion of your debt is considered to be paid. It will take a long time to do it, but at least it prevents the money from having to flow out of the continent and it retains the money inside and it, quite honestly, avoids the laborious process of determining what is odious and what is not.

I'd love to see you do a cost-benefit analysis of Africa being required to repay that debt. I don't think the case can be made.

Let me tell you about a very -- something extremely fortunate that has happened within the last three weeks. We've had a stunning development. The U.N. Economic Commission for Africa, where Léonce was for some time, over the past two years, has put together the idea of addressing illicit financial flows out of Africa in a very organized manner and has appointed a high-level panel on illicit financial flows headed by former president of South Africa, Thabo Mbeki, with a host of African figures who are members of the panel and a couple of us who are not African but are on the panel. This is the first time that a continent-wide organization has addressed the issue of illicit financial flows and said, we're going to take this and we're going to spend the next two or three years researching it, analyzing it, and pushing this issue onto the global agenda. First time it's been done in a continent-wide organization, has tremendous potential. President Mbeki has laid out an ambitious agenda of meetings throughout the next couple of years and using his stature and the stature of the panel to get this issue much more solidly on the political economy table. It's a huge development for Africa.

MR. OGBU: Thank you very much. Fofack?

MR. FOFACK: Yes, I would like to thank the audience for the pertinent questions and one which actually caught my attention is the one raised by Mrs. Connie on the sense of urgency for Africa. I think this is not something we can really overemphasize. And as the demand for natural resources grow exponentially, with rising demand from China, India, and other countries, and the competition between the East and West on Africa intensify, the risk of corruption will only increase by all means and the cost and the loser in that equation, that global equation, will be Africa.

But the urgency also comes into the picture in the sense that debt relief was granted to African countries and which, if you look at the growth figure, the AGI has looked into this, ESCS has also done that. And when Léonce was director of research at the African Development Bank, the last five years in the pre-crisis were the years where we saw some element of growth in Africa and that was somehow linked directly to debt relief. And for once there was a net transfer of resources into Africa.

So, the fear we have here and the sense of urgency becomes even more evident in the sense that we have to avoid falling into (inaudible), which will only jeopardize the chance or prospect of growth.

I also subscribe to the idea of pushing for infrastructure development in Africa. I think one of the key constraints to Africa development today and contrasting the Asia and East Asian emerging market region is in the area of infrastructure. There is a real infrastructure deficit in Africa. And a couple of years ago when I was covering (inaudible) in Nigeria, we had a meeting with the minister of finance. Around 7:30 there was a power outage and the World Bank was panicking and the minister said, oh, don't worry. Here we call it epileptic electricity. It comes and goes, epileptic electricity.

I think, of course, it's a laughing matter. When you have your corporation who, a foreign investor bringing a corporation, manufacturing corporation, you do not want to deal with epileptic because it can be costly for your investment, so it is extremely important. And I see a link between addressing the infrastructure deficit and capital flight repatriation, this sends a big push and that may be the only way to achieve these, to address this infrastructure deficit, without running another cycle of (inaudible) indebtedness. Thank you.

MR. OGBU: Thank you very much. Léonce?

MR. NDIKUMANA: Yeah, in fact, Hippolyte and I did a study that looked at the potential benefit for Africa of repatriating capital flight and we, if I recall correctly, we estimated that if Africa was able to repatriate only 25 percent of its capital, the region would climb up as top in terms of domestic investment compared to it would surpass Asia, Latin America, and so on. Only 25 percent. And critically, the infrastructure deficit is a major hindrance to growth.

Now, regarding China, every time you're talking about development in Africa you have to face the new global arena where new partners are taking a larger and larger and larger importance, and it's not just China, you have Brazil, you have India, you have other countries that are going to come.

And to me, I see this as an opportunity. If Africa, in fact, indeed has something to offer, then the challenge for Africa is to be prepared to get the maximum out of that exchange in the sense that every time you have a deal on resource exploitation, how much is your share of the rent?

My suspicion now is that Africa is getting much, much less than what it should get, for many reasons. One is that I do not believe that the negotiation field is level in the sense that you have better technical know-how on one side and much less on the other. Even not talking about the governance issues.

So, one day, I don't know which workshop I was attending, we were talking about capacity to understand resource contracts and somebody told me that at that particular point, Kenya could not find more than one lawyer who specialized in resource negotiations. And share of course, in China is going to come with very highly skilled technicians who know how to model those contracts. And my sense is that Africa is getting shortchanged.

So, one focus is, if our development partners are going to help Africa would be to help us build the capacity to leverage our resources so that we don't sell our resources to the cheap.

There was a question -- an interesting point about full disclosure of information, that one thing that would help is to make it public what Africa is getting in terms of aid and financing, what is being financed, what projects are being financed.

Here I want to give you a demonstration of how this could help.

In Uganda, once, there was a project on education where the government and the donors who had been frustrated that the resources were going to education but there was nothing to show for, and the government -- the donors then pushed for public disclosure of the amount of money that's being funded for each project. So, if a school was going to be given money, there would be posters in the district, on the road, about, this project is being funded by so-and-so, this is the amount of money that's being funded, and the activities are this and this.

A survey afterwards found that more money was actually reaching the final recipients and that's not very difficult. You can do it. So, full disclosure can help.

Odious debts, this is a very old concept that lawyers have really perfected very much. The definition is quite clear, but the more -- the more interesting part of your question is, how do you actually do it. I gave the example of Ecuador. It's not the most -- the richest country in the developing world, and if Ecuador could do it, other countries could do it. The key is leadership. I insisted it was a decision by the president of Ecuador to actually implement debt relief.

The case of Nigeria that you indicated, it was the president and the minister of finance, Madame Ngozi, who, when she came the first time she said, we can't do anything with this massive debt. Everything we earn is going abroad. We need to figure out how we pay this, how we get out of this. But because of that threat it gave them space for negotiating debt relief and they did get a lot of debt relief.

So, it has to be transparent, it has to be technically well done, and, to me, African development partners can help in facilitating that process.

Norway is coming up with a very interesting proposition. They actually want to implement debt audit on their part as lenders, so Norway wants to implement debt audit of all Norwegian's debts to -- loans to developing countries. That, if you could have lenders do the same as borrowers auditing their debt, you have transparency on both sides.

Of course, debt relief, everybody knows that the more resources you can release for financing development, the better you get, but the concern I have here on debt relief is that the way it is done now, there are concerns about additionality of debt relief, that it's not taking away from new aid. You need that aid. That program is released in addition to debt relief, not that debt relief is being counted -- there are cases where you hear -- where countries write off the debts but actually count them as new aid. It's not helpful because the country hasn't seen a penny.

So, a systematic study on how much could be accomplished by writing off the debt, but ensuring that we don't fall into a new cycle of debt and that debt relief is in addition to projected and programmed aid. That would be very, very helpful.

MR. OGBU: Thank you very much. I just wanted to add one word on the leadership he mentioned. We don't want anybody leaving here thinking this panel is suggesting that everything is a Western problem. The leadership in the continent must take responsibility for what is happening and it links to what Connie Freeman was talking about, the emergence of China.

The new leadership in the continent must be conscious of trading natural resources for so-called cheap loans. I've been around politicians enough to know that sometimes they are so shortsighted. If a minister, a president wants to build this airport and wants to build it within his time, he might do things that are very strange. He could (inaudible) at setting odd rates and trading minerals for something.

So, leadership in the continent is critical. We are not sitting here trying to tell you that -- we are only exposing the fact that it takes two to tango, that on both sides we need to be conscious.

But I need to take a few more -- maybe three -- two, and then we wind up because time is -- yes, two at that end, and that will be it. Very brief.

SPEAKER: Hi, my name is Claudius. I'm originally from Ethiopia and I'm also a documentary filmmaker.

What led me here is actually searching for the expert on Africa and one of the things currently I'm working on a series of films, how to engage the African Diaspora in the development efforts, and when I go around the country in Africa and also there is a large number of African Diaspora in the States. Like in the area of Nigeria, like there are large Houston, and Ethiopians, here, different areas where I find a large African Diaspora trying to see why, like he said, there are more foreign investors going to Africa than Africans going to invest in Africa.

So, I ask the same question everywhere I go and the answer I get is because of corruption. Even when I ask, could you define corruption, what it means, so it's only one-sided.

So, if the asset recovery or most of the assets are outside and according to my travel I see most African Diasporas live in urban areas and also in areas where there are large financial institutions and policymaking like Paris, London, Washington, other areas.

Is there anything that has been done to organize the African Diaspora to address this issue?

The other thing that I am working on is also on how one of the examples

I was working is there are more Ethiopian doctors in Chicago than in the entire country of Ethiopia. So, every time I go to Ethiopia I see a lot of kids dying of a lot of -- several things. So, it's hard for me to work in areas like you can't ask them to go back, but is there any leverage that we can use, the Diaspora capacity, to facilitate and develop Africa in that matter?

MR. OGBU: Thank you. Yes, on that same -- yeah.

MR. RICH: My name is Bruce Rich. I'm a visiting scholar with the Environmental Law Institute. Thank you for this very interesting presentation. I might say none of this is very new. I noticed that the sources in your book, some of them are 10 or even 20 years old. So, a lot of this information has been around for a long time.

In terms of what can be done, two questions. First, let's take the preferred creditors in the entire international financial system, which are the World Bank and the IMF. I know that Raymond Baker, a few years ago, had some frustrating meetings with high-ranking bank officials in terms of their unwillingness to be particularly aggressive about this issue. It is true that under James Wolfensohn, at least, the corruption issue with the World Bank became identified. The Department of Institutional Integrity was set up and so on, but many people who follow this closely would say that the Bank efforts in fighting corruption are still pretty inadequate. There's been a lot of pushback by major borrowing countries, frankly, who have no interest in more invasive due diligence in terms of how much money is being stolen.

So, I'd just like to ask the panelists how they see the role of the World Bank and the IMF now, whether it's gotten -- anything has really happened since Wolfensohn?

I know there's a lot of PR rhetoric about this, but you talk to certain people who have looked at this issue very closely they'll say it's not -- it's really fading in effectiveness.

Second related issue is the role of BRICs, particularly China and Brazil were investing big amounts in Brazil, China Export/Import Bank is lending more than double what the World Bank lends every year, maybe even three times, big investments in Africa. And, of course, it's not known for its great due diligence in terms of corruption. You might view, for example, if the OECD countries or the World Bank and the IMF were to clean up their act a bit more, the ability to corrupt might be a comparative advantage if you're trying to get access to resources and preferential terms.

So, I also want to ask the panelists how they see, in a real politic way, what the role of all of this huge money that's coming from China and also probably from Brazil, where the due diligence, arguably, is even less than what comes from the Western lenders? Thank you.

MR. OGBU: The guy next to you and that's it.

MR. COLLINS: Hi. Ted Collins, Center for Global Development. And my question for you, just really on the solution that you proposed, and it's pretty simple: who repudiates? It can't really be the current regime because they're corrupt and they're not necessarily concerned with repudiating their own contracts. It can't be the future regime because they might not necessarily have the legitimacy to declare an old regime to be odious.

So, I work at the Center for Global Development and we've been trying to tackle this problem recently, and what we've decided is that all you really need for international legitimacy for this to happen is if the financial center, the main financial centers, if they deem a regime to be odious and illegitimate.

And the way we'd do that is through a mechanism called preemptive contract sanctions where the U.S., basically the U.S. and the UK state that any future contracts after a certain date are illegitimate and are not enforceable in either of those courts. And I just would like to get your input on that idea. Thank you.

MR. OGBU: Thank you. Yes.

SPEAKER: Thank you very much. I come from a post-conflict country, Liberia, former minister of foreign affairs and former minister of commerce and industry. I want to compliment this analysis. I am interested in this from a very, very practical, operational standpoint. From that perspective, I was very impressed with the proposition made by Mr. Freeman back there in terms of the infrastructure dimension and yours, and I think, therefore, that while this initiative by Thabo Mbeki through the Economic Commission of Africa is about to take off, I think we should look very, very concretely and seriously at this proposal as regard to infrastructural dimension because I believe also that the Western donors will indeed be able to respond to this particular application and that is what we need.

For example, in my country, which we've been very successful and very grateful to have $5 billion of debt wiped off. The emphasis in terms of the application is going to be infrastructure.

So, I do believe that while this Mbeki initiative with ECA goes on, let us look at the application of what your findings is to that so we are walking on two legs, and we don't wait for three years for that because, especially with Brazil and China initiative in Africa, right, we have an opportunity to move on that.

So, please, let's not just leave this at this talk level. Practical application is what I'm interested in. We are living it day-to-day.

Secondly, I want to say I found your trade mis-invoicing very interesting, especially as a former minister of commerce and industry. I believe that it would be useful for you to look at what proportion of your illegal transfers or illicit transfers, what proportion is trade invoicing -- no, trade mis-invoicing? I think I don't like that name. It's sheer fraud. I don't like this trade mis-invoicing. As minister of commerce and industry I have to look at people bringing things into my country and you tell me trade mis-invoicing? It's fraud.

Now, if it is fraud and you call it by the right name, right, there are international trade statutes, et cetera, et cetera, that gives us, then, the opportunity to look into that. Yes, it will take time to get the asset recovery, but you can certainly look at what proportion is this trade mis-invoicing and let us see what we can do about it. There's international trade agreements and commerce and industry. We can do something about that, you can start something concrete.

And I would like to see here where as -- which country have you had the highest, you know, positive results in terms of asset recovery. I would like to know. I know about the Nigerian case and others that you've talked about. But where can we learn from what has worked? And help us and do something about that asset recovery.

Okay? So, these are my issues of concern. I want to commend you all, but please, you know, I don't want to see this stay at the academic level now. Yes? I want to be practical, operational. I've been there. We're there. That's where we are at. And especially for post-conflict countries and all of that, we don't have time. Thank you very much but congratulations to all of you. I enjoyed it. (Applause)

MR. OGBU: Thank you, Honorable Minister.

I think I must apologize. We need to bring this to a close somehow. I don't know -- Léonce, do you have any burning desire to just quickly say something very briefly?

MR. NDIKUMANA: You know me; I want to stay here until tomorrow. (Laughter)

MR. OGBU: Then I will not be here, I can assure you.

MR. NDIKUMANA: Let me just -- Ted, I want to see -- to read your paper more because this is quite -- it's very, very interesting about how do we structure debt repudiation. What you are proposing is basically you have to somehow find an international independent mechanism that almost arbitrates and adjudicates debt odious now and in the future.

But I think, as we described in the book, there are two things that are going on. One is the problem of past debts, which may have been odious, that you have to address. And the second is preventing odious debts in the future. So, the mechanism you are describing is very useful for preventing future odious debts. So, I want to discuss with you more about this and look at the paper.

But what -- the issue that remains for African countries, they are saddled with debts in the past, that some of them are odious, and that needs to be resolved.

But of course, if you have a corrupt regime, then repatriating or writing out of debt doesn't help. So, even at the national level then we have to think, is it possible to devise an autonomous body that is going to review, evaluate odious debt and is going to also advise and handle the allocation of the resources that are going to be released from debt relief.

Again, thank you very much for all your comments. Unfortunately, we are running out of time and I don't want to abuse the patience of the chair, but much appreciated.

MR. OGBU: Thank you. Thank you very much. It's left for me to thank the panelists. Léonce, it's always a pleasure. I hope you continue this fight because this is just the beginning, and like the Honorable Minister says, we need to begin to translate this into action.

Hippolyte Fofack, you are one of us in the trenches, so I know that I will be seeing you again. And we are very (inaudible) Raymond Baker. By the way, he's a Nigerian. He lived in Nigeria since 1962, in the '70s, so he knows Nigeria as much as I do, knows Africa. He is one of us.

We want to thank AGI for always presenting this type of forum for discussions of issues of this nature. And we want to encourage AGI and bookings for bringing issues that are topical to the development of Africa to the fore in Washington. And we thank the audience because without the audience there would be no forum, and we hope that you will respond when AGI calls you again. Thank you very much. Thank you.

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