

THE BROOKINGS INSTITUTION

THE NEXT 50 YEARS OF THE AFRICAN UNION

Washington, D.C.

Tuesday, July 30, 2013

Moderator:

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

Featured Speaker:

AMBASSADOR AMINA SALUM ALI
Ambassador of the African Union to the United States

Panelists:

MARCELO GIUGALE
Director of Economic Policy and Poverty
Reduction Programs for Africa
The World Bank

GREGORY SIMPKINS
Professional Staff Member
U.S. House Subcommittee on Africa, Global Health
Global Human Rights and International Organizations

ALAN SPENCE
Founder and Chief Executive
NewsDesk Media

* * * * *

P R O C E E D I N G S

MR. KIMENYI: Let me apologize for that delay. We have the ambassador now and we would like to proceed.

My name is Mwangi Kimenyi. I am a senior fellow here and director of the Africa Growth Initiative, and I'd like to welcome you to this event. For most African countries it's been about 50 years -- many countries are celebrating 50 years of independence. And with that also we are celebrating 50 years of what used to be at one time called the OAU, the Organization of African Unity. That was the one that was before the current African Union, which is now celebrating 50 years. And so this event we are looking at where we have come from, but more so we want to look at where we are going, not just in terms of the African Union, but where is Africa headed in the next several years, so we want to be looking forward.

As you know, the last few years, let's say the last decade, there has been a lot of optimism about Africa. We are talking about the rising Africa. We are talking about an imagined continent. There are many opportunities that now Africa presents, many opportunities for human development, for economic growth, and for even interactions with the international community. So here we will be talking about what we see as we look forward the next several years of Africa and also thinking about

Africa as a continent with many countries or whether looking at the issues of integration within Africa by looking at where we would be going the next several years.

So I thank you very much for your participation. And I'd like to introduce the panelists with me here today and then we will have a discussion and then we will open it up for some discussion here.

So, the first speaker, the panelist, and also who is going to make a few remarks is Ambassador Amina Ali, who is the head of the African Union Mission to the United States. Her Excellency works to strengthen the partnerships between the United States Executive and Legislative branches and the federal agencies and the Bretton Woods institutions.

Ambassador Ali is the African Union's first female ambassador and she sits on the Eminent Woman Panel administering the agenda in IDB government policies. So, Ambassador Ali, welcome.

The next panelist is Marcelo Giugale. I hope I got it right. He's the World Bank's director of Economic Policy and Poverty Reduction Programs for Africa. He has more than 25 years experience in economic development in Africa, Central Asia, Europe, and the Middle East, and Latin America. Welcome.

To my immediate left here is Alan Spence, who joins us as

the editor and founder of NewsDesk Media. His organization has produced the two African Union reports. I should have mentioned that we have two reports that the African Union is launching at this time. It is: "The African Union at 50" and "Invest in Africa 2013: A Strong United Continent."

NewsDesk Media is a global media services organization, specializing in publications on behalf of prestigious public and private sector organizations worldwide. So welcome all of you and we look forward to a fruitful discussion.

And I would like to start by asking the ambassador to make a few remarks and then I will go to the panelists.

AMBASSADOR ALI: Dr. Kimenyi, excellencies, ambassadors and members of the diplomatic corps, Dr. Marcelo Giugale, director of Economic Policy and Poverty Reduction Programs for Africa, the World Bank, Mr. Alan Spence, our colleague from NewsDesk Media, distinguished participants, friends of Africa, and colleague members of the diaspora, good afternoon.

Allow me at the outset to thank The Brookings Institution and its leadership for the outstanding contribution it has made for nearly 100 years in all that we advance the values of freedom, prosperity, and openness through helping policymakers and the public around the world

address issues of critical importance related but not limited to foreign policy, the global economy, and the development of governance security issues.

I would also like to pay a particular tribute to the Brookings Africa Growth Initiative, our partner, for the high quality research, practical recommendations, and innovative solutions it has provided to the promotion of Africa economic development. I want particularly to thank my brother, Dr. Mwangi Kimenyi, as well as the able staff of the Brookings for their cooperation and key support in putting this event in collaboration with our mission. My sincere thanks go to Dr. Marcelo Giugale, director of Economic Policy and Poverty Reduction Program for Africa, the World Bank; and Mr. Alan Spence, founder and chief executive of NewsDesk Media, for taking the time from their busy schedule to be a participant in this event.

Through this event we would like to launch with you a reflection and a candid discussion on the key challenges, strategic issues, and priorities facing Africa over the next 50 years and how to find effective means of addressing them. We are confident that this exacting reflection will galvanize also the diaspora and our partners in the U.S., and hence contributed in inspiring a generation of leaders that will serve as the vanguard of this movement.

The ultimate objective of the African Agenda 2063 aims at the establishment of Africa as a global growth pole that will lead the continent towards an integrated, competitive, prosperous, and peaceful continent driven by citizens that represent an economic force in the global economy, and that has an important voice in world affairs in this 21st century.

As you all know, Africa has commemorated the 50th anniversary of the OAU to AU with the famed pan-African (inaudible) Africa renaissance. This celebration is provided as an excellent opportunity to take stock of the key milestone of the past 50 years and to plan for a long-term perspective that will guide the future development of the continent for the next five decades or more. We do so with pride and with the pragmatic assessment of the challenges that still face the continent and with a renewed acknowledgement of the vital importance of pan-African solidarity towards the achievement for a brighter future for all the people of the continent.

Pan-African's influence inception placed African self-determination, solidarity, and self-reliance at the center of the continent's peoples struggle and effort. It is in this context that African heads of state and government at the 50th anniversary summit solemnly declared and pledged to take all necessary measures, using our rich natural and human

resources, to transform Africa and make it a leading continent in innovation and creativity.

The African heads of state and government also took note during their last summit of the progress and the development of the AU Agenda 2063 and endorsed the recommendation by the native council calling upon the AUC to present a framework document for consideration by African policy organ in January 2014 and final agenda to be adopted in June 2014.

Fully committed to the implementation of the amendments from of heads of state and government for the development of the African Agenda 2063 as a transformation vision for Africa over the next 50 years. Her Excellency, the chairperson of the AEC, Nkosazana Dlamini-Zuma has highlighted in various occasions the importance of meeting the vision of an integrated, prosperous, and peaceful Africa by 2063. She is a firm believer that member states, geo-economical communities, AU Commission, diaspora, and our own partners across the world have a key role to play to ensure that Africa takes responsibility of its own development and thus contribute to the building of a more just and equitable world.

We are moving toward an intense period of consultation on the African Union Agenda 2063. Allow me to underscore that the process

of preparing this strategic plan and firm up for this agenda is concertative and participatory across the continent and the diaspora. It has (inaudible) a broad range of actors and stakeholders in support of a vision that will allow the attainment of a prosperous and peaceful continent and ensure the transformation of the economic, social, and cultural paradigm.

In this regard, the African Union -- AC, ADB, UNACA -- these are the three select partners cooperate very closely in the development of this transformation agenda for the continent for the next five decades. On the basis of their distinctive role and responsibility, these three institutions are fully committed to support the vision for African leaders to transform the continent over the next 50 years and collaborate closely with regional economic communities and other partners.

The pillar of this new emphasis includes infrastructure, regional trade -- that is, inter-African trade -- agriculture and food security, industrialization and human development, and cut a place in the rule of law, as well as an enabling environment for private state participation. It has been underscored by the chairperson of the African Union in a recent meeting in Tunis regarding finance of Africa's transformation. She said they are confident that we have a window of opportunity to set Africa on the path towards integration and prosperity. This confidence is found in sustained economic growth of the last decade, improvement in human

development indicators, steady progress in governance, and creating peace and stability. It is reinforced by the continental endowment, especially a youthful and growing population, potential and (inaudible) organization and natural resources, which if harnessed in the interest of Africa's people was a way for the future.

The current opportunity in (inaudible) provided room for Africa to rethink the conventional approach to conducting business development. It cannot be disputed, however, that more action is still required on a number of fronts in order to achieve the African Union vision of integrated, prosperous, and peaceful Africa in the global arena.

The transformation of the African economy still requires a new and innovative approach to policy formulation and financing of the continent transformation. A paradigm shift of approach and a change in the mindset are essential to realizing the continental agenda for 2063.

Some speak about promoting a new approach to development planning firmly embedded in the African experience, culture, capability, and institution. Many (inaudible) abound. The need for inclusion and opportunity, the need for jobs, the need for transformation and moving up to global villaging is needed.

As you all know, the continent economic growth is now averaging 5 percent per year for more than a decade, higher than any

period since the early 1970s. Between 2000 and 2011, six of the world's fastest growing economies are in Africa; for example ,Angola, Chad, Ethiopia, Mozambique, Niger, Rwanda, and many others. However, the focus on growth is not sufficient in isolation. The impact on the positive growth rate must be more widely felt. Africa's economic growth needs to promote greater equity, inclusiveness, the preservation of venture capital, and the creation of decent jobs, especially for the youth and women, who constitute more than half of the population.

The extent to which Africa achieves development aspirations and visions very much depend on the capacity of the institution. Africa has to transform its institution if it is to claim the 21st century. Africa needs a strong institution with (inaudible) capacity and resources to effectively establish and maintain a sound macroeconomic framework.

We have a continental framework policy inserted in virtually every area of importance to our development. We also must start on a clean slate. We have 50 years of experience from which to do a lesson, (inaudible) respective overview of the past half century, share the establishment of the OAU/AU, and (inaudible) frameworks and instrument has been fundamental to providing a platform for deepened and wider cooperation among African countries.

Yes, progress has been slow due to numerous internal and

external factors. Therefore, to finalize my comment, I want to ask the question as an introductory remark to help us to contributing to our panel.

The first question is, how can the current African growth trajectory be sustained for another two or three decades to ensure that it consolidates, regains, and transforms the structure of African economies?

Second question, how to ensure inclusive growth that address unemployment and leads to poverty reduction?

Question three, what are the core changes that are required in how things are done to enable Africa to (inaudible) respond to the (inaudible) involved in contemporary global landscape?

Four, what are the challenges that should be addressed and the opportunity to be seized?

The last question, what are the possible mega-risks, threat, and critical success factors? These include political institutional renewal on finance and, especially, to find internal resources in Africa and resource mobilization issues, as well as changing the nature of Africa's relationship with the rest of the world. Thank you very much. (Applause)

MR. KIMENYI: Thank you very much, Ambassador, for the remarks. I'm going to turn to Marcelo to make some remarks, assuming you are -- I think, about 5 to 7 to 10 minutes at the max.

DR. GIUGALE: Well, let me start by thanking very much

both Brookings and the African Growth Initiative for inviting us here.

I thought the best use of my seven minutes would be to share with you what we don't know at the Bank, meaning to take you to the border of our thinking where really our ignorance begins. And it has to do with our envisioning of Africa over the next 10 years.

We ask ourselves permanently, what are the big opportunities for developing Africa? What are the both low-hanging fruits and also the high-hanging fruits that policymakers in the continent could try to achieve to bring new jobs growth, but also prosperity, and to bring it to all?

What the Ambassador was referring, I think, was inclusive growth. And I can tell you, my department has 220 professionals, most of them are economists, so there are many opinions on this. As you can see, 2 economists produced 3 opinions, 220 produce zillions. (Laughter) But, frankly, when I listen to all of them -- and that's my role in the Bank, to listen -- what I find is a few clear opportunities and a few that are not so obvious, but they're perhaps the most important; the ones that make the newspapers and those that don't.

Everybody now speaks of the era of discovery. The technology for exploration and exploitation of natural resources has never been cheaper, cleaner, faster, and more available. So even now the

Bank, we have a project called, the Billion Dollar Map, where we fly airplanes, very low-flying airplanes, that can read down to 200 yards underground and tell you what is there in terms of hydrocarbons and minerals.

And these engineers that do this tell me, Marcy, we only know 10 percent of what Africa has. We calculate that the other 90 percent is yet to be discovered. So the (inaudible) in terms of natural resources is not just about prices that could go up and down, the (inaudible) will be about quantities. That's a difference from the past.

So the fiscal revenue that drives all this growth that we are now seeing and all these social programs, it's pretty stable and may get bigger. Of course, the question is, is it going to be wasted? So there you have one opportunity, the opportunity of discovery.

The second opportunity is the opportunity of demography. In most African countries, child mortality is falling fast. This is the unsung success story of the development community. The countries with the support of many donors and many good-doers have begun to reduce child mortality, which, in turn, is beginning to reduce fertility. The idea that the average African woman will have 6-1/2 children in her fertile life is pretty much history, except for a few countries where it is actually going up, mostly on the west of Africa. Now, if that's true, what you're going to find

is that there will be more workers for the dependant person and that has what we call a demographic bonus. You save money on the social side and you get more income to the people that are actually working.

Fair opportunity -- we speak about the second African agricultural revolution and this one's not about greening. You know, it's not about just genetics and modified species. This is about policy reform, particularly land reform. Why is Africa not experiencing what Brazil experienced over the last 30 years? (Speaking Spanish 30:58.)

Why are we not seeing massive investments in the millions of hectares of fertile and arable land not coming in, in order to bring new technology and exploit what is so far a totally unexploited possibility for Africa to be not just a commodity exporter on the hydrocarbon and mineral side, but also on the food side. And I'm not saying agricultural, I'm saying food. Okay? I'll come back to that.

Fourth opportunity, my engineer friends tell me Africa has yet to start building its infrastructure. So they talk about the mega power plants, Inga. And they say, if we really get Inga going, the lights will be on in Africa. I don't know how much you travel in Africa, I happen to travel there every week, basically, and the power outages are just mindboggling. And consider they're technically middle-income countries now. You know, you are lucky if you have seven or eight hours a day of electricity, and if

you got two of those uninterrupted it's a good day.

So the infrastructure has yet to be built and people are saying, wow, we can link that to a structure of natural resources, you know, we can do multiple use infrastructure. Build on the back of extraction maybe.

Fifth opportunity, though, we speak a lot about is China. And it's not China as a buyer of our natural resources, which we expect will continue; moreover, will become a major buyer once the U.S. begins to be energy independent. But we also think about China as the supplier of lowest-skilled jobs. Our former chief economist, a Chinese economist, he calculated that China is about to shed, over the next 10 years, 85 million low-skill jobs simply because they are moving up the value chain. So a lot of this plain assembling, or low-skill assembling, will have to be exported out of China, 85 million jobs. How many of those will go to Africa? Which African country can capture those? Will they all go to South Asia or is Africa going to capture, say, half of them? Is that the answer to the ambassador's question of unemployment?

So there are coming other opportunities, so we can go on and on on opportunities, but let me speak now about the one that is the most perhaps silent and, to me, the most transformative, the one that will really show the leadership, or the lack thereafter, of Africa, and it's the fact

that Africa is yet to integrate with itself. The continent has been a massive success at globalization, meaning selling things to the rest of the world, mostly commodities. Completely integrated with the world, but I didn't say Africa. The average African country exports or imports single digits from other African countries, meaning the total percentage of exports and imports coming from another African country is less than 10 percent for the average country.

Basically, the continent is fragmented. If anything, it has been a failure at continentalization, and I'm speaking about South Saharan Africa. The interesting part is -- and I have to say I wrote you a couple of reports that blew it. You know, the Bank always proves things and then this proves them, but for now this is what we think.

This report is called "Defragmenting Africa," and what it says is that's where the billions of dollars and millions of jobs are. Why? Because there are three markets that remain unexploited due to the fragmentation of Africa, the fact that it is so difficult to trade from one country to the other. And those markets are food; I mentioned to you that I wanted to come back to that.

Another report I wrote you is called "Africa Can Feed Africa." And it essentially says there's no reason why famines should happen in Africa at all. You can't blame nature or fate. This is manmade, okay?

The food is there in the continent, it just cannot go across borders. So you have food that remains a broken market. You've got services that remain a broken market, even in custom unions, like the East African custom union. You have giant skill differentials, say, teachers that cannot go from Tanzania to Kenya or accountants that cannot go from Ghana to Nigeria or truckers that cannot cross the border because the axles are all different, they have different regulations, or even driving licenses are not recognized.

The service of banks cannot be traded across borders. Every bank has to be incorporated locally, which means huge investment needs. A lot of them being branched out. So the service market also remains fragmented and unexploited.

And the final one, which is interesting and goes back to this 85 million jobs that China's about to shed, the success of East Asia was based on breaking down the production chain. When you buy a so-called Japanese car, you are buying components from at least 10 countries. So which country plucks the component that is technologically most appropriate to its own development? So you still get this gearing box that this computer control made in Japan, but most likely the tires come from Vietnam. That kind of breaking down of the production chain, which essentially requires totally open borders and fluid and rapid trade, today

would be impossible in Africa, even in custom unions, like the East African community Iroha Saku in the south.

Now, you say why? What's going on? Why are they not doing it? Well, it's interesting because you get declaration after declaration. We have a collection of political declarations. One just came out of Tanzania a few weeks ago saying we'll integrate, even if this is the last thing that we do. In practice, it gets tough. And when you really go down and look at it, which is the purpose of this report, it boils down to a few non-tariff barriers. Non-tariff. It's not about tariffs. It's not about import tariffs, it's about how you regulate your input markets, say, your seeds or your fertilizers, at home.

How you give monopoly power to transport companies that tend to be politically connected tends to do with the uncertainty about what is possible and what is not. So you get to the border with your truck full of maize out of, say, Zambia, and that week Zambia said, no, we don't export maize. So you lost it. You can't come back.

And then, finally, there is bureaucracy and corruption at the border. As part of this report, therefore, we filmed -- we sent a film crew, can you imagine? A professional film crew, it wasn't just a few economists with a camera, this was real filmmakers, to film what happens to Congolese women trying to sell their produce in Rwanda. And mostly it's

eggs. So we filmed them for months and took statistics, and essentially the effective export tariff that they pay in order to go across is equivalent to 40 percent of the produce. That's how many eggs they had to leave along the way.

And more interesting, the chances of being sexually or physically abused when you cross is about one in two. Now, if you cross every week and you do this for 20 years, you have to have a lot of guts to try that in trade. So what happens is that the little trade that does happen among or between African countries is for the big guys. You have to be a big company to put up with all of this.

Now, again, these are manmade --

MR. KIMENYI: Yeah, yeah.

DR. GIUGALE: Can I have one minute? Time is up.

MR. KIMENYI: Yeah.

DR. GIUGALE: So, let me stop with this. We concluded back at the Bank that there are many opportunities that are really clear. There is one that is perhaps the most powerful one that is unexploited and it boils down to this, and it's almost ironic. When you speak to Africans, they tend to say -- and they are right -- that their past was frustrated by foreigners, by how they were treated by others. However, their future will be realized by how they treat each other. Let me stop there.

AMBASSADOR ALI: Well put.

MR. KIMENYI: Thank you very much. I thought I would give Alan a little more time because he was going to talk about these reports, but we'll see how he goes. So take your time.

MR. SPENCE: Mwangi, I'll be brief.

MR. KIMENYI: She's the timekeeper.

MR. SPENCE: It's a great privilege to be here today and I'd like to give my thanks as well to The Brookings Institution and to the Africa Growth Initiative for the opportunity to be here. I'd also like to say to Ambassador Ali that the partnership that my company has with the African Union is very much something that we treasure, that we value.

And "partnership" is very, very much an important word because if you look through the book that we have produced for the African Union 50th anniversary the word "partnership" is a theme that runs all the way through it and it's mentioned in the forewords by Dr. Zuma, it's mentioned by Ambassador Ali, it's mentioned by other people and it's a theme throughout. And that actually speaks of a big change which is obviously taking place in Africa, but is taking place globally with respect to Africa. And that's very, very important and that's a cultural change, it's an economic change, a financial change.

And basically what we have between my company,

NewsDesk Media, and the African Union is a sort of mini-mini partnership as part and parcel of that big partnership, if you like. And the importance of it feeds into something else, which is that what this book does is it allows Africa, the African Union to tell its own story. My company is just merely a facilitator. It presents the platform, if you like, but it is the African Union telling the story about Africa.

Now, it's doing this in a way which, in many respects, it's new, it's different, meaning in the last few years, because it's confronting issues. It's talking about the problems. It's talking about the challenges. It's talking about corruption. It's talking about HIV. It's talking about violence. It's talking about all the things. But it's doing it in a way in which these things have been confronted, the way in which program have been put together -- honestly, directly, and in partnership; initiatives to confront these things. And this is Africa talking about Africa. As I said, NewsDesk Media is just merely the platform for that.

And Dr. Zuma says actually in her introduction, "We must carry the good news as well as the bad. And the way in which we communicate with our people, partners, and those with an interest in our great continent is important to our relationships and partnerships." And that is absolutely true because everything that my friend here talked about, the thing is that, at the end of the day, you also have to

communicate that. You have to -- it's one thing discussing it in financial capitals and meetings and open meetings and the United Nations General Assembly and the meetings of the World Bank and the International Monetary Fund and so on, but, at the end of the day, you have to communicate what is happening in Africa and what people can do, will do, the way they're thinking, the aspirations of the African Union, the African peoples.

I'll leave you to read the book, but, I mean, briefly it marks the achievements of the African Union in the last 50 years, moving away from its role in bringing about the downfall of colonialism, the lingering special relationships which also cut across development programs and so on because of resistance from previous colonial powers; freedom, development, and the pathway going forward to 2063. It's very important, this publication, because it engages and it engages honestly and directly, and I'll come back to that point again in a minute because that, of course, is what I do because I'm a former financial and economic journalist, and it's a key theme. It's something very interesting for me as far as Africa is concerned. And as I say, it is Africa telling its story. It's the African Union talking about itself and where it's going and entertaining the criticism and bringing that in and meeting it head-on, which is absolutely important.

Now then, I like to do acronyms, so I've got on here which is

called CCLOPS. It doesn't mean a thing. But what it tells me is I just want to make a few points, if you like, to get the debate going, some good questions and debate, but a few headings. CCLOPS: communications, context, leverage, opportunities, partnership, security.

As I said before, communications is absolutely vital because you can have all the plans, you could even have the money, but you have to communicate to your own people within Africa, different countries. You talked about the differences. People have to understand what 2063 is all about and where it's going and what the African Union is doing. You have to sell the program every day. You have to sell the policies every day, and that is absolutely vital. So this publication, again -- we also do another one, Invest in Africa, each year for the African Union as well; a little plug there. So communications, absolutely vital.

Context. Context is -- excuse me a second. Context is absolutely vital as well because the past 50 years, 60 years, 70, 80 years, there has been the bad news is always there. You know, you can find bad news anywhere. And the fact is that people have been very willing to look for bad news in Africa and Africa has provided bad news. So there's a bit of a market has been made there. But the fact of the matter is that while people have still been dwelling on bad news, there's been so much good news which has gone missing. And you referred to the unsung story, the

unsung success story of the reduction in child mortality rates. Perfect example because, you know, that story is not out there and it should be out there, and it's a question of context.

So, you know, there are things wrong in Africa. There are many things wrong in Africa. Hey, there are things wrong in Europe, there are things wrong in the United States, you know. You've got to see it within the context of where Africa has come from in such a short time, in 50 years. When you think of the way in which all but two powers, was it, in Africa were controlled by colonial powers, the period of the wind of change blowing through Africa.

You're not going to time me out, are you?

MR. KIMENYI: She is.

MR. SPENCE: One minute, okay. She is. I've spotted the timer.

Okay, so context, you've got to get the context right.

Leverage. Things changed in 2008. The world needs Africa as a global engine of economic growth. That can be used as leverage.

Opportunities, using that leverage to build more equitable relationships and investment and trade.

Partnerships. Partnerships of equals, no longer one-sided relationships. As Hillary Clinton said, it's a question of putting the value

into Africa, not taking the value out.

And also security, which we need to talk about as well, and that is African Union forces do great things: conflict resolution, protection, and so on. One thing I'd like to throw open to the floor when -- I don't want to take your role from you, is the idea of cybersecurity, which I'm particularly interested in as is my company.

So I'll leave it there, but thank you for the opportunity to say those few words. (Applause)

MR. KIMENYI: Thank you. Thank you very much. I'll ask just a few questions, then we'll open up to the floor. We have spent a little bit more time than we thought.

But I think when we are talking about Africa, and all my panelists here have been talking about Africa as one, but if you look at it, each country has its own vision, okay? If you go to Tanzania, it has a vision, 2030 ; Nigeria, I don't know, 2025. And so my first question to the panelists, and brief answers, is how are all these harmonized? How are these visions feeding in so that we can talk about Africa? Because they seem to be probably all moving in a particular direction, but not necessarily as Africa, but as individual countries.

But the other important question, and this is particularly for the ambassador, I think that the new issue, and I think the ambassador

also emphasized this, is that really when you talk about Africa, you really have to talk about regional integration. You really have to say -- you know, you are talking about a country that is integrated, is trading with each other. Now, we have the plan for 2017, a continental free trade area in 2017, meaning that in 2017 we would be crossing all those borders that Marcelo is talking about with any problems. And how realistic is all these as you see it and what we have in terms of strategies to do that?

So Ambassador, I'll give you like a minute, then we --

AMBASSADOR ALI: Okay, thank you, (inaudible). Actually, as you said, Africa is integrated, but we are a block . At the same time we all dance to our own tune. But our leaders realize that the need of integration is needed and it's very important for development of Africa.

So during the last summit, our leaders approved the Continental African -- Continental Free Trade Area. And of course they gave 2017 as the date that we'll all have (inaudible) free trade area, one block. Now, whether it's going to be realized -- people ask me, is it going to be realized, not realized? But I always give them answers saying this is our own decision and we've already seen in the southern part of Africa, we have tripartite trade element and that will take the whole block of East Africa, Southern Africa, (inaudible), as well as (inaudible). And we also took analysis trying to see the other block, Western block and Central,

what is there? What we can do to be able -- for them to fast-track development as related to be able to be a free trade area like the other one. So that's why we all agreed, especially our president signed an agreement saying in 2017, we believe Western Africa (inaudible), as well as Central Africa, they will fast track their own economic policies to be able to be a free market.

Now, with respect to the vision of economic development how are we going to harmonize? Before the anniversary we were all having a seven-year development strategy for Africa. But then we realized we need to have two strategies for Africa: we need to have African strategy; and also, we need to have African Union strategy. So we are prepared in 2063, in that framework, African countries (inaudible), because I'll give you an example. When we talk about a division, we had let's say a road project that linked with three or four or five countries. But you find that project takes six years, seven years, eight years, and that was it. That's an example of (inaudible) project. It took a lot of time Why? Because, as I said, our countries, they have their own priorities. So now what you are saying our countries together, through 2063, we will have the authority but harmonized, at the same time, African Authority that will support, that will also give a lot of value to the member countries' program.

For instance, let me talk one minute about the infrastructure program. We have PIDA. PIDA is a program for (inaudible) rule and for Africa. And this project took a lot of time. It is between African Union, ADB (inaudible), and our partners. And in this project we have 59 infrastructure projects, like to link member countries together and form a Continental Free Trade Area.

So in these projects, for instance, we have a power project. The power project is for -- we have five projects: one in South Africa, one East Africa, one West Africa, Central Africa, and the northern part of Africa. And then we talk about how we're going to -- if you don't have your network, if you don't have a train because you'll continue -- you can increase your production capacity, but if you don't have proper infrastructure, a proper road to be able to transport your products, you're not going to compete. Because there's a statistic that says products from Africa is five times expensive from products from China. So all those things, they push us to have a harmonized African strategy for development.

At the same time, it also forces member states through our leader, their own economic (inaudible) 2020, other (inaudible) 2030, they're all going to move together with the African Union. And I believe 2063 this strategic framework would enable to have that answer.

MR. KIMENYI: Thank you very much. Marcelo?

DR. GIUGALE: Very good. The question specifically says how do we make these commitments a reality? How do we bring integration to be real for the average citizens of the continent? And I would suggest five very simple steps.

First is do not just focus on tariffs. This is not anymore about tariffs. Yes, you had to get rid of import tariffs or make them uniform and low. All that is good and necessary, but the biting constraint, the one that is now limiting the integration, is non-tariff barriers. This is like swimming across a river. You cross halfway, you can't celebrate, and there's no point in going back anyway because you're halfway. So the second half is the non-tariff barriers.

Second is bring social accountability to integration. Make it an issue of the people. Make sure that those small traders at the border between Goma and Rwanda have a way to complain. Make it a republic. Use my colleague to my right here. Make it a communication issue. Social accountability is critical here. Take it from the big summits down to the person trying to trade at the border.

Number three is don't stop at goods. Make sure that integration goes beyond goods. It has to be an integration of people and of capital as well. I don't know my African colleagues here, but have you

noticed how difficult it is for you to find and get a visa to the African country next door? It's easier for me. How do you explain that?

Now, none of this is easy. I mean, the European Union took 60 years and it still is not very well done, right? I mean, it's still half-cooked. But still, we had to move somewhere. So make it also about not just goods, but people and capital.

Number four is don't just focus on projects, but focus on the policies behind the projects. Why is it that the electricity supply is so unreliable and so limited? Is it just because we need more money and more projects and more cement and pipes and wires? I'm sure we do need that, but once you build that power plant, if you don't have the right policies, particularly pricing policies, the power plant becomes a fiscal drain. Somebody has to pay for the subsidy and soon enough it becomes a source of corruption and friendship and clientelism. So the power plant never gets built. The private sector doesn't want to be part of it. So the policy framework of the project is almost as important as the engineering part. So integration is not just about hardware, it's also about software.

And then my final point is use your natural resource magnets. What do I mean by this? Well, you have a few countries in the continent that are just going to boom on natural resources. Think about Mozambique and its gas. This makes it a perfect magnet to integration

with the neighbors. Imagine what Malawi could do if it had complete access to the markets in Mozambique once Mozambique begins to benefit fully from the gas. You know, people are expecting their GDP per capita will quadruple in Mozambique on a steady state, so those will be great customers for Malawi and agriculture.

So anyway, these are practical steps. I think, you know, these are doable. The question is to actually go for them.

MR. SPENCE: Yeah. I mean, I would add you mentioned the European Union, the European community. The big advantage that Africa has over the European community is that you can actually look at a map and see Africa whereas for the past 2- or 300 years we've been trying to define what Europe is. I mean, Europe is, you know, coming to a station near you. It's steadily moving over. You know, it didn't use to include Eastern Europe, but it does now in terms of the European Union. You know, is Turkey in or out? You know, Russia one day? I don't know. So you can actually look at a map and see the objective, which is great. I mean, once you can actually see an objective, then you're at least some way towards getting there once you've defined your goal. It is geographically intact and complete.

I would just come back to, given that that is the objective and you can see it, I would just come back to the communications issue. I

take on board all the points that my colleague here has said. How would you actually integrate it all? Well, you do all the things that he's talking about and there are other things as well, but it comes back to communicating the message.

And I wonder here about the social media because, of course, Africa has leapt beyond, you know, terrestrial land-based phone systems. It's taken a big leap forward, it's gone over them, and there is this massive capacity building. Now, that is -- and markets have been built on telephony in Africa, and so, you know, labor markets, commercial markets, and so on for produce or whatever.

And I think actually you could think in terms of an economic or political market in mobile telephony, the social media being used increasingly, perhaps by -- I'm sure you have your plans there, Ambassador, too -- to actually promote 2063 and where it's going and how to get there to engage at every level. And I think social media will have a big role to play in that.

MR. KIMENYI: Very good. I think because we started a little late I would like to stop with the panelists and open it up to discussion from the floor. I guess one of the issues that doesn't seem -- you know, I mean, I am, of course, very optimistic about Africa and, you know, unity and also looking forward, but I am also quite concerned that even as we

talk about Africa and regional integration and a Continental Free Trade Area, we still have issues within the same countries. We still have not united the African countries themselves, you know. You still have a lot of problems in many of these countries and so we still need to -- as we talk about this good picture looking forward, we need to keep that in the background.

So please be brief and make comments, you know, just straight and then we'll have like three questions and comments. So why don't I start -- okay, we'll start at the back, the gentleman at the back, and I'll come front. Commence, please.

MR. FANUSIE: Thank you very much for presenting the governing class and political class of Africa's position. I am Yaya Fanusie. I'm the layperson for the United States of Africa 2017 Project. There will be a referendum 2017 and a Federation Treaty and constitution in which 45 of the 54 countries will vote yes to form a United States of Africa like America.

Ambassador Salum, we will provide the money to the African Union to conduct the referendum.

MR. KIMENYI: Yes, the gentleman there.

MR. LAGUKAY : I thank you very much, you know, The Brookings Institution, and I'd like to -- most of the thing I heard, the hope

about Africa, I did my research on --

MR. KIMENYI: Could you identify yourself, first of all?

MR. LAGUKAY: My name Nyaga Lagukay (phonetic 1:03:43). I'm from the Ivory Coast. I've been living here for 12 years. And I did my research on regional economic integration. And as I was doing my research I discovered that the primary source of the problem in Africa, according to (inaudible), who works at the World Bank, is not corruption of poverty, everything you guys have spoken about, but the loss or the lack of a vision. Will you please comment on that? Thanks.

MR. KIMENYI: Okay, very good. So can I go to the gentleman at the back there, now come in the middle, the one sitting there. Yeah.

MR. MEIER: Ken Meier , (inaudible) World Docs . How would you rate the performance of the AU when NATO chose to depose one of Africa's leading lights, Mr. Qaddafi? (Laughter)

MR. KIMENYI: Could I get quick answers? Some of these -- the first one doesn't require an answer, but could you come to the middle, the gentleman in the middle there, then I'll come to the lady here. Then we'll come to the panel.

MR. BABA: Thank you for great presentations. My name is Duza Baba . I'm a former graduate student from SAIS around the corner

here and now I'm back in Nigeria, actually experiencing regional integration in person. There was something that was said about infrastructure and I wanted to find out what is the role of standardization towards helping harmonization? An example, Madam Ambassador, in Tanzania, I'm aware that, you know, probably Germans built tracks, train tracks, using a different gauge; Chinese built train tracks using different gauges. So even within Tanzania it would be hard to connect those rail lines.

And a further question on the rail lines. If we could integrate across countries using rail, that's much harder to stop than trucks going across roads, so why isn't more happening with rail? Thank you.

MR. KIMENYI: Thank you very much. Could I get quick comments? Ambassador? And you want to be brief, so we go another round of questions.

AMBASSADOR ALI: Yeah, the first question about maybe comment on the referendum for the United States of Africa, I think the way I understand was I'm in the commission that even if you look at the Lagos Plan of Action and their (inaudible) declaration, you will find that we have decided to build economic community for Africa. And that's why (inaudible) to reach (inaudible) for Africa is to have a free trade area. Once we have a free trade area which would address all the issues about

Africa, internal issues about Africa, (inaudible) question of free movement of people, free movement of capital, all those things will be addressed, but he's talking about political union.

And right from 1963, we had two visions, two sort of thinking. Some of the leaders thought maybe we can immediately form a political union. Some of the leaders thought why don't we build political communities? Once these communities are stronger economically and politically, then we can merge these economic communities to make one block of political union. So I think the process has slightly changed, not much, but we believe let's build the economic community in our own communities, like (inaudible) community we have (inaudible). Let's build those communities and try to take one step further, which is to have economic community.

So although political union is in our agenda, but I think all these two blocks, the West and Central, the South, East, and North, once they have (inaudible) free trade area, I say that will be easy for us now to continue discussion of building political union. Because it's not an easy decision. We have two -- even up to now we still have two blocks, two thinking.

Now, the question of referendum, I think our head of state may discuss -- at this point comes from the diaspora. Maybe they may

have learned to discuss and take a decision.

Now, with the question about standardization of, let's say, maybe (inaudible reliance, standardization of our electrical systems, it's not only (inaudible), but there are so many things. We need to have a standardized, harmonized system. Some countries in Africa, still they're using the metric system; others they're using the other system.

But as far as rail is concerned, we have a program within PIDA for countries to building a through railway line because we believe it's cheaper to transport multi-commodities, multi-products by road -- for the road we don't have right now that can connect one side of the continent to the other. So you can imagine, since independence from the Ghana independence until now, we don't have -- we didn't build another new railway line except TAZARA, Tanzania and Zambia. So yes, there was a need, it was realized, the need to have a railway line, but also now to study all these railway lines that we have. How do we standardize? How do we have a broader system for all of us? Because now from Tanzania TAZARA, TAZARA knows Tanzania's railway lines. They don't go together because the Tanzanian rail line is a different system where TAZARA is a different system, and also to connect TAZARA to the Southern African railway system, those are the things that PIDA is addressing. And our president has already approved those programs.

And right now we are popularizing this program. And (inaudible) that come join with us. We will have opportunity for investment, capital investment in those countries.

The last question was about our lack of vision. I don't want to agree with my brother speaking about Africa. Maybe I can say we have too many visions. (Laughter) We have visions from our member states, we have visions from Africa, we have visions even from our partners. They help us to prepare a vision. You can call it any name, 2020, 2021. We have all those visions. What is missing is implementation. We have so many books talking about Africa 2020, Africa in (inaudible), but in terms of implementation -- and implementation I think in two things, because some of those regions we don't start from the grass roots. It comes from the top. So that's why we have 2063. We have realized the government has a vision, but we have to harmonize all these visions and try to find resources to be able to implement those visions. We have to create -- buy in to our own people to be able to support those visions and also to have our partners support those visions.

So I think that 2063 is the right vision and that's why it is a concertative process. We want everybody, whoever is interested, the diaspora, partners, member countries, to be able to talk about and suggest ways because this is a vision that will also look into a future for

Africa; at the same time, to see what will be our member states' vision so that they can all work together to be able to reach our objective. Thank you.

MR. KIMENYI: Thank you. Any comments?

DR. GIUGALE: No, I think I will just subscribe to what the ambassador said on the issue of why regional integration is not happening. I also would submit that even this lack of vision or papers or strategy, deep down it's a lack of leadership, you know, of collectively saying we need to do this, and we do it. I don't expect this to happen overnight nor do I expect it to happen out of a suddenly enlightened leader that descends upon us and that's it. My money is on democracy and information. I think the more voice and data people have, the more these things will begin to happen.

If there is one fundamental change that is also very subliminal in a way it's the average citizen in the continent is much more informed than it was before, even in systems that are less than democratic. So the political competition will happen anyway, whether you have a vote in democracy or a non-voting one. That's where I think the change will come.

So I think the role of many of us, many of these multilateral institutions, is to put information in the hands of people in a way that

people understand it. This is good for you. This is good for your child. You want education, you want a job, you want food. This can happen through this. In simple terms what can communicate all these esoteric technical ideas, I think we are making a huge contribution to the transformation.

MR. KIMENYI: Do you have any --

MR. SPENCE: Yeah, just very, very briefly, there was a point made about the African Union in Libya and how did it look when NATO brought Qaddafi down. I'm not an expert on Libya. I do remember at the time the rough trade (inaudible) a lot of African Union representatives did get in Libya when they were trying to broker peace there.

And to me, I mean, I'm a director of the Atlantic Council over here and that's quite close to NATO and so on, I mean, there was very much a feeling that the African Union had done an excellent job in trying to bring parties together. And, you know, I remember films of delegates being very roughly treated. And it wasn't a unilateral decision, on the other hand, by NATO to bring down Qaddafi. I mean, everybody across a very wide perspective bought into that for all sorts of reasons, including the Arab League and African Union and others, not officially necessarily, but different parts.

So I would just make that point and the African Union really did try very hard.

MR. KIMENYI: Very good. I'll go to another round of questions, but I think one of the issues as we talked about Africa and (inaudible) prosperities, if you read today Kofi Annan's report, one of the big problems that is really putting Africa back is on the illicit capital flows. And this is basically not just an African problem. It's also a developed world problem. I mean, these flows are coming to U.S. and Europe, and I didn't hear -- I'd like to hear some commentary on the law of these other countries as far as -- because you talked about natural resources. But we know that a lot of these resources are coming back, but illicit flows.

Okay, I'll take -- now I'll start with this lady here, a brief question, and then I'll take the gentleman there and then --

MS. SEGERO: Good afternoon, ladies and gentleman. My name is Rosemary Segero. I'm the president of Hope for Tomorrow. Thank you so much, Ambassador Amina. I think you said you wanted to hear from the African story.

I'm an African from Kenya, born and raised in Kenya, being an African woman. Our organization focuses on elections. We observe elections. We observed the Kenya election 2013. We'll be observing Malawi, South Africa, and other countries.

Ambassador Ali, what happens or what could the African Union do to the African countries on violence and conflict before and after elections? Because we have always had problems before election and after election. What happens? And what is the African Union telling the countries to do on this?

And lastly, as a businesswoman, again, I'm saying unless Africa involves the African diaspora themselves on the table, not when after you make a resolution or a report you bring us on the table to hear about what is happening in Africa, we want to be part of the decision-making. We want to see what can we do and what can the (inaudible) and how can we be involved on the table to talk about (inaudible), not living small and be small and medium businesses. Those are the growth and development of Africa. Let them be supported, capacity-building, financial support --

MR. KIMENYI: Thank you.

MS. SEGERO: -- to make Africa grow. Thank you.

MR. KIMENYI: Whoever I'm going to pick now, promise that you ask a question and then I'll do that. (Laughter) Okay, so the lady here and the gentleman back there. We'll pick three and I'll take the other gentleman there.

SPEAKER: Good afternoon. The question I would like to

submit to our distinguished panel is that in this process of continental integration how do you balance the interests of large states and small states so that the large states don't overshadow the interests of small states and that international dependence doesn't become regional dependence?

MR. KIMENYI: The gentleman at the back, there at the back. Yeah.

SPEAKER: Thank you. I'm a grad student at American University.

First, I would like to comment about the presentation by Mr. Marcelo. That's, I think, the most brilliant, concise, but comprehensive, you know, exploration of the issues that I've heard about Africa.

Another question is about the African Union, that there's a lot of criticism about the African Union, that in terms of effectiveness they don't have -- I mean, the usual criticism is that the African Union doesn't really have leverage in terms of doing or achieving whatever they're trying to do. So in specific terms, what leverage does the African Union in terms of doing whatever it's planning to do?

MR. KIMENYI: There's a gentleman over there, right over there. Yeah, if you could all be brief.

MR. TONSHU: Hello. My name is Pierre Tonshu . I work

with CSI's Africa Program.

You've touched on power and regional integration. I was just wondering, during his trip President Obama announced the Power Africa and Trade Africa initiatives. I was wondering if Marcelo and Ambassador Ali could kind of tell us what do they think, the lofty goals that have been set by those initiatives, do you think that they could actually be met? And how important do you think those initiatives will be in the future, in the next 50 years?

MR. KIMENYI: Very good. One final question. That lady over there, she jumped fast. Yeah.

MS. MCGONAGLE: Good afternoon. My name is Michelle McGonagle. I'm a consultant most recently with the United Nations World Food Programme.

I know there's so much assistance that's going towards the continent and also towards the African Union, both bilaterally and multilaterally. And I'm just curious to ask the panel what's the right kind of assistance? There's so much food aid. There's technical assistance. What's working? What's not working? And how can we do better? Thanks.

MR. KIMENYI: Thank you. I think I'll start with you and a question, Alan.

MR. SPENCE: Okay. Well, I'll be very brief in taking that last point there. I mean, what is the best sort of assistance? I mean, the best sort of assistance that any organizations, multilateral agency, or whatever can provide is assistance which allows African countries to develop sustainably and to actually get to the point where they don't need that assistance and they actually become competitive players on the global stage in all sorts of industries and sectors that that sort of assistance allows them to develop and diversity into and so on. And anything and everything which comes down to the -- you know, as far as the raw materials are concerned, so that, you know, the beneficiation of these, that the value is kept in Africa further down the supply chain.

So you're not supplying raw materials, you're supplying manufactured products that derive from and derivatives of derivatives of derivatives, and take it as far up the technology chain as you possibly can and retaining the knowledge and the expertise. So, I mean, that's the best. Now, the extent that that is actually taking place, it's better than it was, but, you know, a hell of a lot more needs to be done.

Just one other point on this question of big states/small states in relationships is something that I think of quite often coming from a big state -- a small state. We've been very friendly with a big state, the United States. You know, how do you actually balance a relationship?

Well, I mean, that's where the African Union comes right into play because, I mean, that is where representatives from all states, regardless of their size, meet together. And to me that's the perfect forum for that to be played out.

MR. KIMENYI: Yeah, Marcelo? Thank you.

DR. GIUGALE: Just very quickly. I can see the question on associating a big country with a small country and the danger that that could bring dependency of the small country vis-à-vis the big country. Yes, true, there is dependency in the sense of you depend on this big customer, but there is also prosperity attached to it. Now, you might want to diversify, both in terms of destination, product, channels, but you don't want to ignore your big customer. You know, if I were Malawi today, all my inter-Africa growth strategy would be geared towards Mozambique. It would be silly to ignore that customer. It will make me dependent on that customer possibly, but that's trade and that's where your trade strategy comes in. That's a lot better than ignoring that big potential market of growth that you have just next door. I'm not saying that they are ignoring it. I'm saying that they have not been able to unlock the potential yet.

And then the other question is on food. I love what you do and please continue doing it. But frankly -- and I know this is a totally private, confidential meeting, nothing will be repeated (Laughter) -- by the

time the food is necessary it's almost too late. By the time you have to do something it's almost too late. Then, yes, some donor has to fly the food and carpet bomb the place with bags of something. Before that happens there is so much we can do.

You know, one agenda in Africa is very close to my heart and we have a team dedicated to this, is the gender agenda. Okay? For all its beauty, much of the work done in farming in Africa is done by women. Now these small female farmers are the ones that are going to benefit the most by letting food go to the right places, fluidly go across borders. And you can hit a triple agenda with one instrument. Very rarely in economics do you see these things. You can hit the growth agenda, the poverty agenda, and the gender agenda with one policy, which is integration. It's a low-hanging fruit.

MR. KIMENYI: Thanks. Ambassador, briefly, one minute.

AMBASSADOR ALI: Yes. I would like to talk about the issue of election observation. The African Union realized that there's a need to observe elections before elections and after elections because before elections there are certain issues that can impact on the election and after election. So since two years ago, after Zimbabwe, the first election created problem, so the African Union, we did have a resolution, a charter on election and democracy. And in that charter it has mandated

the African Union to send a team to observe the election process before elections; also to stay behind to see the implementation of the election process.

So, for example, the election for Kenya, we had a team before, they were there in Kenya and they did what was supposed to be done. At the same time, right now they're going to Zimbabwe, like two or three months ago, to be able to observe preparation for the election and also to help Zimbabwe to have a very successful, peaceful election. So I think we are more now organized to be able to observe these elections in any countries in Africa. And before, there was a clause in the (inaudible) Act that said you cannot observe elections unless you are invited as AU. Well, that clause has been removed, so now AU, we don't wait for an invitation. We do our duty to send a team in those countries to be able to prevent anything that might happen during elections and after elections.

MR. KIMENYI: (inaudible)

AMBASSADOR ALI: Now, another thing I want to answer, this is with respect to the question of power in Africa. For me, the whole spectrum of talking about energy is very, very important for African development. And in that respect, we have a number of programs. And some of the projects are already now working. For instance, the project between Nigeria, Cameroon, and Ghana in terms of an electricity project,

it's working right now. It took a lot of time, but it's working.

And also, Africa, right now we have -- some countries have been so lucky now that they have discovered new type of resources. For instances, gas -- gas in Mozambique, gas in Tanzania. So these resources will be used to be able to provide power to other countries, member countries in those areas. And I know right now that Tanzania and Kenya are talking about selling the gas in Kenya. So all of these, Africa is well, well prepared this time because we see determination, we see commitment of our leaders. We have the political (inaudible) and that will lead some of my friends in Addis to talk about economic liberation for Africa, and I believe they can do it.

And lastly --

MR. KIMENYI: We may not be able to answer all of them.

AMBASSADOR ALI: Okay. So I think I should end there.

Thank you.

MR. KIMENYI: Yeah. Sorry, Ambassador, for cutting you. I think the time is over and we don't want to delay a lot of people. I think these questions are very good and I wish we had more time for conversation. And I apologize for the many people that we are not able to respond, to come to.

But I want you to join me to thank my panelists here. Thank

you very much for joining us. (Applause)

I believe we have a small reception. I don't know where it is.
It's outside here maybe. The next hall we have a reception. Please join
us there for a few minutes and thank you very much. (Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016