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AFRICA'S INDUSTRIALIZATION IN THE ERA OF THE 2030 AGENDA: FROM POLITICAL DECLARATIONS TO ACTION ON THE GROUND

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P R O C E E D I N G S

MR. SY: Good morning, everybody. Thanks for taking the time. We have today a unique panel of very experienced panelists who will explain, clarify, and challenge our thinking on this very important issue, which is industrialization in Africa.

I remember when I started my career as an economist not far from here, many of my colleagues, whenever the words "industrial policy" was uttered, would tell you we don't believe in picking up winners, that was taboo. Now, the world has changed, but we are still not there yet.

I have the pleasure to first introduce Mr. Li, who is the Director General of UNIDO, and UNIDO is the United Nations Industrial Development Organization. Mr. Li has an extensive career as a senior economic and financial policy maker.

In particular, he was a member of the Monetary Policy Committee of the Central Bank, People's Bank of China. He was also, I just discovered, the Executive Director at the World Bank, and also ran the World Bank operations in China for 20 years or more.

It's really a pleasure to have you. I will have you first address the audience, and then I will introduce the other panelists. Thank you. (Applause)

FEATURED SPEAKER - KEYNOTE ADDRESS

MR. LI: Thank you, Amadou, for the introduction. Also, good morning, Excellency, colleagues, friends. It is really a special honor for me to address here today. I would like to express my sincere thanks to the Brookings Institution and the African Union Commission for co-organizing this event with UNIDO.

Today, the topic of our discussion is Africa's industrialization. Africa is a continent with still so much untapped potential and many opportunities for growth. We will look at how we can work together to turn various recent declarations, lots of declarations, into actions in Africa, in order to fuel industrialization, job creation, and inclusive and sustainable economic growth and development.

Colleagues, the adoption of the 2030 Agenda for Sustainable Development and Sustainable Development Goals, the Addis Ababa Action Agenda on the financing for development, and the African Union Commission's 2063 transformation agenda, and the Africa we want, the Paris agreement on the climate change in 2015 all give us new impetus, and international forums on the necessity for Africa to industrialize, from last year, the Beijing forum on China-Africa cooperation, and the recently concluded in Kenya Sixth Tokyo International Conference on Africa Development, to the just finished G20 Summit in Hangzhou, all the leaders of G20 put industrialization of Africa and least developed countries on its program for the very first time, for this very important international economic coordination consultation scheme.

G20 emphasized the need to promote sustainable growth in Africa and welcome the support to voluntary contributions and also policy options to promote sustainable industrialization in the continent.

I have been involved. I attended the five session discussion of G20 leaders' meeting, and Session IV is the interconnected global economy, which focused on industrialization for Africa and the least developed countries on the 2030 development agenda.

Also, the EU and EU members and the U.S., many countries created bilateral/multilateral cooperation to support Africa. This is a very, very momentum created.

Other interventions on industrialization in Africa was existing national regional framework, also articulated on African Union's agenda, on accelerating industrial development in Africa, what we call "AIDA," and Agenda 2063, the first 10 years' implementation plan of Agenda 2063.

Multinational and regional initiatives covering a range of issues from agriculture and mining to trade, all are in the view of the intra-Africa trade enforced during Africa's industrialization.

These agendas recognize that the world is more interdependent than ever, and Africa remains a weak link in global economic development, and hence, a challenge to achieve SDGs. Coherent implementation of these agreements is now needed to boost investment, boost structural change, boost growth, creating jobs, and achieving inclusiveness and poverty eradication in this continent. Africa is essential to achievement of the 2030 Agenda, and it requires a combined global effort to address its main challenges.

As you all know, we are one of the UN agencies focusing on industrialization that has been supporting Africa in this regard for quite a long time. In fact, in our general assembly, approved the new resolution entitled "The Third Industrial Decade for Africa, 2016-2025." The general assembly called on UNIDO to lead this work, and requested UNIDO to report to the general assembly through the Secretary General every year of the implementation of this resolution.

The Addis Ababa Action Agenda similarly recognizes the role of UNIDO in advancing linkages between infrastructure development and inclusive and sustainable industrialization and innovation.

As you may know, we are celebrating our 50th year anniversary this year. We will honor all these calls.

Excellency, colleagues, friends, we need to challenge the international community and development partners to match the pledges expressed in various declarations with real support. By working together, we can support the continent to fulfill its true potential and become the next engine of an inclusive and sustainable growth in the world.

With the rapidly growing population, and what is soon to be the world's largest workforce, there is a huge opportunity for Africa to be transformed into a global economic powerhouse, and a greater workforce will provide the opportunity to reap a democratic dividend through the inclusive and sustainable industrial development.

However, challenges remain. Economic growth varies across the continent. Not all Africans are benefitting from the growth, unemployment and under employment in Africa is high overall, and especially for the young and women.

Although the size of the middle class has increased markedly, generating a consumer boom and higher domestic investment, many people still struggle to make a living. This indicates the gross experience in Africa over the past decade, and as important as it is, non-poverty has been neither structurally driven, sustainable, nor inclusive.

To transform the economies of Africa, it is paramount to enhance value addition to minerals and agriculture resources through the processing and manufacturing. In particular, Africa needs to take advantage of opportunities presented by participation in selective global regional value chains, to move producing raw materials in the dynamic and competitive manufacturing sectors. For Africa to access and benefit more from participation in global value chains, new innovative strategies need to be deployed. This will require carefully tailored measures for attracting direct investment, building capacities and private sector development in manufacturing and the primary input processing.

Knowledge of the industrial value chains and structures are the prerequisite for the effective transformation of African economies, investing in education, training, improving skills, and technology innovation is imperative to prepare for the successful industrial transformation.

Innovation will have to build the capacity to produce more sophisticated products with high added value comparative to more developed regions. Africa lags behind but could leap forward to new technologies drawing from the best innovations from around the world.

One example is the mobile phone. It is so popular in the continent. It is really a jump from the home phone to the mobile phone.

We must also recognize the economic benefits of the increased industrial production have on occasion been on the mind with environmental safeguards leading to degradation of the natural environment. UNIDO's mandate is to promote inclusive and sustainable -- sustainable is one of the important features of industrial development.

The necessity of safeguarding the environment in all of its programs, technical cooperation in the cross-cutting activities.

Colleagues and friends, Africa is well placed to industrialize. Last year we had a high level dialogue with the African leaders at the U.N. General Assembly. One of the topics was Africa must industrialize. After that, was the conclusion of the agreement that we should have U.N. General Assembly resolution. That was the starting point of the Third Industrial Development Decade for Africa being produced.

It has the right mix of factors including number one, the endowment of natural resources. Number two, favorable demographics. Number three, emerging middle class and highly educated, but industrialization is never automatic. Industrialization is never an easy process.

It requires the collective action of society including government, greater private sector involvement, beyond pursuing the policy measures outlined below, Africa and the LDC governments will want to assure their leadership and the commitment to coordinating their efforts.

The question, therefore, is how can we turn all declarations, all those support documents for Africa into action.

The first meeting I had was with Dr. Zuma of the African Union Commission. She asked me to get things moving. This is what I really think we should get moved. How can we support investment in Africa to further its development agenda, industrialize, and achieve the SDGs?

I believe the governments are the key players in financial technical support for long term solutions, but greater private involvement will also be critical, a strong role of the private sector is crucial, governments should equate for private sector to play an enhanced role. Governments should build a strategy of how to develop industry. Governments need to provide tax incentives, those of financial regulations, and to attract support for SMEs domestically and also FDI from outside. Governments need to build major infrastructure for private sector to play the role. All those kinds of activities, governments should do.

A public/private partnership to provide investment for infrastructure development and maintenance. Partnerships including with international organizations and international institutions can also have the best practices and managing infrastructure, traditional and business.

Government support is vital to address market failures and to institutionalizing better policy in national, regional development strategies, and to implement and enforce policy. The state has a central role in planning and implementing strategies, and must have the necessary capacity, competence, legitimacy to mobilize all the stakeholders, and it further needs key planning institutions with the power and autonomy to do their work. These institutions can interact with stakeholders.

Each policy should be tailored to maximize countries' comparative sector advantage, African countries should move from the generalized industrial policy that we all know has been proved inefficient in the past, in the past few decades.

They need to build strong institutions and viable investment climates, and governments need to realize the full potential of a public/private partnership and the opportunity for collaboration among industry, governments, and the other stakeholders.

UNIDO has been piloting, colleagues and friends, I really would like to introduce one of UNIDO's innovative approaches, which we call PCP, the Program for Country Partnership. We think this is a powerful tool to bring together the stakeholders, the governments, the financial institutions, and the private sector to accelerate implementation of ISID.

We sit down and work together with World Bank, African Development Bank, government, and also donor community to discuss the country's industrial development strategy, approved by government and finally by the parliament.

This has become the strategy for the country, and with joint cooperation, partnership with multi-stakeholders. This approach is piloted in two African countries, the least developed countries in Africa, Senegal and Ethiopia. A third PCP now, in middle income countries in the region.

Indeed, the PCP has partnership at its core, and aims to increase larger scale public and private investment to accelerate national industrial development agenda. A key insight of PCP is the quality of investment matters. Investment in Africa needs to happen in the framework of the environmentally sustainability and inclusiveness.

The PCP of Ethiopia has already mobilized its own resources, more than $300 million U.S. dollars, for the development to integrate industrial parks. This is big money from their own budgets.

Senegal also mobilized $50 million U.S. dollars for the first industrial park. That first industrial park is just being completed, lots of companies already now are registered to move in.

UNIDO's PCP brings together various actors in the multi-stakeholder platform to coordinate and optimize the contribution of each, and the industrial parks, for example, can make up one component of a larger plan led by national government to achieve the inclusive and sustainable industrial development within the country.

I am seeing many industrial parks in Ethiopia and in some other countries in Africa really creating jobs, jobs for thousands, not for just a few, and the majority of the workers actually are young women and youth.

We are seeing this as really the right approach to have the continent to start with a labor intensive industry.

Colleagues and friends, before I conclude, allow me to share with you some recommendations of Africa prepared by UNIDO at the request of G20 in support of the deliberations at the recent G20 Summit in Hangzhou, China.

I attended the G20 leaders meeting, and also in our report, this is a report we prepared at the request of the G20 on industrialization in Africa and least developed countries, boost to growth, creating jobs, promoting inclusiveness and sustainability.

Within the report, there are several recommendations are mentioned. Number one is developing an agenda to support Africa and least developed countries in the industrialization. Number two, support agriculture and linkages with other sectors, and to increase resilience to shocks. Number three, deepened, broader and updated local knowledge base, local knowledge sharing. Number four, investing energy, material resource efficiency, and promoting technologies and industries. Number five, industrialize through the trade in a deeper regional integration. Leverage domestic finance. Promote the new industrial revolution.

As we know, not a single country in the world has reached a high stage of economic and social development without having developed an advanced industrial sector. This is why Africa, I believe, which also hosts a majority of the least developed countries, 48, 34 in Africa, 30 in Asian region, one in Latin, so needs to industrialize, and in order to industrialize, Africa needs transformation, needs more investment, needs more support from the international community.

Industrialization is a multi-faceted process requiring simultaneous actions from multiple parties. As practitioners, our specialization may differ, but our goal is the same, for industrialization in Africa to be successful, we must take the best that each of us has to offer and use it wisely, and African countries are committed to industrialization in the upcoming decade, and together we can realize the aspirations to an inconclusive and sustainable development for everyone, and also this will lead us to the achievement of the 2030 Agenda.

I think all the studies, all the papers, all the reports should turn into actions, our action as PCP, to help people get jobs, help the people get growth.

Thank you very much. (Applause)

MR. SY: Thank you, Mr. Li. I have to say this is not the easiest task that we have chosen, how do we turn all these declarations into actions. Thankfully, we have the right people to help provide some answers.

Let me remind you it is also a pleasure to be co-hosting this panel together with the African Union Commission, as well as UNIDO.

Why the African Union Commission? I think it is very important to really remember there is an African vision when it comes to Africa's future. Today, we have Her Excellency Mrs. Fatima Acyl, who is the Commissioner of Trade and Industry at the African Union Commission.

Mrs. Acyl has more than 15 years of experience driving strategy change at the highest level in both private and public institutions. For example, she has championed key elements of Agenda 2063, which is a very, very useful document if you want to really see what is the African vision when it comes to a number of issues, including industrialization.

She also championed the negotiations for the African Continental Free Trade Area, the CFTA, and establishing the African Minerals Development Center, AMDC.

Next, we have Mrs. Carolyn Campbell. When we have a vision, we need the money to implement that. We also need money from the private sector. Carolyn is Managing Director and founding partner of Emerging Capital Partners with over $2 billion U.S. dollars under management, and ECP is a leading private equity manager focused exclusively on Africa.

We are very happy to have her, and are looking forward to her comments as the ambassador of the private sector.

Private sector money also is not enough, given the size of the challenge, and we also need money from, of course, governments, but we also need money from multilateral institutions, and we are happy also to have Mrs. Punam Chuhan-Pole, who is also working on this semi-annual publication called "Africa's Pulse," the next one is coming pretty soon, this month, in advance of the IMF and World Bank annual meetings. I recommend it. It is really a very, very useful publication, not too long, and very to the point. It is available on the World Bank's Web page.

We have Mr. John Page who with me is a minority here in terms of gender, and actually, since I'm just a moderator, he's really a minority, but John is a Senior Fellow here in Global Economy and Development, former Chief Economist for Africa at the World Bank.

John has recently authored a book called "Made in Africa," and I think it is very topical for today, and is coming up with a second one called "Industries Without Smokestack," if I'm not mistaken, which is really interesting to me because what do we really mean by industry is also a very important question, especially in Africa.

I would like to invite Commissioner Acyl to kick start the panel, and then we will proceed with the other panelists. Thank you.

MRS. ACYL: Thank you very much, Mr. Sy, our program moderator, and good morning to all of you. Let me say I think everybody knows Africa has been rising. We talk about the growth of the continent, six of the fastest economies are in Africa, but we also know that all this growth has not been translated into structural transformation of our economies.

We also know that our people are the poorest. We also know we have this paradox of plenty of everything, you know, you talk about out of the land, you talk about mineral resources, you talk about our youth population, but yet the poorest continent.

The African Union, head of states, when they met in 2013, 50 years after the creation of what they called OAU, which is Organization of African Unity. Now we say where are we, and where are we heading, where do we need to go now, 50 years from now. What is the Africa that we want?   That is what is referred to in Agenda 2063.

Basically, this Agenda 2063, the beauty of it, and what is different. You may wonder what is different. The African Union and African leaders have decided about every single policy you can even imagine, infrastructure, energy, industrialization, but where are we? Why are we not implementing?

As you know, and especially with the private sector, the people that trade, the people that do business, the people that transform are not the government. The government is supposed to have the enabling policy, the enabling environment for you to trade, to relax taxes, and so forth, but really the maker of the businesses are you, the private sector, and it is very important that we look at Africa to see the private sector, the women, the youth, all parts of Africa to say what is it, Africa, that you want.

Basically, we were not surprised, wanted to have a peaceful continent, of course, peace required transformation of this continent. Peace requires the need to produce. Peace requires prosperity. We want movement of people. We want good infrastructure. We want basically our continent to be a different continent, a continent where people can come, have tourism, activities, and so forth.

So, this is what the Agenda 2063 is. When you look at Agenda 2063, okay, 50 years from now, this is the Africa Africans want for themselves, but how do we translate this vision into practical implementation.

The first 10 years, what are the priorities for Africa. Of course, we want peace. Let's silence the gun by 2020. What does it mean, silencing the gun? It means that we really need to tackle the issue of peace and stability on a more holistic way. We have to have democratic, we have to have good governments, and we have to have transformation of our economies. It is very important.

Our people are going across the Mediterranean to look for jobs. Our youth are the most important capital human resources we have in this continent, and if we deal with them right, which means giving them the right skills, the know-how, the technology, they can transform this continent.

If we look at Asia 50 years from now, if we look at Singapore, what happened? Maybe people have been more into engineering, STEM, so they will figure it out. My boss always says they will figure out what to do with this continent if you train them right.

Of course, if we don't deal with them correctly, there will be a threat to Africa and also to the world because they are going to be migrating all over the world.

In my view, as a Commissioner of Trade and Industry, yes, it is important to have continental free trade. You can talk about one market, one Africa. Africa is connected so that any company can be placed anywhere and transform into that continent.

In my view, the prerequisite of trading is producing. We must produce. That is what we talk about. You also must produce responsibly. We are latecomers, how do we make sure that we don't destroy our environment, how do we make sure that we learn from others, so it is very important.

Of course, when we say we can produce, but what is hindering us from producing? As I said, infrastructure is very important. We need to make sure that we have the infrastructure required, for example, in energy. You cannot transform anything if you don't have the energy.

Actually in New York, they signed a huge document about energy, to say we must put the energy in the center of everything we do. President Kagame has been selected as the champion of energy in Africa, and actually we had a discussion with the EU with Power Africa, and it is something that we really welcome, and we want to make sure that we look at this energy more seriously so we can move forward. Energy is the key.

Again, the know-how is very important. We must have the policies, we must attract investment on the continent, whereby people can come and invest on the continent and train our youth on the continent. They can learn. Our youth are very, very creative, and they just need the know-how and to transform this continent.

It is very, very important. Of course, one of the handicaps that is also important, what is the role of banks in the development in Africa? One of the things that is hindering is the high rate of lending. In 2011, The Democratic Republic of Congo, we are talking about 44 percent as an interest rate. Uganda, 28 percent. Malawi, 24 percent. Sierra Leone, 21 percent. When you look at China at that time, it was 7 percent. India, 10 percent. Malaysia, 5 percent.

It is very important that we also see what is the role of the bank into our development, and that is why we are thinking at the African Union Commission that we must call on the central governors of the banks and to really discuss what is your role on development of a specific country, they must do something because we cannot try to come with ideas, but there is no financing.

I'm not going to dwell too much on financing because we have an expert on financing here, but I think it is important to address this issue of financing because you can have ideas, you can have the training required, but we must figure also the role of the bank.

We really must proceed. In my view, I think we have all the policies required but we need to do something. We can do small, but we can change something. We can focus also on SMEs that capture about almost 80 percent of our economies, how do we do that? How do we solve these issues?

I think if we deal with the issue of SMEs, we will be transforming our continent, and we don't have a choice. We must do it. Our people require that we do that. Our people are dying on the sea going to the other side, we must do it. We cannot any more avoid the issue of industrialization, and also Africa must realize no country in the world industrialized because others come and help you industrialize.

I think it is very important that we also make sure we put it in our planning to industrialize, we make sure that are the FDI we are receiving a percentage should go to productive capacities.

We must make sure we don't sign the deal, some deals that hinder the policy space that is required for us to industrialize, so Africa must look at itself, really make sure we make sure we have everything that is required to industrialize and move forward.

For the first time, and I will stop here, I am responsible for trade and industry, we have all the policies, but again, we don't have the Minister of Planning in the equation. We don't have the Minister of Finance in the equation. You can have all the beautiful policies, but if it's not on your national plan, if you don't call the Minister of Finance, where are we going to have it, so I think it is important to bring all the stakeholders together to speak about that.

The issue of trade facilitation again, who is the implementer? The World Trade Organization, the signer of the deals are Ministers of Trade, but the implementers are Ministers of Finance. The Director General of Customs reports to the Minister of Trade.

In December of this year, we are going to have a Minister of Trade and Minister of Finance to discuss these issues and to see how we can move forward. Thank you very much. (Applause)

MR. SY: Thank you very much, Commissioner Acyl. I would even add to that list, education. Carolyn, what do we do?

MS. CAMPBELL: Yes, I'm going to speak to two points relevant to the process of industrialization from my perspective, and first let me give you the context to my perspective.

My firm was founded in 2000. We are on our fourth flagship fund, which are very big large Africa-wide funds. The first one was $400 million. Nelson Mandela was the chair person. The next one was $523 million. The next one was $613 million, which we raised through the global financial crisis, which means none of the developed country institutional investors participated, and now we are on our fourth.

We have made 60 investments. We actually have raised closer to $3 billion now, but we have returned about $1.5 billion to our investors. We do have a full service track record, like you would find in any other region of the world.

My partners and I came to the continent not as Africanists. I had been in Eastern Europe through the 1990s, a very dynamic experience that makes me an Uber optimist. My other partners were from Asia and Latin America. We just decided what we have done like with Wall Street type approaches can be done in Africa.

We have made 60 investments. We have fully exited almost 40, 39, with some partial exits, using stock exchanges, trade sales, and structure exits.

By any measure, big success story. Our private investing tends to beat in terms of returns the MSCI global emerging markets index. It is all going well.

I want to talk about two things with that context in mind. One is our sectoral evolution and where we bump up into the sort of infrastructure/energy deficit and backdrop, and also financing, and what I consider are some of the myths, and I'll be brief, I promise.

We started out being an infrastructure fund, and what that ended up meaning was mobile telephoning, the penetration was 2 percent in 2000. We took that closer to 60 percent by the end of our first fund, and each fund has a 10-year life, so on a rolling basis, you fund raise every 5 years.

We then added financial services to our next fund, and finally like everyone else, we have added consumer sectors, which could be anything consumers can spend disposable income on, from health care to education. We do have an education platform and have made investments in that sector, realizing we need trained people at all levels, managerial, certificate holders in accounting and IT, nurses, lawyers, doctors, and so forth. We need them in our companies because we employ tens of thousands of people.

At this point, our sectors are four. They are sort of very broad. When I say "logistics," I mean green bulk handling and I mean just moving anything from one point to another point, and that can also encompass trucking or rail or anything that usually we have to build the links ourselves if we want to expand at this point.

The second one is ICT. As I said, we started with GSM, and we have moved into -- it definitely is progressing along the sophistication curve into triple play. You will have Comcast, so you have broadband and Internet in the home, you have 4G/3G on the exterior. You have pay TV. Africans want the very same things on the weekends and during the work day that we all do, so that's another sector.

Consumer sector, as I said, we have education, it could be health care, it could be clothing, it could be café chains. That is the third sector. Financial services, of course, is huge. Banking penetration, insurance penetration is on the rise and has to continue because as people get more money, they need more banking. We have a very large platform in that sector as well.

Where do we bump up against some constraints? Of course, infrastructure. As I said, if you're trying to do logistics and the roads aren't good and the rail links aren't good, you get capped in terms of how much you can grow. That's where the private sector has to sort of bridge over to the massive public sector.

We have, as I said, built small rail links. We have built roads, many a road. That is not great to do because you have to then upkeep it. It really is best to be a public/private partnership. Who can use our roads? Is it a toll road? Who is going to maintain the roads? We have had roads washed out. It hasn't been a great experience. I think that has a little way to go.

Energy. Big problem. You sometimes need your own source, can you sell into the grid, can you not? That has a large government component to it, and that is not yet worked out fully.

Renewables are making great strides. We are very creative in our energy solutions, but you're working with a lot of generators and backup and things that aren't efficient, so that sector is a big constraint on growth in the private sector, as you would imagine.

I mentioned education. It's a big sector for us to invest in. We have purchased universities in Zambia and Uganda, looking at them in Kenya. You have to turn them around from being purely academic to producing the workforce that's needed for this next phase of growth, so you need a med school, law school, tech school. You need all these things because you can't import everybody.

We have actually gone to Trinidad and Tobago and looked at their schools that they developed in order to produce the technicians for their energy sector, which has been a big success, and we brought them to Eastern Europe and we said we want to do this.

I think there you really need the government to incentivize you and say look, we really want this sort of investment.

You look at Brazil. I was sort of shocked that there was so much private investment in education, even public education, even in the U.S. Where do you think everybody got the money for their education? Look at Laureate listed on the New York Stock Exchange. It was private money. You look at Brazil's huge rise in the penetration of their secondary education, it came from private sources.

It's an ideal that you want to have medieval theorists and studies and you want to produce professors, and you absolutely do, but you do need the workforce as well. That is a big area.

I think next I will turn to the financing. You probably all read the two big reports that came out in a very timely fashion this week for the U.N. meetings, the BCG report and the McKinsey report. Looking good, everything was very rosy, you are going to have this huge young workforce. They have to be educated or you are going to have a huge young problem. You have these other huge cities. You could have a huge bottleneck situation if you don't get that right.

I'm an optimist. Eastern Europe in the 1990s. It's all going to come together, I am sure, and I do believe in the young of Africa. I talked to another group earlier this week, and I said this is all on you guys, you have to get all these policies, the tax codes to invite investment, and of course, your infrastructure through some sort of creative public/private partnerships and financing.

The other thing that these reports said, at least one of them, is that Africa has all the foreign developed capital it needs now, it's looking good, everybody is at the table. That just isn't really true. Yes, there are a lot of funds. A couple of them have names like Carlyle and KKR, but they were really, really hard to raise. If you look at how much of North American institutional capital is in them, it's nothing.

The pension funds, the police force and firemen and everybody in each individual state's pension fund in the U.S., which by the way, some of those pension funds are the size of the GDP of an African country, they are not there yet.

When you talk to them, and this is our fourth time around, and we are institutional, full fund, full service track record, registered with the United States SEC, they say hey, first how do we do diligence on the continent, 54 countries, many legal systems, you have different regions, are they tying together.

The other big question you get hit up with is how far along is Africa on the learning curve, and by that mean in Asia, the infrastructure, they got that right, or the energy. You do need these fundamentals for the private sector expansion to take off to the next level.

Don't believe that all this developed economy institutional money is in private sector investment. It is not yet. It hasn't really started really. A couple of them are in, but it's not there yet, neither in North America, Canada, the U.S., nor in Europe.

It is yet to come, but there's a gap. I mentioned the constraints in the private sector and then the public sector. Very exciting to hear the Director General's remarks because this does need to happen.

Thanks. (Applause)

MR. SY: Thank you, Carolyn. John?

MR. PAGE: Thank you, Amadou. As Amadou said, industrialization in Africa has suddenly become a hot topic. Eight years ago when the then Chief Economist of the African Development Bank, the head of UNU-WIDER and I were sitting in Nairobi having a beer, quite frankly, we all were a bit puzzled because we asked ourselves after 40 years, why is there no industry in Africa.

We decided to launch a research project, a collaborative research project between the three institutions, Brookings, the African Bank, and UNU-WIDER, to try to understand that problem. So, we were into industrialization before industrialization was cool.

What I'd like to do is just share a couple of things I think we realized out of the process of conducting a very large multi-country, multi-technique research project. Again, because my old friend Paul Collier says never talk to a group of people without plugging your books, there are two books that summarize the results of that research.

One that Amadou mentioned, which is published by Brookings Press called "Made in Africa: Learning to Complete in Industry." There is a second book and I mention it because it is open access, free open access on the Internet published by Oxford University Press called "Manufacturing Transformation."

This comes a bit from those, but there is a much richer story out that one doesn't try to tell in five minutes.

Let me start with a point which is both the nature of industrialization and what might be a prototypically successful industrialized country in Africa, and I think it has fundamentally changed from what we thought was industrialization in the 19th and 20th centuries.

Put somewhat differently, the successful emerging African lion, I prefer leopard, will not be Vietnam. It will not look structurally like Vietnam. It will look something very different. Why? Because the factor endowments in Asia are quite different than the factor endowments in Africa.

One of the things that we cannot escape, and over the period of time we were doing this research, five countries in East Africa which heretofore had never been considered resource exporters, Uganda, Tanzania, Kenya, Mozambique, and laterally Ethiopia, are beginning to move into the ranks of resource exporting economies.

Natural resources play a big part of the story in Africa and will continue to do so. Secondly, land is abundant, and agriculture has different potential than it does in other parts of the developing world, so agriculture also must be part of the industrialization story.

Finally, we have a late start. Those three things put together, I think, suggest that very successful, I believe there will be some very successful African lions. African economy of the 21st century is likely to have a much more diversified and mixed economy than we tend to think of in terms of the mass manufacturing export growth model.

Having said that, what will it look like? I think there are some important -- as we call them -- industries without smokestacks, subject to the next book that is coming out -- that really begin to fit into this puzzle.

I was very pleased to hear Carolyn talk about this. One is tradable services. That includes things like exporting educational services. We don't think about that as an export, but in fact what you do is you bring students in, and it is in fact a tradable exportable activity. Also, information based services, back office services.

One of the important assets that Africa has is it has three of the major linguistic groups, French, English, and Portuguese, allowing you to do remote marketing in a way that, for example, perhaps Malaysia could never aspire to achieve.

You have lions, tigers, and bears, oh, my. Well, maybe no tigers and bears. Tourism, and tourism assets are enormously important, and tourism is an under exploited and I would say from the point of view of the academic profession, not a very well understood area of development activity.

Finally, agro industry, horticulture, and other value chains that are based on, if you like, the abundance of land and agricultural conditions.

These things taken together are important because one, they offer the same opportunities for mass employment and good jobs, as many manufacturing activities do. Secondly, they have characteristics which make them much more akin to manufacturing than they are to the traditional idea of services, restaurants, haircuts, and other types of direct personal services activities.

Three, and I'm prepared to make the case, the same types of industrial policies that one would use to encourage mass manufacturing apply to these other industries without smokestacks. Why? Because they are exportable, so one can learn from exporting. They are subject to agglomeration, so one needs to think about economic geography as part of the story, and they depend upon high capabilities, management matters in these kinds of activities to a much greater extent than if you're running a barber shop.

I think it is important to keep in mind when we talk about industrializing Africa, we are really talking about a much broader concept of industrialization than perhaps we have traditionally thought about in terms of 19th and 20th century models of economic transformation.

Then we come to the $65,000 question. I show my age by that. It would have to be a lot more than that these days with inflation. How do you get from here to there?

What I'd like to leave you thinking about is the fact that in doing this work, we found that there is no magic bullet for getting to industrialization, and that is important because we also found that in the past, both governments and donors in Africa have tended to focus on the kind of single dimension of strategy on a magic bullet, so starting out, import substitution. That didn't work very well, and certainly at the end of the day, it didn't general much industrial development.

Then we moved to an age of getting the prices right in structural adjustment, which also didn't seem to quite energize industrialization as well.

Finally, we are now in a world in which we are looking at the investment climate, but I think we need to look at more than the investment climate, and I think that is what is the really important insight of the work that we have done, because industrial location today is driven really by very large global forces.

Exports in competition, geography, and capabilities, the tacit knowledge and management practices, and work of the labor force all are enormously important in terms of determining where investors wish to locate, and where domestic industry will benefit from that location.

Instead of moving only on one front, whether it is deregulating, investing in infrastructure, investing in skills, or creating a special economic zone, you really have to try to do everything pretty well over a long period of time.

One of the things that struck us about the economic history of successful industrializers in Asia as part of this project was that was somewhat characteristic of every one of these successfully transforming economies. They didn't just focus on a single factor to try to promote industrialization, they moved along a broad front.

As a practical matter, what does that mean? The Commissioner mentioned one of the things that is very important here. The leadership has to come from the top, and everyone around the cabinet table has to understand they are part of the industrialization story.

So, industrialization is not, and one might facetiously say it's too important to be the province of only the trade and industry minister, because if the finance minister isn't there, the public works minister isn't there, the education minister isn't there, and the prime minister isn't there, it's not going to happen.

One of the things that struck us in doing nine country case studies in

Africa was how frequently that kind of -- to use the Washington term -- whole government approach, tended to break down.

There is an institutional development challenge here as well. Getting the policies or thinking about the policies is one thing, getting them implemented is quite something else again. If one can do that, then I think you have both a much broader field upon which to play than perhaps we thought in terms of industrial development, and you have the opportunity, I think, given changes in the world economy, for some real successes in Africa.

I am bullish, but it will take getting around the idea that we no longer have a magic bullet for industrialization, that there isn't one single thing we can pull a lever and have it happen, and that means getting coordinated leadership at the country level, and coordination between the international community and Africans in order to make this a success.

Thanks. (Applause)

MR. SY: Thanks. Talking about the international community, we have a report about financing infrastructure and so on, where we advocate a greater role for development banks, who should really come early when it comes to the construction risk and all of that before the other players come. We have a lot of expectations from the multilateral institutions.

Punam?

MS. CHUHAN-POLE: Thank you, Amadou, and thank you, Director General, for your remarks. I thought they were very interesting. I must say the discussants here have given some very interesting viewpoints and brought a lot of information to the table, and it is difficult for me to disagree with any of that. I sort of go along with most of that.

So, I tried to be a little selective. We know some of the biggest gains in history were made possible by industrialization. We also know Sub-Saharan Africa has for almost two decades been growing at a fairly strong pace, about 4.7 percent on average for about 20 years. This doesn't include the most recent period. I'm talking between 1995 and 2014.

During that period, there were several countries, almost a fifth of them, that were growing at growth rates of 7 percent a year.

Having all that progress, and of course, that gave rise to the narrative of Africa rising, we find that in terms of the share of manufacturing and value added in GDP in Sub-Saharan Africa, and leaving out South Africa, is less than 10 percent. I think it's close to 8 percent of GDP.

Clearly, the region is lagging the most and is the least industrialized in the world.

What we have seen is their share of agriculture has dropped, but so has that of manufacturing, the share of services has increased, but most of that increase has come from informal services which usually have low productivity, so provide people with low wages and livelihoods. A lot of it is informal.

When I'm thinking of industrialization, it's broader than just manufacturing, also thinking of modern services. Clearly, it has now become an important agenda for African policy makers, for research institutions, for IFIs, for international institutions because there is this understanding that industrialization is an integral part of sustainable development.

We need to understand what needs to get done to help African countries industrialize. What I want to look at is some of these challenges and opportunities that the region faces as it moves forward, and how to tap into some of those opportunities to lift productivity and increase competitiveness of African economies, and in the process, transform Africa.

Let me just pick up on a few -- be very selective. First of all, and this has been mentioned before, there are several domestic challenges that African economies face, firms in Africa face, and this is infrastructure. There is a huge infrastructure gap in Africa and this is in terms of power generation, it is in terms of roads, in terms of transport, water, sanitation.

Just looking at the energy sector, only a third of the region's population actually has access to energy, and this is substantially lower in rural areas at about 15 percent, and there are some countries where only 5 percent of the population has access to energy.

Given that energy is such a critical ingredient to production, to modern production, clearly this is an area that needs to be addressed.

There are also gaps in terms of production where I think the region is at about 1.2 kilowatts per year whereas the needs are more like 6 to 7 percent -- I'm sorry 6 to 7 kilowatts per year. Clearly, a big gap there.

Investment in this sector is about $10 billion a year, the need here is more like $50 billion. As you can see, there are a lot of gaps at several levels, and these need to be addressed.

In addition, we find that utilities, which are often state owned enterprises, are running at losses. Now, the good news is the region is endowed with a lot of clean energy sources, such as wind and solar and hydro and geothermal, and most of these are untapped. Clearly, a potential there to tap into this.

How to move forward. We need to bring the private sector in because obviously any one sector is not going to be able to do it or any one entity, not just government. You need the private sector. You need the MDBs. There also needs to be more coordination and collaboration across a range of areas where we see the gaps because we know there are gaps in generation, in transmission, in distribution.

If you're going to increase productivity in Africa, we need to address the infrastructure gap, and we need company policies, good policies that will address all the areas that cover the power sector, and at the same time bring in more investors and bring in the private sector and more actors to finance the needs in the power sector in Africa.

The World Bank is there, as well as multilateral donors and other donors, bilateral donors, that are moving forward and trying to make this happen, bring more resources, more knowledge and help bring better policies to the sector.

I think one of the important things, and John mentioned, the importance of agriculture. I don't think you can drive industrialization without going through transforming agriculture. For too long, productivity in agriculture las languished. Africa hasn't enjoyed the green revolution that other regions have. There is tremendous potential for doing that, the time is right for Africa's green revolution, to lift productivity in agriculture.

First, the conditions are good in terms of demand, with increasing urbanization, the demand for food and not just staples but across the range of food items, that has been rising, and we expect the market, the regional market for food to be about $1 trillion by 2030.

There is this tremendous positive favorable condition where you have demand for food growing, and at the same time, there is a lot of knowledge that is there on how to improve productivity in agriculture in Africa.

There is a role here for the public sector, of course, for public investments in rural public goods. What do I mean by that? In terms of connecting farmers to markets, strengthening markets, for both output and inputs like fertilizer, seeds, also developing and disseminating improved technologies, promoting input use.

We know farmers might be aware of technologies but they are not really taking these up and we need to understand why, so we can maybe strengthen extension services, also try to understand what are the constraints that farmers face, including things like access to finance and risk instruments.

There is scope there where markets are not working for the public sector to come in and provide public goods.

We find also that in Africa, all the governments have been increasing spending on rural investment and the rural sector. The mix of spending may not be optimal. That may be spending is going into subsidies, input subsidies, rather than say research and development, or in irrigation systems.

There is scope to revisit these issues. One is increasing investment but the other very important one is what is it being spent on, again, that mix of spending be improved.

There are considerable opportunities there. I think it is also important that regional integration can play a big role in terms of yielding the benefits of trading in agriculture, and effective regional integration is more than simply removing tariffs. It is also about addressing these on the ground constraints that paralyze the daily operations of ordinary producers and traders, goods and services should be able to move smoothly through Africa, and we should not have the kinds of constraints that are there within the regional value chain. I'm talking about agriculture but also in other goods.

Removing those constraints, at production, at the border, within countries in terms of transport cartels that have kept transport costs high.

We need to address all these kinds of barriers that are increasing the cost of doing business in Africa, and also that are constraining activity.

Another opportunity/challenge that I want to bring to you is urbanization. Africa is one of the most rapidly urbanizing regions in the world. The important thing here is they have cities in Africa that delivered the promise of being engines of growth, and recent research that we have done at the World Bank shows that African cities tend to be costly, they tend to be crowded, they are fragmented, and disconnected, which increases the cost of doing business.

When you are thinking of industrialization, African cities are really not providing what one would expect from cities of low cost of moving goods and moving people, moving workers where production is, moving goods from where they are being produced to markets, be it domestic markets, regional markets, global markets.

The potential of urbanization has yet to be tapped in Africa, and what is important is again to be thinking about the role of policy makers here and for institutions like the World Bank, to help policy makers understand what are the constraints, what markets are not working well, and many times in Africa we know that land markets are not functioning well.

It is important to reduce some of these barriers that are increasing the cost of competition and not letting African businesses and firms compete effectively, as well as constraining the opportunities for labor, it is costly for labor to move. In many of our large cities in Africa we find that workers are spending a large amount of what they earn just to travel from their homes to where they work. That's very important, I think, to address the issue of urbanization.

I won't go into this because I think other people have mentioned it, investing in people. It is very important. You need skills. Investing in the right kinds of skills, but also we think of investing in human capital from beginning, early childhood development all the way through higher education, and also in terms of STEM, which there is a great need for in Africa, but very few African students actually are acquiring STEM skills, you know, science, technology, engineering.

Before I close, if I have a minute, want to pick up on some of the global trends. On the one hand, we know that growth in trade has slowed down. Before the crisis, the financial crisis of 2008, trade was growing at about 7 percent per year. More recently, between 2012 and 2014, it has been about 3.4 percent a year.

One of the reasons behind it is of course global growth has slowed down, but very importantly, there are some structural changes that are taking place, especially in terms of global value chains, which in earlier periods tended to be more fragmented, production processes were more fragmented, now we are seeing less of that.

This has implications for African countries as they try to tap into global value chains. That is one of the sort of global trends to look out for, how are African countries going to tap into these value chains.

Another one is automation and technological changes. What will manufacturing look like if you're going to have maybe more robotics, more artificial intelligence, more automation, what will be the scope for African countries to make inroads into manufacturing. Very importantly, what will manufacturing look like in the future? Is it going to look like what it did in the past or is it going to be different?

Here, I think the focus can also come to what are the options for African countries to industrialize, maybe looking more at the services sector, the modern services. That again will require better skilled people.

These are just some of the issues to look for and address. I think any one single policy is not going to help Africa industrialize. You need action, as John was saying, on a broad range of policies, on the broad front, and to understand what the challenges are and what are the opportunities and to tap into those.

I remain an optimist because I think Africa's biggest asset are its people and there is a lot of optimism in the region as well as aspirations. I am very hopeful Africa will industrialize. It's more to understand what that industrialization will look like.

Thank you. (Applause)

MR. SY: Thank you, Punam. We have had such a civilized and polite audience, I will go straight to the Q&A. I had a lot of questions for the panel, for example, Carolyn has worked successfully with some African utilities. I was surprised to hear that. How did she do that. Maybe some of you can ask that question.

I had another question also for Director Li about the experience in Asia and how you see the regional value chains there, with Japanese firms getting all over Asia and having all these other Asian firms being part of their regional value chain. Maybe one of you can ask that question, too.

I will open the floor to Q&A, and thanks for your patience. We usually take questions from the right and the left, to be democratic. I only have two from the left so far. We will take the two from the left, and then the right. Thank you.

MR. SILVERSTEIN: Hello. My name is Dan Silverstein. I'm a strategic advisor in private sector and capital market issues. I have a question for any of you who care to field it.

The first is regarding the G-8 initiative of 2012, the new alliance for food security and nutrition. Can you speak to how it is being implemented in Sub-Saharan Africa, and what the practical impact of it is?

Secondly, does the Malabo Declaration inform governments and donor nations and the private sector on responsible business practices and mutual accountability in any practical way in expanding the idea of the new alliance to engage private capital in agriculture?

MR. SY: We will take a couple more questions.

MR. HOWARD: My name is Don Lee Howard and I'm a management consultant based in Washington. My question is about the SME sector and what I will call start up sector, some tech and some not tech, but what is their role in Africa's industrialization? To the extent they can play a role, it has a lot to do with the potential to really multiply and really create jobs out of industrialization, and I think it also gets to the value chain question that Amadou was posing as well.

MS. BRAUTIGAM: Hi, I'm Deborah Brautigam from Johns Hopkins University. Great panel, really stimulating. I thought it was striking that at least two of the panelists focused pretty much on non-manufacturing, like Carolyn really didn't mention manufacturing, and John decided to turn manufacturing into new manufacturing without smokestacks.

I thought it was kind of depressing actually, I think a lot of us are wondering what is the potential for smokestack manufacturing in Africa, and how can Africa break into some of those chains.

I wanted to ask the panelists, and in particular, John, your fairly dismissal of ISI as one possibility, and yet one of the striking things in the research that we are doing on Chinese manufacturing in Africa is that in the countries that we have already studied, we have about 78 Chinese manufacturing firms, and a huge majority of them are doing ISI manufacturing, so they are looking at local markets, and producing for local markets, which suggests that at least there is attraction there for these foreign investors.

These are also pretty basic markets. For example, building materials, some board and steel bars and rebar, these kinds of things that before that were imported. Melting down scrap steel and this kind of thing.

There is a lot of building material manufacturing going on by Chinese firms, and there is a lot of consumer goods, things that are substituting for what they used to import from China basically, so they are moving some of their factories to Africa to produce it locally.

Maybe this is just a modest kind of factor, modest kind of phenomenon going on, but it does suggest there are possibilities for African firms to move into these sectors and to do more, and these are without protections, without any really basic protections as we have in the ISI era.

I don't want to give up on -- I'm not sure that Africa is going to model India in terms of like moving into development without manufacturing, if that is going to be their path forward.

MR. SY: We have had three excellent questions.

MR. PAGE: Since Deborah threw that question at me, let me come back to it. I have nothing against efficient import substitution, but one has to keep in mind import substitution strategies of the past, certainly of the 1950s, 1960s, and 1970s, featured extremely high tariff protection, with the result that the firms were not competitive against global industrial competitors.

To the extent that the Chinese can come in, they can develop, they can serve what is a growing middle class market, I think, including the demand for construction materials and so forth, fantastic. As I said, there is no magic bullet.

There is no reason to say look, we have to have one thing or the other. I'm not completely pessimistic about the idea that the manufacturing industry in some countries and in some sectors can be successful.

What I trying to do is urge people to think more broadly, think about the fact if you begin with the kind of notion that it's really the firm that drives the story, and that is probably the biggest change in trade thinking in my professional lifetime, when we started out, we thought countries traded, and firms didn't really factor into this.

Now, basically the new trade literature says no, it is firms that actually trade. What kinds of firms are likely to be competitive? What kinds of firms offer good jobs, and what kinds of firms have a potential for growth?

I really don't care if you are making t-shirts or if you are packing vegetables and sending them to Waitrose in London, both of those, I think, deserve some serious policy thinking about how you push forward on that agenda.

Just as an aside, you talked about the India model. Even the Indians don’t like the Indian model any more, precisely because information intensive technology only employs a few people, very highly skilled people.

There is a big debate in India now, do we need a manufacturing revolution post the services revolution. It’s not to discuss one or the other, but to say look, let’s think about firms as being what we are really interested in here, and what characteristics of firms would we like to have in African development.

That brings me to the question on small and medium enterprises because I think this is a very important point. We know most of the enterprises in every African economy are micro, small and medium enterprises. Most of the people employed are employed in micro, small and medium enterprises.

What we haven’t yet come to grips with is the fact that not every micro, small and medium enterprise owner is actually an entrepreneur, and in fact, some very recent work by your friend, Margaret McMillan, tells us that about 15 percent of firms in Tanzania, for example, small firms, are successful and grow. The other 85 percent aren’t successful and don’t grow. What they do is they create jobs and they destroy jobs.

The big challenge, I think, from a policy point of view again, and this comes back to you have to move on a broad front, instead of sprinkling a little development assistance over an entire universe of micro, small and medium enterprises, we actually need to figure out who are the guys with the capabilities to grow and begin targeting those enterprises as part of an industrialization strategy. I see them very much as part of this again issue of emerging urban middle class. These are the firms that serve the demands of people who are down around $2 to $10 a day in terms of household income. I think it is quite an important segment of the market.

MR. SY: I think Deborah’s question was also important because there is also this other global theme of China’s growth model moving from a consumption like model to an investment like model, and this big question mark of whether Africa will benefit in terms of some Chinese firms relocating or some sectors relocating in Africa.

In terms of the SMEs, I think it is very interesting, financing is a big constraint to SMEs, and we all know that, and there are lots of efforts. I think John's point shows us there is this other side of the coin, that you need to train the owners of the SMEs, there is all this range of non-financial skills and training that they also need if you want them to grow.

Carolyn?

MS. CAMPBELL: I will add on. So, after I gave my remarks, I thought what am I doing on the panel. We don't invest in manufacturing or industrialization. I was wondering about that. I had forgotten in my remarks that we took a detour into natural resources. In our second fund, we had a carve out for natural resources. How could we be investing in Africa and not look at that sector.

That sector is very correlated to world cycles, and it is very ill-suited to what we do, which is invest, grow, sell. We can't try to time the copper boom and bust, the nickel boom and bust. It was also hard to take it to the next level without the infrastructure, the refining. That was one thing.

The second thing I'll say is no one in our sector, of the big firms that are investing in the private sector with big amounts of money is investing in manufacturing really, other than KKR invested $300 million in Ethiopian rose exports. I'm sorry. We are also very much domestic facing, we really think big growth to happen is in Africa, not the rest of the world, although the U.S. is looking pretty good relatively speaking recently. The growth projections really are much more exciting in Africa, so domestic facing investment strategy is really what we do.

Why not do manufacturing? Energy was the big constraint always for us. I'm wondering if the Chinese have a secret formula for negotiating with governments that gives them a good, reliable, cheap source of energy, and that would be worth looking at.

You may have already looked at that. We have not found that nor can we do that, and we have looked at hundreds of manufacturing investments.

We have done import substitution, from a purely Wall Street strategy perspective, that is kind of a smart thing to do. If in Zambia they are importing highly priced South African basic foodstuffs, and they are the most fertile country in Africa, it's not that hard to say wow, we will just change that up and sell locally, because you don't need that much infrastructure, the roads, you can sort of develop a network. That's an easy one.

Fertilization. You can't talk about agri-business without talking about fertilization. We have a huge investment in the Nigerian fertilizer producer, it was the biggest and the only in Sub-Saharan Africa. The rest was imported. We are definitely doing import substitution. I guess we did sugar once, too, which was protected by the government, to get to John's point.

MR. SY: We will come back and let Her Excellency Acyl give a few points. If you could let us know a little bit about your success dealing with water utilities.

MS. CAMPBELL: The Ivory Coast has been something of a good model for their electricity sector. When we invested, they had CIE, the distributor, and Sypral was their main producer. Since we have been there, the government has been very supportive, making sure our collections are on time to the minute, even through the civil war of the Ivory Coast, which was very recent. The collections went right back on, within a dollar.

The government is very supportive and understands if you want reliable energy, you have to have reliable payment for it, because no one is going to invest in something that is not profitable for very long.

As a result, they have been able to raise financing while we have been the majority owner of the utility for their second production facility, of 200 megawatts, and they are onto their third. We now are going to begin the fund raising for the third.

Really, the government is just so key in the sector, making sure tariffs are tied to actual costs. It is very hard through political cycles for governments to do that. It is the foundation for the entire development of the economy, and water, a similar thing. The government has to commit to some public works, or a private equity owned or investor owned utility can pre-finance it, but ultimately, those are going to be assets that go to the good of the people. The government has to kind of stand behind it. That's not just true in Africa, it is true everywhere.

Name a place where people like increases in their tariffs, they don't. New York City didn't charge for water for a long time, and when they tried to implement that, it was ugly. That is what I will say about utilities.

The success really is owed to the government there.

MR. SY: Her Excellency?

MRS. ACYL: Thank you very much. I think I want to talk about two questions. One is the SME, and Mr. Page has said eloquently, I don't think I have anything to say, but it is very, very important for Africa. SMEs constitutes over 80 percent, and this is a majority for employment. It is very important that we deal with that issue and correctly.

The issue of value chain is also very important, and that is why we think we must think the one Africa kind of thing, and the issue of Made in Africa. I want to read that book. I think it is very important, promoting made in Africa, because our countries are too small really sometimes to produce a finished good from one country to another.

Actually, that has also hindered our trades. Most of the time we produce almost similar things and because of not transforming, therefore, we are saying we cannot trade among ourselves. I think this is a very, very important point.

I want to address the issue of the G-8 initiative and also the Malabo

Declaration. I will tell you what I know, but basically if my colleague was here, she could elaborate more. What I know about the Malabo Declaration is it is emphasizing the fact that agriculture should remain very high on the agenda of the continent.

We talk about Agenda 2063. It is a critical initiative for African growth and poverty alleviation. It is also agro processing and value addition, which is industrialization. Now, we are actually developing a commodity strategy to address the issue of mineral resources, to address the issue of agriculture and also oil and gas, how do we make sure we are not just reactive to any shock and then our budgets are gone and so forth, how do we diversify in agriculture.

I think one of the panelists has said we need to realize when we have the comparative advantage, so I think it is very important to emphasize.

Now, the G-8 initiative. In my view, it is a complimentary initiative and it is a very, very welcome initiative because as a public/private partnership, the government is encouraged to put some money, like 10 percent of their budgets in agriculture.

It is also important to know where to put it. Some of it, as you say, maybe go to research. I think it is a good suggestion. Some of it maybe can go to other types of subsidies and so forth. But make sure there is an enabling environment, and it is very important to bring the private sectors together, and that G-8 initiative is really about that, and I think it is very, very important.

We are doing the same thing for infrastructure development. I think that now this issue of public/private partnership is all over, it's important we really talk the enabling environment is there, but the traders, the people that make their business, they need to come to the table early enough so we can figure out the issue in Africa. That, I think, has been missing in the past. Thank you very much.

MR. SY: On the Malabo Declaration, we have a huge database which is free at EndingRuralHunger.org, and you can benchmark any African countries. We are working with the African Union Commission.

Punam?

MS. CHUHAN-POLE: Very briefly. A question that was raised, is Africa going to produce things they can actually -- nuts and bolts, widgets, that they can sell. I have to say we are seeing in the agriculture sector, in agriculture processing, non-traditional goods. For example, Cote d'Ivoire, which is the largest cocoa producer in the region, is also exporting chocolates and cocoa base. There is processing in that sense, more processed goods with higher value added that are being sold. Kenya, in terms of flowers. Rwanda has had success in going from just coffee to having more specialty coffees, which you can actually find in Washington if you go to some of the cafes here.

There has been success. I think somebody raised the issue with China. China is pivoting to a more consumption led growth model. Some of the things to see there is can Africa make inroads into the increased demand for consumer goods along these areas in terms of coffee, chocolate, et cetera. Can Africa actually export these kinds of items to China. I think that is a potential area to look at.

Very briefly on the small enterprises, we do find that enterprise size doesn't increase very much in Africa, you have a lot of small enterprises that don't grow very large, which is something to question, although you do see there is wide variation in terms of enterprises, some being more productive than others. It doesn't seem to really happen and small companies seem to continue.

If companies are not going to be productive, are not going to be efficient, it is going to be very difficult to actually export and grow. I think it is important to understand why is it, what is holding it back. Is it the soft skills in terms of management, in terms of absorbing technology, is it regulatory kinds of issues.

MR. SY: Thank you, Punam. We are 10 minutes late. Again, thank you very, very much to the panelists. I think this was a very stimulating conversation.

(Applause)

MR. LI: Amadou, you mentioned the Asia issue. Asia is really a very special case. When I was at the World Bank, and also at that time the Japanese Government financed one project, a study, Asian Miracle. Why Asia now become the sole powerful manufacturing house. Whether it is replicated somewhere else.

I think the most important feature is the cost, second is infrastructure development, third technology transfer/learning. Whether resources reach or not reach doesn't matter because they pick up one case. Korea. Its resources cannot compare with many other countries, but it did not follow the case to develop agriculture, they moved to industrial development. Step by step, they become OECD member. This is a very unique case. It doesn't mean the country has resource reach will become industrialized country or otherwise vice versa.

I have seen many countries in Africa really doing something very encouraging like Rwanda, a small country, look at the resources, very little. Now they creating industrial parks, some companies move in creating jobs.

Its neighboring countries are also visited, there was a long list of resources, whatever resources they had, but now their industrial level is still not moving up, so it doesn't matter about the resources.

One important thing is to focus on the labor intensive industry, focus on agriculture and agriculture to the agriculture industry. This is very, very important for African countries. I really believe they have resources, they have human resources, they have leaders committed to the industrialization.

I met with so many leaders on the continent. They all tell me please have us develop industry. Now, I believe if you would really like to help the continent, if you support their industrial development, you really support them, because they understand industrialization is a key to the growth, key to the poverty alleviation.

I think this is a kind of very important signal to the outside of the inside driven process already being developed. I am very confident with international support, with momentum created, we can really do something, really moving ahead. SME is a process, you cannot expect SME to develop right away. Some of the companies moving ahead, they train the people, they learn the technology, then they can build up their own business. This is a process.

I give you one other example. In China, all the roads built by foreign companies, all the supervision companies, foreign companies. This lasted about 10 years. After 10 years, local company can build the road, after 30 years, can build a very nice road. This is a learning process.

I think the African continent just entered into this stage, learning, and will quickly catch up. Thank you very much.

MR. SY: Thank you. (Applause) Thanks, everybody, for coming.

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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.

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