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THE NEW PARTNERSHIP BETWEEN AFRICA AND ASIA

SUMMARY REPORT ON THE MINISTRIAL ROUND TABLE AND HIGH LEVEL SEMINARS

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SUMMARY REPORT ON THE MINISTERIAL ROUND TABLE AND HIGH LEVEL SEMINARS

I. INTRODUCTION

The Bank Group Boards of Governors Annual Meetings were held in Shanghai, China from May 16 – 18, 2007 and as customary they were preceded by a Ministerial Round Table (MRT), High Level Seminars (HLS), and other thematic seminars and side events. The major objective of these Annual Meetings Seminars (AMS) was to facilitate the exchange of views, opinions and experiences on the most current concerns affecting the economic and social development of Africa. More specifically, the 2007 AMS provided a platform for discussing the emerging issues surrounding the renewed partnership between Africa and Asia.

The major theme of the 2007 AMS was “*Africa and Asia: Partners in Development*”. It was selected because of the wider attention given to the role Asia, especially China and India is playing in the global economy. Furthermore, there is a renewed interest in Africa by Asian countries and hosting of the Bank’s Annual Board of Governors Meetings in Shanghai provided a unique opportunity to reflect further on the Africa–Asia development nexus.

This report on the AMS is in four sections. Following this introduction, Section II highlights the key messages of the two invited Heads of States, the President of the Bank and the Executive Secretary of the United Nations Economic Commission for Africa (UNECA) during the opening session. Section III presents the Ministerial Round Table discussions and the four high level seminars. It provides a synopsis of the presentations that were made, observations and proposed recommendations on each of the activities. The conclusions are presented in section IV.

II. OPENING SESSION: HIGHLIGHTS OF KEY MESSAGES

2.1 The opening session of the Ministerial roundtable discussion took place in the Auditorium of the Shanghai International Convention Center. This session was attended by two heads of states: H. E. Mr. Pedro Pires, Head of State of the Republic of Cape Verde and H. E. Mr. Marc Ravalomanana, Head of State of the Republic of Madagascar. They delivered key note addresses summarized below. The session was jointly chaired by Messrs: Donald Kaberuka, President of the African Development Bank (AfDB) and Abdoulie Jannah, Executive Secretary of the United Nations Economic Commission for Africa (UNECA).

2.2 The session was attended by about 500 participants including high level dignitaries from Africa and other regions of the world, development experts from multilateral, bilateral, non governmental organizations, civil societies, private sector and the academics.

2.3 The President of the Bank, in his opening remarks, thanked the Chinese government for hosting the meetings and for the excellent organization of the events. In line with the theme of the ministerial discussions, he used the occasion to commend the Chinese development experience which is an inspiration to Africa. He indicated that the gathering provided a unique opportunity to reflect more profoundly on Africa-Asia relations. He

thanked the Presidents of Madagascar and Cape Verde respectively for honoring the Bank Group's invitation, highlighting that both countries were good examples of what Africa had to do to help itself.

2.4 In his opening remarks, the President of Madagascar, H.E. Marc Ravalomanana, observed that Africa was a complex continent with 53 countries, each country being at a different development stage and having its own set of problems and challenges. He stressed that resolving the issues that Africa was facing required a good knowledge of the problems, adding that *“poverty in a world of abundance is totally unacceptable. In a world filled with material, financial and technological resources, no country should be in a terrible condition.”*

2.5 President Ravalomanana asserted that Africa continued to lag behind the rest of the world due, in part, to the lack of desired leadership. He said the continent had the human resources, but some of the resources had left the continent because their usefulness was not recognized at home. He called for a change of values and mindset if Africans had to enjoy some of the benefits of development. He added that the challenge of the continent's leadership was to identify those values and traditions that should be preserved and those that needed to be changed.

2.6 President Pedro Pires of Cape Verde shared his country's development experiences, highlighting the challenges his government was facing. He disclosed that despite these challenges, the people of Cape Verde had not lost hope in the future. He outlined the efforts the country was making to overcome the challenges, indicating that the focus was on education. He added that his country had learned from others by opening up to the external world. He stressed the role the country's Diaspora was playing in pulling the people out of poverty. He pointed out that the African Development Bank Group had all along stood by the people of Cape Verde in their efforts to attain sustainable levels of development.

2.7 The Executive Secretary of UNECA, Mr. Abdoulie Janneh, highlighted the fact that the holding of the Annual Meetings in China was proof of the strong relationship that exists between Africa and Asia, adding that the theme of the meetings was rightly selected to respond to the needs of our time.

III. THE MINISTERIAL ROUND TABLE AND HIGH LEVEL SEMINARS

3.1 Introduction

3.1.1 The Ministerial Round Table, on the theme *“Africa and Asia: Partners in Development”*, was the key event of the Annual Meetings Seminars. It was held a day before the formal opening of the Bank Group Annual Meetings. In addition to a plenary session, there were four related High Level Seminars crafted around the following sub-themes.

- i. High Level Seminar I: *Trade and Capital Flows;*
- ii. High Level Seminar II: *Africa and Asia: Entrepreneurship and Private Sector;*
- iii. High level Seminar III: *Human Capital and Technology for Development;*
- iv. High Level Seminar IV: *Regional Co-operation-Addressing Trans-boundary development challenges.*

3.2 The Plenary Session: *Africa and Asia: Partners in Development*

3.2.1 This session was jointly chaired by Messrs: Donald Kaberuka, President, AfDB Group and Abdoulie Janneh, Executive Secretary, UN-ECA. The panelists included Mr. Paul Toungui, Minister of State, Minister of Economy, Finance, Budget and Privatization, Gabon; Mr. Amos Kimunya, Minister of Finance of Kenya; and Mr. Zhou Xiaochuan, Governor of the People's Bank of China.

3.2.2 The presentations of the panelists revolved around the long standing partnership between Africa and Asia in areas which span not only trade and investment but also migration and cultural exchange. They highlighted the fact that increasing investments and capital flows from Asia to Africa provide new opportunities for the Africa-Asia partnership. It was noted that such investments will invariably be accompanied with transfer of skills, know-how and low-cost technologies that can improve efficiency. In resource-rich countries however, the increased Asian involvement with Africa can lead to increased specialization in unprocessed products and vulnerability, while resource-poor countries may not be able to compete with Asian products both on their internal and external markets.

3.2.3 The seminar highlighted some key lessons for African governments in their efforts to integrate effectively in the global trading environment, while enhancing the competitiveness of the African economies. Some of the concerns addressed by the seminar dealt with the following issues:

- Can Africa use its partnership with Asia to transform itself from a supplier of raw materials to Asia to a producer of value added products capable of stimulating significant economic growth?
- How can Asian countries best assist Africa in adapting and adopting the strategies that propelled their economic prosperity?
- What are the implications of Africa's increased access to non-concessional loans from Asia, and what is the risk of future debt distress and sustainability problems?
- How can Asia's increased investment in Africa be structured so as to maximize benefits with regards to: human capital development for Africa, technology development and the transfer of skills and technology to Africa?
- How can more jobs be created in Africa as a result of this partnership? How can this partnership help Africa to attain sustainability of growth through product diversification, value addition and more trade?
- How can Asia be made to have more concerns with regards to choice of country for investment, social safeguards and environmental concerns especially in the search for raw materials?

3.2.4 From the discussions that ensued, it was observed that the assessment of Asia's involvement with Africa has revealed critical lessons, opportunities and challenges that need to be carefully documented, dialogued and taken on board as part of the operational modalities of the partnership. The Ministerial Round Table (MRT) did not only discuss these issues as past experiences, but assessed them as opportunities and challenges in terms of their implications for Asia's continued investment in Africa. The MRT set the stage for the four High Level seminars, and later the different thematic seminar events.

3.3 High Level Seminar I: *Trade and Capital Flows*

3.3.1 This high level seminar was Chaired by Hon. Trevor Manuel, Minister of Finance of South Africa, with the following members as panelist: H. E. Mr. Abdoulaye Diop, Minister of State, Minister of Economy and Finance of Senegal; H. E. Mr. Rama Krishna Sithanen, Deputy Prime Minister and Minister for Finance, Economic Planning and Development of Mauritius; Mr. Peter Anyang Nyongo, Former Minister of Planning and National Development of Kenya; Mr. Li Ruogu, Chairman, China Exim Bank; and Mr. Henry Flint, African Strategist: Global Markets Research, Standard Bank, South Africa.

3.3.2 The main objective of this seminar was to shed light on the opportunities and challenges of Africa-Asia trade and capital flows. It raised the question on how to find a critical balance between the opportunities and challenges. The discussion produced key outcomes that require further steps to help Africa take full advantage of opportunities associated with the emergence of Asia in the global economy.

3.3.3 The seminar further examined the implications of the Asia-Africa trade pattern for Africa's development. It also examined the form of preferential trading arrangement that would assist Africa to move up the value chain in the composition of its exports. In addition, the seminar discussed the likely consequences for Africa of FDI from and into Asia and the measures that will enhance capital flows from Asia to Africa.

3.3.4 Key recommendations arising from this session include the following:

- China and Africa must work together based on a frank and sincere cooperation agreement. There must be mutual respect and none of the parties should intervene in the affairs of the other. Each party should develop according to its own realities.
- The Agricultural Sector should remain a priority and cooperation in this area should be strengthened given the fact that China has a strong agricultural sector. Africa should not devote its rare foreign exchange to buying food.
- There is a need to develop capacity in trade and investment in a sustainable manner. The development of rural infrastructures, telecommunications, and electrification should be a strong area for cooperation.
- Africa should not follow the development path of developed countries, but rather chart its own course.
- Considering that Africa is rich in natural resources, these must be mobilized for strengthening mutual cooperation and fostering mutual development.
- There is a need to diversify the exports to China and add value to the exports.
- There is a need to establish joint ventures between Africa and Asia and improve appropriation by Africa of the cooperation between Africa and Asia.
- There is a need to have an action plan that is time bound and that produces results between Africa and Asia. Issues like regional integration should be time bound.

3.4 High Level Seminar II: *Africa and Asia: Entrepreneurship and Private Sector*

3.4.1 This seminar was chaired by Mr. Abah Abah Polycarpe, Minister of Economy and Finance of Cameroon, with the following as panelists: Mr. Paulo Gomes, Managing Partner, Constel Group, USA; Mr. Moeletsi Mbeki, Deputy Chairman, The South African Institute

of International Affairs (SAIIA); Mr. Ken Kwaku, Special Adviser to Former President Benjamin Mkapa of Tanzania; Mr. Mande Sidibe, Chairman of the Executive Board, ECOBANK, Mali; and Ms. Khan Razia, Regional Head of Research, Africa, Standard Chartered Bank, United Kingdom.

3.4.2 The seminar was aimed at exploring ways and means for strengthening collaboration between Asia and Africa towards expansion and diversification of trade and investment. The seminar highlighted the lessons from the Asian experiences concerning enabling environment reforms. The seminar also shared experiences of business successes and investigated the mechanisms by which governments can create an enabling environment to allow entrepreneurship to develop.

3.4.3 Key recommendations from this seminar included the following:

- a. With regard to Africa's partnership with China and other Asian Countries, efforts should be made to avoid repeating the already existing economic and commercial models between Africa and the developed countries with Africa exporting raw material and importing manufacturing goods. The emphasis should be placed on Africa transforming its economy through diversification, creating value added locally, and strengthening the supply capacity of the private sector; The Chinese direct investment should target the above objective of transformation and not to create new enclaves; There is a need to support joint ventures in particular by bringing capital, skills and access to foreign markets should permit the private sector it increase its supply capacity and fully benefit from the opening of international markets. This form of direct investment could promote greater visibility of national private sector in the manufacturing and other sectors and promote the financing of SMEs.
- b. The role of the AfDB
 - i. The Bank's strategic choice should be relevant. The Bank should contribute to the increase of public investment flows;
 - ii. Development of direct investment particularly joint ventures could be a good area for AfDB intervention. With its knowledge of the African economy, the Bank could play an efficient and catalytic role by linking Chinese investors and African partners effectively. In this regard the Bank should quickly develop fruitful relations with the Sino-African Development Fund;
 - iii. In order to assure complimentary investments by local financial institutions the Bank should contribute to the strengthening of institutional evaluation and coaching capability of SME investment projects.

3.5 High level Seminar III: *Human Capital and Technology for Development*

3.5.1 This high level seminar was Chaired by Mrs. Zeinab El Bakri, Vice President, Sector Operations, AfDB, with the following members as panelists: Mr. Jeffrey Sachs, Director Earth Institute, University of Columbia, New York; Mr. William Lyakurwa, Executive Director, African Economic Research Consortium (AERC), Kenya; Mr. Ren Youqun, Assistant President, East China Normal University, China; and Mrs. Amina J. Ibrahim, Special Assistant to the President on MDGs, Nigeria..

3.5.2 The main objectives of this high level seminar were to: (i) deepen the understanding of some of the reasons behind the economic growth of Asian countries; (ii) Highlight the human capital building and technological development processes in Asian countries over the past 40 years; (iii) Share policy and operational lessons from experience in building technological capacity in Asian countries, in particular programs that are working effectively; (iv) Explore how the experiences in Asia can be harnessed by their African counterpart to build human capital and technology for development; and (v) Discuss how these lessons can be incorporated in human capital, science and technology development programs in Africa to be supported by the Bank and other development partners.

3.5.3 Key recommendations of this session include the following:

- i. African countries should focus clearly on skill formation through increased investment in technical education at all levels.
- ii. They should ensure that the quality and relevance of education, especially science and technology, are sufficient to meet economic demands and contribute to development.
- iii. They should be able to articulate policies with incentives to lure highly educated and skilled Africans to return home.
- iv. There should be an increased spending on education while emphasizing quality.
- v. The education of girls, especially in Science and Technology (S&T), and the opening up of higher education to women must be intensified.
- vi. There is a need to ensure broad opportunities for education so as to provide a continuous, well structured work force.
- vii. African countries should put greater emphasis on widespread secondary and higher education (including S&T) to accelerate and sustain economic growth, stimulate innovation, and promote participation in the global marketplace.
- viii. They should sharpen Africa's competitive edge through an effective legal and financial system, protection of shareholder rights, enforcement of contracts, and strengthening of governance and regulatory bodies.
- ix. African countries should gear up investment in ICT and make the Internet accessible.
- x. They should consider the advantages of regional action by reducing costs through joint efforts to design, produce and distribute teaching materials and textbooks, and harmonizing curricula to facilitate the transferability of high school degrees.

3.5.4 The discussions concluded on the following note:

- i. That targeted investment in human capital and technology plays a major role in economic growth.
- ii. That Africa's present impoverished condition is due in part to lack of emphasis on human capital and technology.
- iii. To enhance economic growth and human development, governments and the private sector in Africa should take the cue from their Asian counterparts and invest more in capacity development.

3.6 High Level Seminar IV: *Regional Co-operation-Addressing Trans-boundary Development Challenges.*

3.6.1 This seminar was chaired by Mr. Abdoulie Janneh, Executive Secretary, UN-ECA, Ethiopia, with the following members as panelists: Mr. Mohamed Ibn Chambas, Chairman of the Commission of ECOWAS, Nigeria; Mr. Masahiro Kawai, Dean, Asian Development Bank Institute, Japan; Mr. Torgny Holmgren, Deputy Director General, Ministry for Foreign Affairs, Sweden, and Mr. Mandla Gantsho, Vice President, Operations: Infrastructure, Private Sector and Regional Integration, AfDB.

3.6.2 The discussions focused on the fact that Africa is facing numerous trans-boundary development challenges spanning the continent's political and economic spectrum. These include political and social strife; the general perception of the continent as a high risk environment; weak inter-governmental institutions including the regional economic communities; economic mismanagement and poor governance in some countries; low inflow of foreign direct investment; inadequate and deteriorating infrastructure; high incidence of preventable diseases (e.g. HIV/AIDS; malaria, river blindness and water borne disease); and, low level of human capacity development. This seminar provided an opportunity to discuss lessons learnt on how regional cooperation has addressed trans-boundary challenges.

IV. CONCLUSION

6.1 The 2007 AMS and other side events of the African Development Bank Group were successfully implemented. Much of the success was due to the relevance of the topic in the current trend of Africa's economic development and the excellent facilities provided by the Chinese government. Other factors that contributed to this success include the high quality of the chairpersons and panelists for the various seminars. These were prominent persons who are recognized leaders in their fields of expertise or leading political voices in the development of Africa. In addition, the AMS attracted eminent persons such as the Heads of State of Madagascar, Cape Verde, and Rwanda.

6.2 The theme selected as echoed by the Executive Secretary of UNECA, responded to the needs of our time. The Ministerial Round Table and High Level Seminars provided an opportunity for the AfDB governors and other stakeholders to learn from Asian experience, particularly from China on how to integrate Africa in the global trading environment. The opportunities and challenges that need to be addressed were scrutinized to inform policy makers on the key decisions required for improving Africa's economy. In this regard, there is a need to have an action plan that is time bound and that yield results.

6.3 The cooperation between Africa and Asia should help the latter to diversify its economy and create value-added to its products. Joint ventures should be developed between Africa and Asia by bringing capital, skills and access to foreign markets. The importance of human capital and technological development was greatly emphasized during these AMS as it was largely observed that the impoverished condition of Africa is largely due to lack of emphasis on human capital and technology. The AMS also provided an opportunity to discuss lessons learned in addressing trans-boundary issues. Some of the strategies for addressing these issues include knowledge exchange through peer reviews of policy, regional research cooperation, investments in regional infrastructure, investment in financial markets and cooperation in trade.

6.4 As indicated above, the logistical arrangements provided by the Chinese government constituted a major factor in the success of the AMS. All the events took place at the Shanghai International Convention Center located at the Oriental Riverside Hotel where most of the delegates were lodged. There were adequate facilities at the Convention Center, easily accessible through multiple elevators and stairways. A number of recommendations have been made in this report regarding the implementation of future Annual Meetings Seminars. They are hereby submitted to Bank's management for consideration.