Remarks at the Opening of the High Level Seminars

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President

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These High Level Seminars have over the years grown in significance as the arena of framing the substantive issues for the Annual Meetings of the Bank Group. That is why we are always grateful for the eminent personalities, who come to share their knowledge and experience. We continue to benefit from distinguished leaders who share and help in strategically framing issues.

We are particularly honoured this year to have among us President Paul Kagame of the Republic of Rwanda. As we discuss the issues of structural change, leadership and transformation, he is a leader who has provided these elements to his country. *Time* magazine has described Mr. President as one of the 100 most influential people in the world. Mr. President, in the name of everyone here I thank you for accepting our invitation despite your demanding itinerary and we will be keen to hear from you.

**Africa at 50**

Mr. President, Governors, friends, ladies and gentlemen, this past weekend, Africa’s leaders gathered in Addis Ababa to celebrate the African Union 50th Anniversary. It was an occasion to look back on Africa’s momentous journey since independence in the 1960s and, in particular, to chart the future.

As I recall mentioning at another event – paraphrasing Klaus Schwab – I see in these past 50 years that Africa has gone from ebullience and optimism in the early years, to pessimism and despair in the nineties, not to mention the lost decade of the 1980s.

As the last millennium was closing, a famous publication ran a cover article entitled "The hopeless continent". Incidentally on my way here, I was reading the same publication which has a hard hitting analysis of the euro area, calling it a disaster waiting to happen and the leaders in of that part of the world "the sleepwalkers" I cannot comment as that is beyond my competence or responsibilities.

**Africa turns a corner**

But returning to Africa, as the new millennium set in this continent stepped forward with an extraordinary vigour, now generally seen as the Rise of Africa. At the beginning, skeptics abounded. Such pessimists claimed:

- It will not last – it’s another flash in the pan;
- It is all about the commodity bull-run and the supercycle;
- It is all about China;
The Peoples of Africa lack the skills, the infrastructure and the visionary leadership to make it happen.

Citing the Somalia crisis and others, they said there were far too many theaters of war for Africa to move on. As it turned out, despite these obstacles Africa is making steady progress on all fronts, including on human development Indicators. Even the impact of the global financial crisis, although noticeable, was short-lived.

Today the overall economic performance is back to pre-Lehman-collapse levels. If you adjust for inflation, the continent’s GDP has doubled in only 10 years between 2000 and today. Real per capita Incomes are up 50%. There are pockets of deepening poverty, especially countries at war or emerging from one. However, as you will hear throughout this week, the overall trend on all indicators continues to be strong.

The reasons are now well established, from strong export demand, sound management, and foreign direct investment, to greater domestic demand due to the higher disposable income a growing number of urbanites have. Given what is happening in the global economy, this is not an insignificant feat. Doubling a GDP in such a short time happens very rarely in history. It is a very recent phenomenon. To give you an idea, it took Britain, during its Industrial Revolution, 150 years to double its GDP.

Consolidating achievements and moving forward

At these seminars we will look deeper into what it will take to consolidate this past decade’s achievements and move forward. The Bank’s Senior Management and I look forward to hearing from you on how you see the role of the institution in that process, particularly in view of our new Ten Year Strategy.

I would like give you several ideas to consider and the first I would put to you is this: what will it take to ensure sustainability and quality of growth in African economies? How do we create jobs and opportunities and give most of our citizens the feeling that they are benefitting, beginning with our growing youth population who are looking for jobs? For it only by doing so that we create trust and confidence in a fair society, which in turn leads to economic and political sustainability.

The second question – using current jargon – is: how does our continent build on this economic momentum, to transit, to lay a basis for economic transformation? How do we go from being the continent with the highest number of mobile phones,
to actually making some of the components of those phones and providing the cross-border services to that booming trade?

The third area I put to your consideration is this: how do we deal with what will be the megatrends in the coming 50 years? At the African Union Jubilee last weekend, I was asked to share with leaders our assessment of those megatrends in the African economy in the coming 50 years.

This, more or less, is what I said to our leaders.

Fifty years is too long to determine the future trends with any level of precision, as there are many unknowns. However an identification of the key megatrends around which scenarios can be built is possible. I’m referring to events, phenomena and processes of such importance that they will transform the African socio-economic landscape in such a fundamental way that we should be prepared. Those megatrends can be put into six categories.

First megatrend: the redistribution of global economic power. No longer concentrated only in the North, but spreading to other parts of the globe, the so-called multipolar economic world. How will Africa fit into this arrangement? What will it take for Africa to unlock its own internal vast capability of its one billion people?

Second megatrend: Africa’s demographics. Today a population of one billion, we are already close to India and China but growing faster at 2.2 % against Asia’s 0.9%. By 2050 Africa will be 2.5 billion people. Not only more people but a youth bulge. Recall today’s median age is only 18.5 years. What are the implications, what will it take to get the so-called "dividend"?

Third megatrend: leading up to 2050 Africa will not only be a populous, young continent but the majority of them will be living in towns, cities and some of the world’s megapoles.

Fourth megatrend: Africa’s possibility to leap-frog on some technologies. Already the mobile revolution has dramatically changed the way we do business and deliver services and has enabled a significant degree of jump-start.

Fifth megatrend: the impact of climate change, the competition for natural capital, arable land, marine life, water and so on. As the continent most affected by climate change, with no global climate deal in sight, an accelerating ecological footprint of 250% in 50 years, what will be the implications for food, for the biomass, for energy?
Sixth megatrend: the continuing discovery of vast amounts of natural resources. Everywhere we are discovering and exploiting great new deposits of natural resources, from base metals, to precious metals, to oil and gas. More are expected to come on board as geological mapping abilities rebuild. This resource boom will not just generate greater flows of revenues; it will also spur large-scale infrastructure to support the logistics of that industry, such as rail and maritime ports; it will spur increased demand for skills, for goods and services, even across regions and countries with fewer natural resources. But it all assumes we get it right, from the mining business models, to natural resource governance, getting the proper value from the natural resources and more.

What is not in doubt is the broader implications of this natural resource boom. At the moment, the African Development Bank with sister institutions in Addis are preparing scenario studies for our leaders at their next summit early next year. We believe these six megatrends will have far-reaching implications for Africa’s socioeconomic trajectory, for Africa’s transformation in the course of the next 50 years. We will, at all levels, have to bear this in mind. There are no easy or straightforward answers. This is an area of so many unknowns, so many intangibles at the continental level as well as in the context of the global political economy.

**Careful planning, vision, strategic investments**

Either way, for the coming 50 years Africa will require visionary leadership, strong institutions, careful planning and strategic investments. The way we look at it at the African Development Bank is that the two strategic investments which appear critical will be investing in people – and their skills – and infrastructure. Nevertheless, one can have all the infrastructure in the world, but without skilled people and leadership the Infrastructure will come to nought. Equally, skilled people without connectivity, power, transport and so on will be very seriously hampered.

Above all, the transformation will require committed visionary leaders at all levels. No country, however endowed it is with natural resources, has succeeded without that critical ingredient. That is why we are keen to hear from you, Mr. President.

For our part, the African Development Bank will continue to provide leadership in those areas of our mandate. That is why our new strategy is called "At the Centre of Africa’s Transformation." Count on us on this exciting journey.

Thank you.