



ADF Today

Ninth
African
Development
Forum

Neuvième
Forum pour le
développement
de l'Afrique



AFRICAN HUB:

Morocco seeks bigger continental role [P3](#)



PENSIONS:

Private equity looks to African assets [P4](#)

INFO-GRAPHIC:

Fundraising in Africa [P5](#)



LE MAROC:

Un hub régional [P6](#)



LOPES: AFRICA NEEDS A NEW AID PARADIGM

The Executive Secretary of UNECA says that African governments need to find common negotiating positions ahead of a critical year for development assistance.

AFRICAN GOVERNMENTS NEED TO FIND consensus positions so that continent's voice is heard in international negotiations, says Carlos Lopes, the Executive Secretary of the United Nations Economic Commission for Africa.

Next year will be a critical point for international development assistance. The Sustainable Development Goals are set to replace the Millennium Development Goals; the third International Conference on Financing for Development will redefine the shape of overseas development assistance (ODA). The Paris Conference will look to set the terms for the international response to climate change, including adaptation funding.

"This is a time when the continent, thanks to its growth and its new narratives, has the opportunity to join the other regions of the world that have 'liberated' themselves from ODA," Lopes says. "We have a unique opportunity to review completely what is the purpose of ODA, on one hand, and on the other hand reach out to new types of

partnerships—partnerships which are not ODA-centred."

These partnerships, Lopes says, need to include the public and private sectors and need to focus on unlocking and leveraging Africa's own resources through technical assistance, by helping to stem the tide of illicit financial flows out of the continent and by improving the investment climate.

Lopes is encouraged by the progress that has been made in formulating coherent positions in negotiations with the European Union over Economic Partnership Agreements. He is also impressed, he says, with the fact that governments in several resource-rich countries, including Guinea, Gabon and Niger have aggressively renegotiated deals with mining companies which they viewed as exploitative, making difficult short-term decisions to achieve long-term gains.

"I think it is encouraging is that you have countries looking at their context with different eyes and being

“We are making huge progress in terms of forming African positions and getting Africa ready for a more assertive role.”

willing to pick a fight if they have not been respected,” Lopes says. “The good news that in most cases where countries have gone into these kinds of negotiations, they have won big for their countries... In each case, they had to go through a very difficult period. It’s not a free lunch.”

In the long run, ending “predatory” relationships between the public and private sector makes for a more stable environment for both, Lopes says. Pragmatism is gradually winning out over the ideologies that pushed African governments to invite the private sector in at almost any cost.

“I really believe that these dichotomies are over,” he says. “We are in a period where countries need to be strategic, and being strategic means the best mix... The less ideological we are the less we are going to have hangovers of past discussions between market and state and so on, because it doesn’t make any sense any more.”

Africa is also finding coherence as it addresses com-

mon challenges, such as regional economic integration and climate change.

“Africans are the first group of countries that have a committee at the head of state level on [climate change], chaired by President Kikwete. The blueprint that they are proposing is no longer the usual African position of just trying to get some compensation for adaptation, but rather saying that they are part of the solution, that they can industrialise and do it in a green and cleaner way,” Lopes says.

That coherence has not entirely translated into solutions, but there is definite progress, he believes. “We have to find the common denominators that are powerful enough and have the pulling effect that will allow for Africa to take advantage of a unified position,” he says. “I believe we have seen the baby steps in that direction. It’s not yet consolidated, but we are making huge progress in terms of forming African positions and getting Africa ready for a more assertive role.”

CLIMATE CHANGE COULD BE BLESSING AS WELL AS CURSE

Climate change could become a unique opportunity for Africa to change its approach to agricultural development and food security, attendees were told at the fourth Conference on Climate Change and Development in Africa, organised by the United Nations Economic Commission for Africa. A two-degree rise in global climate could be devastating for Africa, but experts at the event discussed how the extreme challenges caused by changing weather patterns could provoke radical and innovative solutions, including so-called “climate smart” agriculture.



Morocco calls for African solidarity and progress

ADF’s host government urges a new development approach for a new, emerging Africa

THE UNITED NATIONS ECONOMIC COMMISSION for Africa’s ninth Africa Development Forum was opened yesterday with a call for solidarity and self-determination from the host country, Morocco.

King Mohamed VI of Morocco’s welcome message, delivered by the prime minister Abdelilah Benkirane, said that greater cooperation between African nations has laid the groundwork for the continent to determine its own development models and priorities.

“Our continent is determined to adopt a proactive approach and set in motion a dynamic process for the emergence of a new Africa—an Africa which is proud of its identity; a modern Africa which has washed its hands of ideologies and archaic notions; a hold, enterprising Africa,” Benkirane told the conference. This ‘new Africa’ should demand a new approach from the international community, he said.

“The issue of development in Africa is not related to the nature of the soil or of the climate, but rather to deep-rooted economic dependence, weak support, inadequate sources of financing and the lack of a sustainable development model.”

Africa’s status as an emerging pole of global growth offers huge opportunities for development, Benkirane said, but the continent’s regional groups need to become more coherent and present themselves as unified, viable and competitive entities.

International financial institutions should acknowledge the continent’s changing role in the world economy and evolve the instruments that they deploy to promote development, he added.

“Given this great potential and all these assets, it is more relevant than ever to recognise that today Africa needs win-win partnerships rather than conditional support—partnerships that act as a catalyst for mobilising financial resources, foster regional economic integration and improve Africa’s position in the international value creation chain,” Benkirane said.

“Given this great potential and all these assets, it is more relevant than ever to recognise that today Africa needs win-win partnerships rather than conditional support.”

IEA: AFRICA'S ENERGY GAP REMAINS SEVERE

Africa's energy resources are enough to power the continent, but they remain chronically underdeveloped, according to a new report by the International Energy Agency, released yesterday. More than 620 million Africans live without electricity, and many more rely on dangerous fuels for cooking and heating. The report forecasts huge increases in generation capacity, but warns that population growth means that 500 million people could still be without power by 2040.

Morocco seeks role as African investor hub

Regional integration and economic cooperation are central to Moroccan strategy for African development, according to finance minister Mohammed Bousaid.



“Regional integration is able to help unleash the potential of the continent and offer the hope of a better life for its people.”

MOROCCO WANTS TO ESTABLISH ITSELF AS A REGIONAL HUB for investment into the rest of Africa, while promoting sustainable development and regional integration on the continent, according to the country's minister of the economy and finance Mohammed Bousaid.

“The Kingdom of Morocco has always put the continent at the heart of its strategic choices, faithful to the deep historic ties that have united us with our African brothers,” Bousaid says. Under the reign of King Mohamed VI, this strategy has been articulated in terms of South-South cooperation, human development and the establishment of bilateral economic relations, he adds.

Moroccan companies have consolidated their positions in a number of countries in Central and West Africa, in particular in the banking, insurance, telecommunications and infrastructure sectors. More than half of all of the country's foreign direct investment outflows go to the rest of Africa.

Morocco has historically maintained close relations with Europe and has built strong economic links with Asia, and in 2010 the country established the Casablanca Financial City (CFC), a finance hub that aims to offer investors a stable location to deploy capital to the rest of Africa.

“CFC will help direct international financial flows to the continent and is positioned as point of entry for large multinationals seeking growth opportunities,” Bousaid says.

Earlier this year, the African Development Bank announced that the Casablanca Financial City, a new Moroccan investment centre, would host its Africa50 fund—a \$3 billion vehicle for investment in African infrastructure projects.

Infrastructure is a critical part of the continent's development, and Morocco is keen to play a role in bridging an estimated \$50 billion gap in the continent's ability to finance it.

“The structural deficit in infrastructure is a serious impediment to economic growth in Africa. At the micro level, it is well known that investments in infrastructure stimulate private sector activity by reducing production costs and opening new markets, which presents new opportunities for production and trade,” Bousaid says.

Mobilising domestic financial resources, creating an enabling environment for private investment, building public-private partnerships and establishing investment funds, such as Africa50, will be critical steps in accelerating Africa's infrastructure development, Bousaid says.

Morocco has also opened up its markets to duty-free imports from some low-income African countries and established the Moroccan Agency for International Cooperation (AMCI), which has executed development projects in education, food security, healthcare and energy, and has granted scholarships for 8,000 African students to attend Moroccan universities.

“Morocco's economic strategy is marked by a desire to encourage a deeper regional integration in all commercial, financial, monetary or economic dimensions,” Bousaid explains. “Regional integration is able to help unleash the potential of the continent and offer the hope of a better life for its people.”

NUMBERS

40%

Increase in Morocco's foreign direct investment into Africa over the past decade

\$800m

The total stock of Moroccan foreign direct investment in Africa

7%

The proportion of Morocco's exports going to the Sahel states

Private equity looks to African investors

Africa's pension funds hold billions of dollars which could be invested for job creation and economic development.

FUNDRAISING BY AFRICA-FOCUSED PRIVATE EQUITY has rebounded after the global financial crisis, buoyed by support from the international development finance institutions. Now, the industry hopes to unlock billions of dollars held in African pension funds to dramatically increase the resources available for investment.

Some international investors have found private equity an effective way to gain exposure to Africa's fast-growing economies without having to use the continent's under-developed public markets, which often suffer from weak financial infrastructure and thin liquidity. Development finance institutions have seeded new

funds in the hope that their investments will drive job creation, as well as helping funds to build a track record and attract more private capital.

In African countries where banks often charge high interest rates and financial intermediation is limited, private equity can play an important role in enabling corporates to grow.

"In some of the big economies like Nigeria [lending to the private sector] is maybe 16 per cent of GDP, whereas in Brazil that's 80 per cent, China it's 140 per cent," says Mike Casey, director of consulting services at the Emerging Markets Private Equity Association (EMPEA). "These non-bank finance institutions are providing capital for a lot of businesses."

The funding gap in African economies has been exacerbated by deleveraging amongst European banks, who have cut their exposure to African corporate debt, Casey says.

With capital to expand, successful businesses create jobs. Research by the International Finance Corporation, (IFC) cited by Casey, shows a direct correlation between the internal rate of return (IRR) of funds — a measure of their financial success — and job creation. The IFC showed that amongst its top 10 performing funds, on average they had an IRR of 30 per cent and created 17,500 jobs.

Many in the industry hope that this development impact will encourage African pension funds to allocate capital to the asset class. Pension funds in 10 of the largest economies south of the Sahara have a total of \$380 billion in assets under management, but are currently constrained by regulations that limit their ability to invest in so-called 'alternative' assets, such as private equity.

Although pension funds are naturally cautious, some have seen their assets bolstered by their countries' economic growth, meaning that they are struggling to find ways to invest, Casey says.

"Their asset base is growing rapidly but they're running out of places to put it. There is a dearth of products available. So both in terms of diversifying their portfolios and achieving returns, they need to find other outlets for it. That naturally leads to private equity as one vehicle to do so."

The necessity to boost returns above those offered by government bonds or equities may also become more acute, says Nathan De Assis, executive director of Equity Capital Resources, a Lusaka-based private equity and venture capital firm.

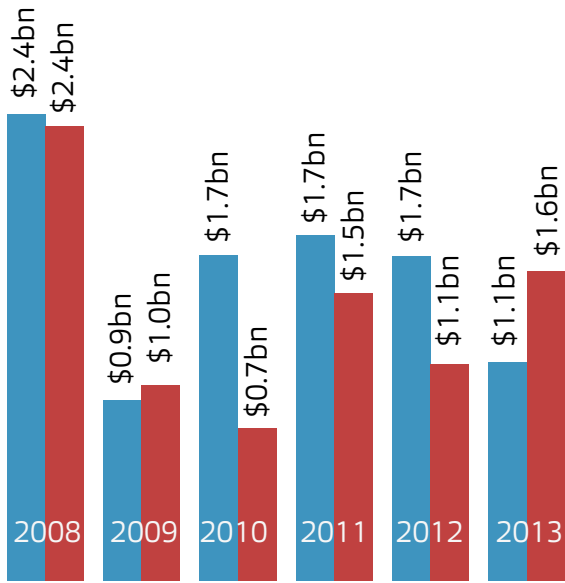
"We know that Europe and the rest of the Western world has had to adjust the retirement age because they're running out of money to pay the pensioners," he says. "Because people [in Africa] are beginning to live well, therefore they will live slightly longer, therefore the obligation on the schemes is going to be higher."

De Assis believes that private equity could play a major role in balancing these longer term liabilities. "As long as the managers manage it from a fiduciary responsibility perspective and they don't become reckless," he says. "Because this is other peoples' money."

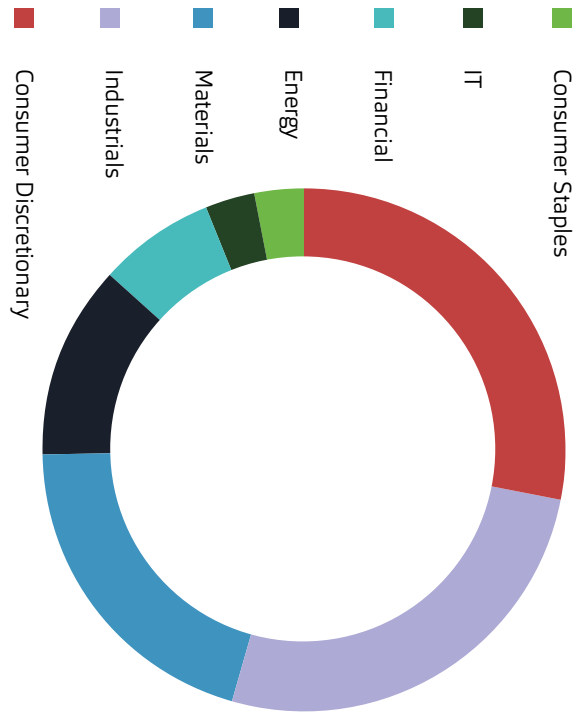
"There is a dearth of products available. So both in terms of diversifying their portfolios and achieving returns, pension funds need to find other outlets."



Private equity fundraising and investment for sub-Saharan Africa



■ Fundraising
■ Investment



African private equity funds by sector (above) and by sub-region (below)

Sources: Emerging Markets Private Equity Association; RisCura; UNECA

African consumer spending will be

\$1.3 trillion

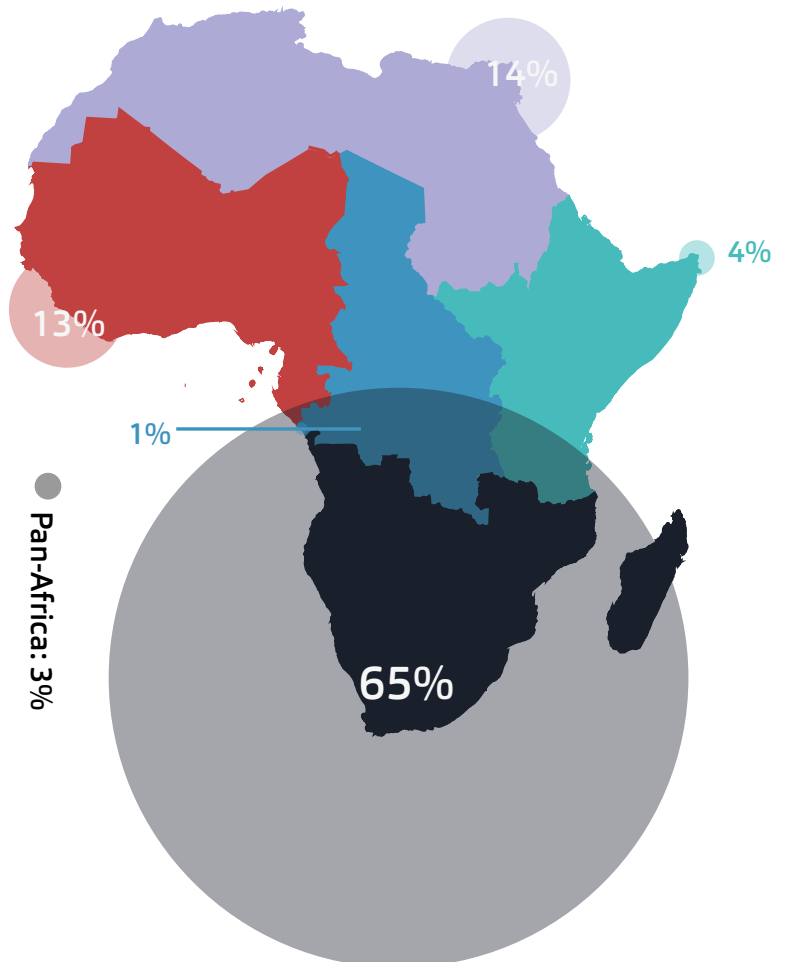
by 2020, up from \$860bn in 2008.

128 million

African households will have discretionary income by 2020.

Private equity boom

For the past decade, African countries' attractiveness as investment destinations has progressively improved on the back of sustained economic growth and the development of new, urbanised consumer goods markets. With public markets still underdeveloped, private equity has become a popular mechanism for investors to gain exposure to Africa's growth story.





Le Maroc, « un hub régional au service du co-développement et de la co-émergence en Afrique »

« Sur sa dimension économique, la vision Royale pour l'Afrique ambitionne d'ériger progressivement notre pays en véritable hub régional. »

Modèle économique de référence en Afrique, le Maroc se positionne comme le pôle de croissance régional. Présent lors de la 9ème édition du forum africain pour le développement, Mohammed Boussaid, Ministre de l'Economie et des Finances, livre les clés de la stratégie marocaine en Afrique.

Le Maroc figure parmi les partenaires les plus influents sur le continent. Une présence qui s'est construite au fil des années et se confirme aujourd'hui. « Le Royaume a toujours placé le continent au cœur de ses choix stratégiques », confirme Mohammed Boussaid, Ministre de l'Economie et des Finances du Maroc. Avec l'avènement du roi Mohammed VI, cette vocation africaine a pris une nouvelle dimension en « s'inscrivant dans le cadre d'une vision stratégique qui s'appuie sur les vertus de la coopération Sud-Sud et sur l'impératif du développement humain, dans l'établissement de rapports économiques équitables, justes et équilibrés. » Une stratégie en effet portée par le Roi lui-même qui multiplie les visites officielles à Abidjan, Libreville ou encore Dakar, accompagné par le fleuron du monde des affaires du Royaume. « Sur sa dimension économique, la vision Royale pour l'Afrique ambitionne d'ériger progressivement notre pays en véritable hub régional, au service du co-développement et de la co-émergence de nos économies », explique le Ministre. « Cette ambition est en train de se concrétiser sur des bases solides et ce, grâce à une consolidation de la présence du Royaume

dans de nombreux pays d'Afrique Centrale et d'Afrique de l'Ouest et dans divers secteurs. » Un positionnement qui doit être conforté par la plateforme financière, Casablanca Finance City (CFC). « La stratégie économique du Maroc est marquée par la volonté d'impulser une intégration régionale plus poussée dans toutes ses dimensions commerciale, financière, économique voire monétaire, insiste Mohammed Boussaid. L'intégration régionale devrait aider l'Afrique à se prendre en charge et compter sur ses propres potentialités, en développant les partenariats public-privé sud-sud et en facilitant les transferts de technologie dans un cadre mutuellement bénéfique ».

Deuxième investisseur africain sur le continent après l'Afrique du Sud

Par ailleurs, au-delà de ses propres intérêts économiques, le Royaume veut s'affirmer comme un partenaire au développement en Afrique. Une approche développée par l'Agence Marocaine de la Coopération Internationale (AMCI) pour la réalisation de micro-projets notamment dans les domaines de l'éducation, la sécurité alimentaire, la santé et la petite hydraulique. « La stratégie économique poursuivie par notre pays a permis un accroissement significatif des flux de d'IDE marocains à destination des pays africains. Le continent est, aujourd'hui, destinataire de plus de la moitié des capitaux marocains destinés à l'étranger. Ce qui positionne le Maroc comme 2ième investisseur africain sur le continent après l'Afrique du Sud. » Un investisseur qui s'engage à répondre aux défis du continent, en s'appuyant sur sa propre expérience. « Au Maroc, la politique des grands chantiers d'infrastructures a été lancée par le Roi, dès son accession au trône avec la ferme volonté d'asseoir les fondations d'une société moderne, démocratique et solidaire et de jeter les bases d'une économie compétitive et attractive aux investissements étrangers. » C'est ainsi que le Maroc a entrepris durant les 15 dernières années des investissements massifs et qui font que le Maroc dispose actuellement d'un taux d'investissement qui dépasse les 34% du PIB. Des investissements mobilisés grâce à une politique fiscale plus efficiente et à la participation du secteur bancaire dans le financement des programmes structurels ayant été adoptés par les pouvoirs publics. « Le Maroc a entrepris depuis des années un processus de réformes structurantes visant l'approfondissement du rôle du marché financier dans le financement de l'économie en dotant ce marché de l'ensemble des instruments financiers associés à un secteur financier moderne et évoluant dans un cadre de maîtrise de risque. »

Un pôle de croissance régional

Désormais, fort du dynamisme de son économie, le Royaume veut faire bénéficier le continent de son expertise. « Le potentiel de coopération économique qu'offre le positionnement du Maroc en Afrique et en Europe, compte tenu de sa proximité géographique et ses liens historiques et culturels, n'est pas entièrement exploité, juge le Ministre. Pour ce qui est de l'Afrique, il s'agit d'une vision géopolitique qui confère au Maroc un rôle essentiel dans la dynamique de l'émergence de l'Afrique, en tant que pôle de croissance mondiale, à travers le partage de son expertise et son savoir-faire avec les pays de notre continent. » Dans le secteur de l'aéronautique notamment où le Maroc a su tirer profit de la présence de multinationales étrangères pour renforcer son expertise et figurer parmi les principaux constructeurs de véhicules en Afrique mais aussi pour la zone MENA.

Programme

TOMORROW Tuesday, 14 October 2014

10.00 am – 6.00 pm	Exhibition (Full day)
9.00 – 9.50 am	Plenary session 1: Roundtable discussion on Innovative Policies for a World in Transition
09.50 – 10.10 am	Coffee Break
10.10 – 11.30 am	Plenary session 2: PRIVATE EQUITY Roundtable discussion on private equity: the state of private equity in Africa and its potential as an alternative source of financing investments, economic growth and job creation
11.30 – 11.50 am	Coffee Break
11.50 am – 1.05 pm	A. Pension funds – tapping Africa's unused wealth B. Impact Investments C. Enhancing the role of governments with a view to attracting greater private equity investments in support of national development efforts
1.05 – 2.30 pm	Lunch Break
2.30 – 4.00 pm	Plenary session 3: DOMESTIC RESOURCE MOBILIZATION Roundtable discussion on domestic resource mobilization: challenges and opportunities
4.00 – 4.30 pm	Coffee Break
4.30 – 6.00 pm	Parallel thematic breakout sessions A. Taxation and accountability B. Deepening financial markets, unlocking capital C. Remittances and diaspora bonds

Wednesday, 15 October 2014

10.00 am – 6.00 pm	Exhibition (Full day)
9.30 am – 11.00 am	Plenary session 4: ILLICIT FINANCIAL FLOWS Roundtable discussion on illicit financial flows: an African problem with a global solution
11.00 – 11.30 am	Coffee Break
10.10 – 11.30 am	Plenary session 5: NEW FORMS OF PARTNERSHIP Roundtable discussion on new forms of partnership: renewed partnerships for the development of Africa in a multipolar world
1.00 – 2.30 pm	Lunch Break
2.30 – 4.00 pm	Plenary session 6: ISSUES OF CLIMATE FINANCING Roundtable discussion on the issue of climate financing for Africa
4.00 – 4.30 pm	Coffee Break
4.30 – 6.00 pm	Parallel thematic breakout sessions A. Illicit financial flows and governance of natural resources B. Capacity enhancement to curtail illicit financial flows C. Regional value chains, South-South trade, and development prospects in Africa D. Going beyond the donor-recipient dichotomy: what is the role of emerging actors and the African private sector? E. New partnerships and emerging sources of development finance

Thursday, 16 October 2014

10.00 am – 6.00 pm	Exhibition (Full day)
9.30 – 11.00 am	Plenary session 7: Review of the discussions, policy suggestions and proposed actions emanating from the breakout sessions
11.00 am – 11.30 am	Coffee Break
11.30 am – 1.00 pm	Launch of the Mutual Review of Development Effectiveness in Africa 2014 (MRDE)
1.00 – 2.30 pm	Lunch Break
2.30 – 4.00 pm	Plenary session 8: Open-ended discussion on the draft consensus statement
4.00 – 4.30 pm	Coffee Break
4.30 – 5.00 pm	Closing Session

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