Charles Boamah

Senior Vice President – African Development Bank

Mr. Boamah expressed his appreciation on the message of President of African Development Bank for the growing partnership between Japan and Africa in general and between Japan and African Development Bank.

He stated that the African Development Bank was established in 1964 with the mandate to support the socioeconomic development of African countries. Today, the bank boasts of 80 member countries, including Japan.

Japan is actually the third largest shareholder of the African Development Bank and the second largest non-African member country. The African Development Bank enjoys AAA ratings from all the major international rating agencies like Standards & Poor's, Moody's, Fitch and the Japanese credit rating agency, JCR. Through this, the bank is essentially able to support African countries with very reasonable lending rates.

Since its inception in 1964, AfDB has supported African countries with over $100 billion of development assistance to African countries over the years, but a lot more needs to be done for African countries to achieve the economic transformation that everyone wants African countries to have. Developed countries like Japan reveal how much transformation lies ahead for the African countries. Japan is an inspiration in terms of what needs to be done.

People are optimistic that this will happen because of the fact that African countries are very well-endowed with resources and are resilient in terms of many of the economies. Additionally, an increasing number of African leaders are committed to governance reforms and other reforms that will improve the business climate significantly and engage in helping to target private sector significantly.

Despite a very tough economic and global environment, African countries continue to push the resilient growth, and many of the well-performing countries are non-oil, non-commodity-dependent economies.

The recent growth rates are as follows: Côte d'Ivoire has been growing between 8% and 9%, Ethiopia around 8%, Tanzania 7.2%, and Senegal 6.7%. Rwanda and Kenya are around 6%. These countries are obviously doing much better than the global average. Despite the difficulties being faced by the African economies, the countries are quite resilient and this resilience is due to macroeconomic stability, improved governance, rising domestic demand and increasing regional trade.

In fact, Africa accounts for 30% of all global improvements in business and in regulatory reforms in 2016. This is something that is frequently overlooked.

The 2017 World Bank's Doing Business Report shows that 34 out of 48 countries in the Sub-Saharan Africa had at least one business regulatory reform in the previous year. When one looks at the report and the rankings of African countries relative to some destinations that may be seen as attractive destinations, it is an eye opener to see that many African countries are making their way up in the rankings and are increasingly becoming attractive locations to do business.

To achieve the Sustainable Development Goals by 2030, a lot needs to be done. The African Union has come up with Agenda 2063 which is very well-aligned. The African Development Bank has come up with the High-Fives strategies.

The private sector has a place and a role to play in essentially making Africa attract resources against a backdrop where many advanced and emerging economies are experiencing low growth, negative interest rates, and long-term savings and pension funds suffering from depressed rates.

Indeed, the private sector contributes significantly to African's growth. It now accounts to over 80% of total production, two-thirds of the total investment and three-quarters of the total credit to the economy. It also provides jobs to about 90% of the employed working age population. That may be impressive but a lot more needs to be done.

The High-Fives strategy, which includes Light-Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa and Improve the Quality of Life of the People of Africa.

A recent study by the UNDP showed that if properly implemented, the High Fives will achieve almost 90% of the agenda 2030, the Sustainable Development Goals, and about the same for the African Union's Agenda 2063.

When it comes to Light-Up and Power Africa, Africa's energy potential is enormous; solar, wind, hydro, the list goes on. The goal to achieve universal access in the Light-Up and Power Africa by 2025 is to strategically look at crowding substantial amounts of money for the energy sector.

The African Development Bank itself is looking to invest some 12 billion of its own resources into the energy sector over the next 5 years. The AfDB is also looking to crowd in and leverage an additional 45 to 50 billion into the energy sector. The Japanese investors are well-placed and would be well-advised to profit from this massive investment opportunity to light up and power Africa.

In terms of Feed Africa, despite the fact that over 60% of the available arable land is in Africa, it is still a net food importer which is a shame and has to change. To transform African agriculture into a globally competitive industry and create wealth and jobs, the African Development Bank intends to invest on average $2.4 billion per year over the next 10 years.

Although the amount of money is small relative to what is needed, how it is used is important. AfDB acts as a catalyst to crowd in significantly more into the agriculture sector, to help de-risk the sector and significantly increase agricultural production in Africa as well as food security related to that. AfDB is looking to attract over 56 billion over the 10-year period of investment into agriculture alone.

One of the things AfDB is looking to launch very soon is the African Savanna Initiative, much like the Cerrados in Brazil which JICA was institutional in making it happen.

In terms of Industrialize Africa, industrialization plays an important role in the development of Africa. A lot can be benefitted and learned from the experience of Japan. Currently, African industry on average generates a mere $700 of GDP per capita, less than a third in Latin America which is around 2500 and barely a fifth of East Asia which is around 3400. This must change to achieve a real transformation.

In this regard, the African Development Bank looks to support the manufacturing sector to the tune of 13.5 billion in annual approvals by 2025. To industrialize Africa, everything AfDB does is to help catalyze crowd-in by substantially attracting core financiers, new investors, commercial banks and to facilitate cumulative investments of upwards of 50 billion over the next 10 years.

In terms of Integrate Africa, it is critically important that economies are essentially integrated, creating larger markets and in this regards, AfDB looks to gain through some of the work that is being doing through regional infrastructural projects and some of the payment systems to essentially put them all together.

These are the High Fives, which are improving the quality of life for Africa which deals with the critical aspects of healthcare and human development.

Surprisingly, there has been no shortage of announcements relating to Africa recently. People need to take note of the Compact with Africa, the Martial Plan, the TICAD and all the different announcements, which is for a good reason, because something interesting is happening.

AfDB’s Asia Representative Office in Tokyo stands ready to provide additional information about the bank, the bank’s activities and share profitable investment opportunities.

Mr. Boamah concluded by saying that a better Africa is a better world and that AfDB looks forward to working with all to make it happen.