Statement at Invest in Côte d’Ivoire Forum – ICI 2014

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The presence here this morning of so many economic actors of various backgrounds is a strong symbol, a symbol of the rebirth of the Ivorian economy after a decade of recession. The African Development Bank, through my presence, is pleased to participate in this meeting.

Thank you, Mr. President, for having included us and for the hospitality of your Government and people of Côte d'Ivoire. I would like to take this opportunity to pay tribute to you, Mr. President, your government and all Ivorians for the reconstruction, economic recovery work and excellent results achieved in such a short time. The progress is real and visible. As your country’s partner, I cannot but applaud your efforts and encourage you to continue in this direction – with the return to political stability, rapid economic reforms and a country that is positioning itself very well.

Côte d'Ivoire’s new surge is in line with a perceptible momentum in much of Africa. Today, with the exception of countries in crisis, everyone recognizes that our continent has reached a decisive turning point. For the first time in three decades, most African countries have registered growth that is much higher than population growth. Of course, there are still pockets of resistance like population which is still very high in some areas just as unemployment, poverty, wars and conflicts of all types.

Africa still has a long way to go to achieve its transformation, create the jobs that our young people need and increase its participation in the global trade value chain. That is why we are not confusing this decisive turning point with a tipping point. That is why we must make a clear distinction between the necessary economic growth and economic transformation which is the strategic objective.

This forum will enable us to study the investment landscape and explore the opportunities that the country’s reconstruction and economic recovery are creating. We also have to study how to turn some constraints into business opportunities.

To the investors here present, I have one message. You will be right to have faith in Côte d'Ivoire. The AfDB strongly believes in this country. This is why, after a decade where we were forced to relocate the Bank due to the crisis the country went through; we have just begun our return to the Bank’s Headquarters here in Abidjan.

We are in a high growth country with significant potential. It had proven that prior to the crisis that lasted for a decade. We are in an area that has a lot of momentum. Côte d'Ivoire is one of three major economies and growth centres of the West African region. Today, this region of West Africa along with East Africa is ahead in
terms of growth and reforms. With a largely stabilized macroeconomics, today, attention is turned to second generation reforms which are very important for businesses.

I am here with our teams to discuss with the Government on how best to structure our operations to make this country even more attractive and competitive. As you would imagine, the AfDB is already helping with the financing of the Ivorian economy. We are doing this through our public and private sector windows. We are interested primarily in the infrastructure sector. That is why we are involved in key projects such as the Azito and CIPREL power plants, the Henri Konan Bédié Bridge and road projects. As we are already doing with some companies in this room, we are ready to consider how to support all project leaders who so request, help them draw on our experience and make available AfDB financing tools if the conditions are met.

In 2014, Sub-Saharan Africa’s growth rate will accelerate and reach 6.1% per year. A dozen countries will exceed this rate. However, what Africa needs is a minimum growth rate of 7% per year over several years, a better shared, more inclusive, and not too volatile growth.

Today, what prevents us from reaching that goal is a combination of several factors. However, I would like to focus on three.

First: poor infrastructure, especially in the energy sector. Due to this strong growth and low investment in the past, almost every African country is experiencing problems in the energy sector. I could say the same for road, rail and sea transport. However, it is clear that where the business climate is good, the private sector can find opportunities.

Private investments in Nigeria’s energy production serve as evidence. This was brought about following bold reforms in the country’s energy sector, as well as in Ghana and long before in Côte d’Ivoire – reforms which make the sector attractive through financially strong public services, fair pricing policies and independent regulators.

Do you remember in the 90s when many African countries liberalized their telecommunications sectors? There was a real revolution in this sector. I do not doubt for a moment that the same thing will happen again in the energy sector, if the reforms are thorough and remain stable over time, and if they take a regional character.
If I take the example of the energy sector, very few African countries will find solutions at the national level. We need regional solutions through effective "power pools". If we look at the hydraulic map of Africa, the continent has eleven "water towers." Here in West Africa, if my information is correct, there are two: the Fouta Region in Guinea and the Jos Plateau in Nigeria. Therefore, close cooperation at this level, with formulas that are both national and regional in the energy and water sectors, would be beneficial to the entire region. I can say the same for natural gas-based electricity.

And that brings me to the second constraint on African growth which is known to all: regional integration in Africa is advancing, but at different paces.

Some regions, including ECOWAS, are on the right track, but we must go faster by removing physical and institutional barriers that persist despite the texts, which are often up-to-date, but not applied. Once more, I would still like to express my appreciation for actions by ECOWAS leaders for progress made in this direction.

Let me come to the third major constraint, namely growth that does not adequately address issues of inclusion, shared growth and equal opportunities for all. I would like to underscore this point. Without inclusive growth, the sustainability of this growth is mortgaged in advance by the social and political tensions it generates. In addition, insufficient inclusion in itself is an obstacle to growth. Indeed, a lost opportunity!

Like you, I found out that often this is not due to a lack of will on the leaders’ part, but due to the economic structure and sources of this growth. Many African countries, including Côte d'Ivoire, Nigeria, Ghana, Liberia, Guinea, Sahel region countries, to mention only those of West Africa, are experiencing a real resource boom - gas, oil and mining products. This is an opportunity. This will generate strong growth. However, the whole issue of inclusion arises in a more acute manner. Dutch disease is not a fatality. Management models that allow countries to avoid it are well known. These management models allow us to better develop these natural resources, which are finite, for them to create real wealth for the entire population through infrastructure development and youth training.

In a forum like this, I cannot help recalling the difficulties that investors and the countries themselves often face when it comes to contracts, be it at the taxation or profit-sharing levels. You will recall that this is an issue which was raised by the recent G8 Summit under the UK Presidency. The only solution remains fair, transparent and equitable contracts. This is what creates confidence in both parties, strengthens the required sustainability and avoids legal battles mid-way.
with regard to concession contracts, etc. The AfDB has a legal facility, created to help countries negotiate such balanced contracts for all parties.

Let me conclude by expressing all our support for this forum and its objectives. For a long time, Africa has suffered from this significant difference between actual risk and perceived risk. An event like this allows everyone to appreciate the fact that risk in Africa is not different from risk in Asia, Latin America and other emerging regions.

By its mandate, the AfDB would like to strengthen its partnership with you. Each year, our private sector window provides loans, guarantees and other products to the private sector, estimated at two billion dollars.

We are ready to further commit in your favour:

- Alongside an Africa that wins;
- Alongside an Africa that wins your confidence;
- Alongside an emerging and reborn Côte d'Ivoire.

Once more, thank you for your invitation and your kind attention.