Speech delivered by Akinwumi Adesina,  
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at the Ministerial Roundtable at the Korean-Africa Forum on Economic Cooperation (KOAFEC), Busan, Korea on  
“Africa and the 4th industrial Revolution: Opportunities for leapfrogging?”  

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Your Excellency the Deputy Prime Minister,  
President of the Korea Export-Import Bank,  
Honorable Ministers,  
Executive Directors of the African Development Bank,  
Distinguished guests,  
Ladies and gentlemen

I am very pleased to be here in Korea once again with a large group of my colleagues to attend this KOAFEC Ministerial Meeting.

I wish to thank the Government of Korea for hosting us and for choosing a very timely and important theme, “Africa and the 4th industrial revolution: Opportunities for leapfrogging?” This year’s theme cuts neatly across all the African Development Bank’s High 5s: Light up and power Africa; Feed Africa; Industrialize Africa; Integrate Africa; and Improve the quality of life for the people of Africa.

Our rich and fruitful exchanges from two years ago and the work done together since then to “transform African agriculture through industrialization” has prepared the ground well for this year’s conference theme on how Africa can best reap the benefits of the 4th Industrial Revolution, many of which are already apparent and beneficial right here in Busan.

Korea is the only economy in the world that has grown at an average annual rate of more than 5% for 50 consecutive post-war years, making it the 11th largest economy in the world today.

But Korea and Sub-Saharan Africa had exactly the same level of per capita GDP in 1967, equivalent to a meager production value of US $156 per person. Korea had no natural resources except the genius, creativity, and hard work of its people, no particular geographic advantages, little human capital, and an infrastructure that had suffered what had seemed to be irreparable damage from the war.
Unlike other successful countries whose industries are still often dominated by low-cost manufacturing, Korea was able to quickly upgrade its industrial base, moving rapidly from agricultural transformation into low- and high-tech sectors, and now easing into the post-industrial economy.

It is a powerhouse in sophisticated consumer electronics, biotech and robotics, and green industrialization. Economic diversification has allowed Korea to resist domestic and external economic shocks. Seoul has become a global entertainment center and one of the world’s capital cities in creative industries.

There is a real opportunity for Africa to draw instructive lessons from Korea’s remarkable path to economic glory, and for Africa to create jobs and promote inclusive economic transformation through domestic manufacturing and a commodity-based industrialization process.

Exploiting Africa’s opportunities for industrialization involves adding value to domestic products, soft and hard commodities, and developing productive two-way linkages to the regional and international value chains.

While Africa has enjoyed strong economic growth for almost two decades, it has not seen a commensurate rise in industrialization. On average, African industry generates US $700 of GDP per capita, less than a third of that in Latin America at US $2,500 and barely a fifth of that in East Asia at US $3,400.

In addition, African exports consist of low-tech products and unprocessed natural resources that represent more than 80% of exports in many of the continent’s largest economies. Africa still accounts for just 1.9% of global value-added in manufacturing – a share that has not risen in decades despite the economic resilience evidenced by the GDP performances.

This is why we must be careful about using the leapfrogging phrase extravagantly. It only works if the leapfrogging is comprehensive rather than merely a way of expressing that we have access to new technologies without having to understand the old ones. Human capital cannot leapfrog in the same way. Skills must be acquired; they cannot be grafted on where technology sometimes, can be. But all technology needs an intelligent and well-trained human workforce.

Africa’s industrialization would be a win-win for the world. It would help raise productivity by spurring technological progress and innovation while simultaneously creating higher-skilled jobs in the formal sector in advanced economies.

Africa’s industrialization would also promote linkages between services and agricultural sectors, between rural and urban economies, and among consumers, intermediates and capital goods industries.

It will also make the prices of manufactured exports less volatile and susceptible to long-term deterioration than those of primary goods, and also help African countries end their dependence on primary commodity exports.

And let’s face it, an economically developed African continent would be a major blessing for global peace: it would reduce the number of conflicts and magnitude of disorderly migrations in the world, if only by offering further options when international trade or political tensions need to be dissipated.
Africa’s partnership with Korea through KOAFEC is a powerful example and motor for generating co-prosperity and for building social peace among the nations of the world. There can be few higher callings than these.

Korea’s exports to Africa increased from US $892 million in 1990 to an estimated US $13.3 billion in 2017. Korea’s imports from Africa also increased from US $383 million in 1990 to peak at US $11.7 billion in 2014 before declining to an estimated US $5.4 billion in 2017, mainly because of declining trends in natural gas and petroleum products trading.

Some of the major trends in Africa-Korea trade reflect a very positive evolution: Korea’s investments in manufacturing in Africa have evolved from only US $1.1 million in 1990 to over US $180 million last year. Much more can be done to open new opportunities for win-wins between Africa and Korea.

The 4th Industrial Revolution offers such opportunities. Many African countries are increasingly embracing innovation and utilizing ICT to deliver public services and engage in decision-making processes.

Well known and well respected African entrepreneurs lead the field with large multinational companies and brands, but a new wave of young African entrepreneurs are launching successful startups on digital platforms in several sectors and boosting e-commerce on the continent.

In spite of this, there are only limited gains in productivity and economic growth. While the Internet contributes up to 3.7% of GDP on average in many advanced economies, it contributes only 1.1% to Africa’s GDP, according to the Internet Society. This suggests that the Internet is being used primarily for consumption in Africa rather than for enterprise or production. This must change.

With the rapid spread of ICTs and the emergence of robotics and artificial intelligence, Africa also faces an urgent need to transform its education models in order to prepare for a future that is already challenging the continent.

The 4th industrial revolution will destroy many routine, low-skilled jobs that robots can perform more cost-effectively. But it will also create a wide range of new jobs provided that both the public and the private sectors devote more resources to learning.

The continent needs to be strong in research and development. And this is a significant challenge. According to UNESCO, regional averages of GDP shares committed to R&D are 2.1% for East Asia and the Pacific, 2.4% for North America and Western Europe, and a vanishing 0.4% for Sub-Saharan Africa.

Africa stands to reap significant gains and improved efficiencies by moving faster towards an Internet-enabled economy. According to McKinsey, the Internet can deliver productivity gains in Africa in the education, healthcare, financial services, agriculture, retail, and government sectors, of about US $148 billion to US $318 billion per year by 2025.

ICTs have also revolutionized the financial sector through mobile banking and services, further promoting financial inclusion. Inclusive financial systems allow broad access to financial services at affordable costs, and especially for lifting millions of poor and disadvantaged groups out of poverty. However, the reality is that less than one adult in four in Africa have access to a bank account in a formal financial institution.
Africa has to match the requirements of the digital revolution to derive benefits from the digital revolution. The simple consumption of Netflix, Facebook and YouTube content (however funny, amusing or cute) won’t do it.

Africa has made substantial progress in educational enrollment rates over the last twenty years, but the general quality of education is still unsatisfactory. Curricula, policies, investment, and private sector engagement have not caught up with technological changes. Employers face a shortage of critically needed skills. Here in particular is where Korea’s experience offers lessons that Africa can use.

Through its Industrialize Africa priority, the African Development Bank is working to boost the Africa-Korea partnership for the mutual benefits of the peoples of Africa and Korea.

The Bank’s industrialization strategy aims at fostering value creation and formal employment, including through regional trade and global trade. It supports productivity enhancement in the private sector through automation, quality management, improved processes and training.

It also supports the development and expansion of SMEs, industry clusters and the establishment of private-public partnerships as a means to leverage resources for financing the industrialization process.

Let me also share with you some details of a few exciting investment projects with “leapfrogging” characteristics. We supported Morocco with US $249.5 million to expand the largest solar power plant in the world at Ouarzazate.

In Uganda, our support of US $105 million for the Bujagali project will generate 300 MW of power and cut electricity tariffs by 50% from US $0.14/kWh to just US $.07/kWh.

And in Burkina Faso, we supported the development of a 50MW solar project jointly with the French development agency, Agence française de développement. This will be the largest utility scale solar power facility in West Africa.

And now the Bank is spearheading the development of the Desert to Power Initiative, to harness electricity from the sun all across the Sahel. Our goal is to support the generation of 10,000 MW of power, connect 250 million persons to electricity including 75 million who will have access through off-grid systems.

Africa needs to promote green growth. At the Bank, we are extremely conscious of our climate and environmental responsibilities and leadership role. Consequently, we are tripling our climate finance to 40% of our portfolio by 2020.

Our work in the private sector is full of exciting investments. For example, we supported Global Aluminum Corporation with US $100 million as part of a US $1.2 billion transaction to help it invest in rail and port infrastructure that will help add $400 million to Guinea’s GDP.

Even in countries going through fragility, our investments are making a huge difference. Such is the case for the Central African Republic, where our grant support of € 16.7 million will help develop the Central Africa Fiber optic backbone to boost IT connectivity in the country and create jobs.

Our investment will also expand Internet access for at least 20% of the population. Our US $85 million support to Tunisia’s 2020 digital plan will help boost IT competency among youth and create thousands of new jobs in the ICT industry.
And in our host country, Côte d'Ivoire, the Bank was delighted, against all odds, to help mobilize US $108.4 million support for Air Côte d'Ivoire’s modernization and fleet expansion program that includes the acquisition of five new aircraft, while mobilizing an additional €253 million from the private sector. This investment by the Bank will allow Air Côte d'Ivoire to expand the number of passengers from 3 million to 8 million by 2026.

The Bank’s ambition is to help double Africa’s industrial GDP by 2025 with six flagship programs, and by so doing help increase its industrial GDP to US $1.72 trillion, with overall GDP increasing to US $5.6 trillion, mainly by giving the private sector the means to effectively drive the industrialization process on the continent.

Korea is a partner of choice for the continent and for the African Development Bank. I have no doubt that we will help lift the continent out of poverty together, and in doing so, contribute in no small measure to global peace and prosperity.

Thank you very much!