REMY RIOUX

CEO of the Agence française de développement (AFD), Chairperson of the International Development Finance Club (IDFC)

Jean-Michel SEVERINO

I do not know if Rémy Rioux will address the topic. There are many questions and interesting things about France's position on investment in Africa. We have had a new president for several months. Soon he will speak in Ouagadougou about his African policy. I do not know if Rémy is going tell us what he will say, what we can expect from him. In any case, AFD has a long investment record and extremely deep expertise in Africa, so his view of its transformation is particularly important. Rémy, you have the floor.

Rémy RIOUX

Thank you, Jean-Michel. Thanks to Thierry de Montbrial for his invitation. Good morning everybody. The Agence Française de Développement has a very straightforward investment strategy. It can be summed up in two little words: All Africa. That means several things. Of course, it means we will always do as much as we can in Africa. It is so important. It accounts for half the agency's activity, with 500 people in all the countries. It also means—and here I totally agree with what Mostafa just said—that we must stop dividing Africa into two parts, North Africa and sub-Saharan Africa, once and for all.

This morning I searched for Africa's latest GDP figures. I looked at IMF documents where you can find MENA and sub-Saharan Africa and it is impossible to add up the figures and make sense of the trends with just a glance. Of course the information can be found elsewhere, but I think that division still exists in all our institutions, foreign affairs ministries, development agencies, international institutions—except the African institutions, obviously the African Development Bank, the African Union and therefore the United Nations.

There was a reason for that division but it no longer exists today. Moreover, it keeps us from having an overall picture of Africa's emergence. Obviously, I found the figures. Today, Africa's GDP exceeds $2.5 trillion and its population is over 1.2 billion. Simply put, those are India's figures. Once, Africa was said to be Switzerland, Sweden, etc. But now Africa is India.

Jean-Michel SEVERINO

I do not mean to interrupt, but in 15 years Africa's GDP has grown from roughly the size of Belgium's GDP to more than the size of France's.

Rémy RIOUX

Indeed, it is India or the United Kingdom, but I think India is a good comparison: who can deny India's emergence, its place in global governance and also its problems? I think we must absolutely take the measure of Africa. If you look at a map, obviously you see sub-regions; they exist. You see population movements that at first do not go from south to north, but from north to south and of course you see the major players' strategies and investments. This morning, all of us heard the message from the king, who spoke only of Africa. We must absolutely change our view in order to follow powerful players such as our Moroccan colleagues. Yesterday I was with the Caisse de dépôt et de gestion, with MASEN and with you, Mostafa. The trend is strong and powerful. We are going to try to carry and operationalise it.

You asked us what we are most worried and excited about. What excites me most is the recovery and Morocco's role in regional integration. That is an old topic. The day Morocco joins ECOWAS, the Organisation of West African States, which we obviously know at AFD, things will happen that have never happened before. The map of the continent will be transformed. You mentioned something else I am excited about: demographics. It must always be remembered that

African demographics is good news. In 1900, there were 100 million Africans. Now, there are 1.2 billion. As on all continents, that will spur endogenous employment and economic growth with a speed and power no other part of the world has ever seen.

I think all of us are excited about the potential innovation we see. Every time I travel to an African country, I come back with an idea or an innovation. Here is just an anecdotal example. I was at the Ministry of National Education—President Macron considers it the heart of his development policy. We were discussing education and he mentioned that teachers in Senegal are now inspected with a tablet. Instead of sending inspectors to villages, a tablet is put in a corner of the classroom, the class is observed and then the teacher is rated and advised. I asked myself, “What would it mean if we were to do that in France?” It is a bit anecdotal, but every time I travel to Africa I find increasingly numerous precious examples like that one.

What worries me about the present situation, as you said, Jean-Michel, is that two crises are rocking Africa. There is the crisis in the Sahel and the crisis in Central Africa. I mention them in the same breath because again, I think the international community must ask itself questions. Central Africa underwent a massive macroeconomic jolt: 50% of tax revenue vanished from one year to the next. In a way, the international community knows it, so it mobilised and set up financing. The adjustment will be long and painful, but we know it. I am surprised that the security crisis in the Sahel has not been built into our equations and calculations.

One consequence of cutting Africa in two is that the Sahel has been forgotten for decades. There was also the myth of performance-based allocation in international institutions, which still exists. We underinvested. We have not invested enough in the Sahel. Jean-François recalled President Macron and Chancellor Merkel’s Alliance for the Sahel initiative, which is trying to enlist all the most important partners as well as anybody wishing to join them. The trend must be reversed.

The last point that worries me is that we are not moving fast enough towards what, in our jargon, is called “non-sovereign” financing. That is a bad term because when you say “non-sovereign”, it means the reference is the sovereign. Must we finance governments and increase public debt? No, that is not the answer. Africa’s challenges can be overcome only if there is a quick shift to other entities, capable of carrying debt and investing: the private sector, local authorities and civil society. That is occurring, but not fast enough. Our public instruments, especially multilateral ones, are not formatted and still not moving in that direction. The situation is very paradoxical in Africa, where public debt is returning to troubled areas and private debt is still very, very low: barely one-third of GDP.

I will end on a bright note. We are changing. France will have raised its public development aid to 0.55% of GDP by 2022. It is also increasingly steering some of that aid towards the private sector. So are the Europeans. We are doing that with our German friends and the European Union’s foreign investment plan, which will be presented soon at the European Union-Africa summit in Abidjan. We are also doing it with all the South’s new players and development banks, our colleagues at JICA and with others in a club called IDFC, the International Development Finance Club, of which I am the president. This group of domestic and international banks around the world—Chinese, Indonesian, South African, Brazilian and European—will mobilise the private sector to meet the challenges we mentioned together. Thank you.

Jean-Michel SEVERINO

Thank you, Rémy. Personally, I would like to thank you for mentioning something that is still too obscure: the incredible investment in innovation in Africa today. For example, the energy industry is undergoing nothing less than a revolution relating to the transformation of decentralised energy production methods—access to rural households—based on business models and technology “made in Africa”. They are a source of inspiration.

You mentioned innovations in relation to education, but the whole community is involved. They are sources of inspiration for the entire planet, including the industrialised countries. It is surprising and exciting to see Africa entering the world of reverse innovation, where until now we had only seen South and South-East Asia, etc.

I think it would also be worthwhile to ask our friends from JICA about some of the issues you mentioned, Rémy, for example that club of development banks, the ability to finance private companies, SMEs, start-ups and innovation and, therefore, the reshuffling of investment cards. That is all the more important because, a bit like Germany—there are parallels that can be drawn—Japan has changed a lot with regard to Africa in recent years—again, I think you mentioned it, Mr. Beier—by seeing to it that its industries, investment banks and development agencies, starting with JICA, one of the world's investment giants, work hand in hand.