

## LIONEL ZINSOU

Co-Chair of SouthBridge, Chairman of Terra Nova think tank, former Prime Minister of Benin

**Robert Dossou, President of the African Association of International Law, former Minister of Foreign Affairs of Benin, former President of the Constitutional Court of Benin**

I give the floor to the last speaker, Lionel Zinsou, who was Prime Minister of my country, Benin, Co-Chairman of SouthBridge and President of the think tank Terra Nova. He is brimming with “New Land” hope. Mr. Zinsou, you have the floor.

### Lionel Zinsou

Hello everyone. Thank you, Mr. Chairman. You are an honor to our country, Benin. Thank you for moderating this session, you are our greatest jurist.

I understand very well the emotion and wealth of information with which Nathalie opened the session because it is in the calling of a foundation that follows all the governance guidelines and measures to remind us that we now have a health sovereignty doctrine, while we were paradoxically deprived of that. I think it is very important to say this.

It is important and I respect our friend Minister Gadio’s anger and frustration over leadership and security. I also understand Europe’s friendly and compassionate interest in helping us. Nevertheless, I thoroughly agree with my colleague, who was Prime Minister – perhaps it is a Prime Minister’s bias – when she said a bit of optimism is in order and assessed what has changed for the better, or accelerated, in regard to Covid.

You said everything there was to say about the ravages of Covid. I will not belabor the point. I do not deny that the pandemic has been a humanitarian disaster in some African countries and, paradoxically, less serious from a health standpoint than on the other continents, but often socially more serious.

I am not in denial, but since this conference is about governance, let us take a look at whether any headway has been made and what open governance issues might be worth thinking about, and possibly make proposals worth fighting for. Complaining is necessary, but what it is more important is where the debate, the fight, is happening today if we want governance to continue moving forward.

I would like to point out that major progress in governance has been made since Covid. We had dinner with a very important player, President Paul Kagame. There has been considerable progress in the functioning of the African Union. President Kagame and, in some ways, President Alpha Condé, had already pushed it to make progress.

President Condé gave Africa a voice in the Paris agreement at COP 21, whereas previously the continent had been relatively quiet on climate issues. President Kagame had established a peace and security fund to start responding to security issues so that, with African Union funding, African forces could begin taking charge, i.e., handle our security problems. The Mozambican operation, which he presented yesterday evening, is part of reappropriating security by and between ourselves.

However, what happened on a certain Friday in April 2020? President Cyril Ramaphosa efficiently had the African Union put online with its seven vice-presidents preceded every Wednesday by a meeting of our continent's 15 Finance Ministers. Our Senegalese friends know this because President Macky Sall attended all the Friday meetings. It turns out there was a whole series of decisions to manage collective issues, instead of looking at the debt problem.

Once again, we have to lament the fact that we had to go into debt during Covid, albeit much less than Europe and infinitely less than North America. But still, we had to go into debt like everyone else to meet emergency expenses and deal with the effects of the lockdown.

Is the takeaway not the issue of governance? Now we are negotiating debt issues within the African Union's 55 member states, with four special envoys who are great professionals with extensive experience in the public and private sectors.

One Friday, a guest represented the European Union. It was President Macron. The idea came up to repeat what we did in 2009, i.e., distribute and allocate special drawing rights. The idea was born, but 55 countries had to speak to each other to carry it out. It was not necessary to speak 55 times and say different things. With help from the Saudi presidency, at the following week's G20 summit, the European Union could add to the African countries' automatic allocation, a discretionary allocation from countries that would come. The next day, President Macron convinced Ms. Merkel and all the European countries—the other four European countries that are members of the G20. But it never happened.

There is collective governance. We talked about the number of countries that had ventilators. In May, an online platform was very quickly set up with automatic funding from Afreximbank, a pan-African multilateral institution, to ensure the supply of ventilators, protective gear, masks, etc. It worked.

What went wrong afterwards – and this is an issue for tomorrow's governance – when the African Union's special vaccine envoys were appointed and collective talks on the Covax program were making headway, was that, out of vaccine nationalism, all the agreements that had been properly negotiated and funded were not carried out. One after another, every country refused to deliver and to carry out the contracts, until India got involved because of its needs.

We are seeing progress in governance. Two or three weeks ago, the African central banks would not have had 33 billion, which represents 1.5% of GDP, or the prospect of having perhaps at least two or three times that in their coffers, reaching 3.5% to 4% of GDP, i.e., more than during the recession. We are facing real challenges, real issues and a real proposal from the African Union. We will see how this major, unprecedented last stage is carried out.

Tidjane Thiam and Donald Kaberuka led the talks, including with the private sector, with a certain openness that has yet to prove successful – I am speaking in front of the financiers in this room – to repurchase the most compromised debts, i.e., very little African debt. Very few African debts are highly compromised. Some can be redeemed for less. This requires mechanisms that are being negotiated. They cannot be negotiated if a country like mine, which accounts for 0.9% of sub-Saharan Africa's GDP, or even a country like Senegal, which accounts for 1.4%, starts negotiating on its own. This is a big step forward for African awareness and effectiveness, with proof. When it doesn't work or doesn't work fast enough, for example Covax, the question is not whether Africa is misgoverning. It is whether it is legitimate to exercise asymmetric powers of domination over vaccine markets to achieve a common good, a global public good. This idea goes back to the question of whether Europe and North America have been up to the task of vaccine justice and fairness. That is no longer any of our business. Africa has made all the progress it had to.

I will take another example. We are making progress that can be measured by lower rates, and therefore by the perception of less risk when Africa takes on debt in the markets. During the pandemic, the rates at which African countries took on debt kept falling. Even a country like mine, a latecomer to international markets, experienced significant rate reductions and maturity extensions.

This means that today, we are ready to make 30-year loans to countries like Benin, Côte d'Ivoire, etc. Three years ago, we did not have a rating. We were not participating in the progress of global financial governance. Just after becoming Prime Minister, my first surprise was when the National Head of the central bank told me in our first conversation, "It may not be very reasonable to issue debt only on the national BRVM market in Abidjan, with a one-year maturity." I replied, "No way. Benin's sovereign debt liabilities are not due every year." He said, "Yes they are!"

By the time I left office, we had done the first five-year issue. My successors – whether I like them or not is beside the point, I respect the quality of their management – are issuing at 30 years and 100 basis points lower than before Covid.

I do not mind that Africa is stalled on governance. I do not mind that everything looks bleak. I do not mind that the public debt is a tragedy. First, it is being managed. Second, it is being managed collectively. Third, it is being managed professionally. Fourth, there are ratings. Fifth, there is no doubt that maturities will be extended and rates will fall. But we need them to ensure financing.

Let us be careful about not seeing Africa today as it was 10 or 20 years ago. It is not at all managed the same way. Dear Minister of State, speaking of the leadership crisis, I think our young leaders are much better than us. Since I am older, they are much better than me. Luckily, I am older than you and Aminata. Young people are frankly much better, totally uninhibited and completely globalized. We have leaders, especially in the fields of economics and technology, who make Africa proud.

Take a look at all the telecommunications regulations. As I mentioned in the other session, a European telecom company's CEO said to me, "Africa is in process of taking a 15-year lead in use in terms of access to all the new uses brought about by digital technology and supported

by telecoms.” Why? Because the regulations went very fast. Today you can do things in Africa that took other countries 30 years to accomplish in the areas of regulation, deregulation and liberalization.

Take a look at the decentralization of energy. What is the only country in the world where renewables make up over 50% of the mix, and ahead of schedule at that? It is a country you all know very well. It is African. It is Morocco. We are moving at a very brisk pace. Yet, like everyone else, we inherited monopolies from the colonizing countries and could neither produce nor distribute nor sell electricity or make public/private proposals. None of that.

Everything changed at a speed of governance that lets us see how solar, biomass, water, wind and, in East Africa, geothermal powers are transforming the continent. I will not dwell on payment methods, but East Africa is becoming a cashless society and West Africa is moving full speed ahead. However, for fintechs to proliferate across our continent, we need people to govern these countries. Our central banks, accused of immaturity and immobility, should have allowed these changes.

Ask the people at Orange, who without being leaders are significant on the continent, where Orange Money and Orange Bank are successful. This is not in France. It is from one end to the other of the network and of Africa, starting with Senegal and Sonatel. This is where the Orange Bank system works. This is not in France, where it is a failure.

It is good to say that Africa is a continent of start-ups where women are more enterprising than anywhere else in the world. That is true, but governance makes it possible. So, we must be very careful not to talk about the Africa of 10 years ago. I advise you to look at the Africa of the last 10 months and the acceleration that has taken place.

We lack the social protection we need. Nevertheless, look at Rwanda, Togo and Morocco, where relief has been distributed. Look at Senegal and its fast-track entrepreneurship initiatives. We have invested a lot of digital resources and digital money. Basically, we have completely changed the vectors, especially through microfinance. A few countries – the most advanced ones, especially Morocco and South Africa – have had the luxury of being able to fund partial unemployment. But in our countries, which did not have this luxury, we nonetheless delivered relief digitally and efficiently.

It is sad to think about the school year lost during the lockdown because we lacked the distance-learning resources that many other parts of the world have. Our schools lack electricity. In Benin, we have 9,000 primary schools; 7,000 do not have power. It’s rather complicated to recharge teachers and students’ digital tools. But let us remember that outside of primary schools, our digitalization was fast-tracked and accelerated.

Mr. Minister of State, you cannot say anyone has betrayed our youth. Young people are our children and grandchildren. We are not betraying them. As Ms. Guigou said, most jobs will be in manufacturing and the special zones developing across Africa.

At the time of independence, Mr. Minister of State, we were left with 100 kilometers of paved roads. There was no port to speak of, just a small, 300-meter pier. Go see the ports of Cotonou and Lomé. Go to Dakar.

We had to build infrastructure. We were left with a system where we had to spend capital. But the more capital we spend, the fewer jobs we create. Senegal has a 7% growth rate, Benin 5%. Per unit of GDP, we spend five times more capital than countries like France because we had to equip ourselves. We were left with a totally empty continent without the taxation that would have allowed us to pay for all this. We do not raise 46% in compulsory levies, but 15%. We cannot do everything with 15%.

Instead of complaining about youth and the healthcare system, we must create funding resources. That is why I took the liberty of talking a little about debt, maturity, rates, etc. We must be realistic.

Today, to create net market jobs and bring down the unemployment rate in your country, Madam, and in mine, the growth rate must be 7% due to our capital content. Industrialization and modern services are much more capital- and labor-intensive than energy infrastructure. But we have no energy, roads or ports. In any case, we certainly had none in 1960.

Now we are beginning to see development with a labor coefficient and not just a capital coefficient. Now we are beginning to see policies with a tax base that is a bit more serious than what we inherited, i.e., head taxes. These are taxes from the Roman Empire and there is nothing more unfair. Now we are beginning, as all those who have been in office have done, to gradually create funding resources.

Mr. Chairman, governance has come a long way in recent years, and especially in the past few months. We have come a long way. When the people who occupied you and largely destroyed you leave you with a continent that they brought back to the Neolithic Age, I assure you it takes some effort to enter the digital era in 2021.

### **Robert Dossou**

Thank you. I asked you to conclude because we needed an economic tone of that order to balance things out. I often say that we in Africa think a lot about politics and not enough about economics. We have begun thinking about finance, but economic theory has not completely kept up. When I hear that, I pay attention.