

## SPEAKERS DEBATE

### **Amir Ben Yahmed, Chief Executive Officer of Jeune Afrique Media Group, President of Africa CEO Forum**

To carry on the discussion, I'd like to give the floor back to Lionel. Everyone was relatively upbeat, but we faced a wall of debt, a wall of loans, and security and governance issues. What great opportunities or assets make up for all the weaknesses you see today?

### **Lionel Zinsou, former Prime Minister of Benin, Chairman of SouthBridge**

I'll come back to what Jean-Michel said earlier about the 250 million young people we need to get into the labor market in a few years. Despite everything, they will be a major factor in our strong growth tomorrow. It is a bit hard to explain. In the WPC's front row I see one of our great leaders, who is going to run for president. It will be very hard for him to stand in front of young people and say, "Listen, you're jobless and moving downward." In fact, the problem is moving ever-further downward. General, you said: "Young people are a time bomb. They're frustrated." The problem is not so much unemployment as downward mobility. That is the main thing, because they have skills today. In our first post-colonial census, in 1961, we said, "It is great that 3% of students reach the last year of secondary school." Today that figure is 50%, but it is still not high enough. So skills are being developed.

We created our national university in 1968. That is late, but we have 120,000 students on campus today. In 1960, there was just one university, Cheikh Anta Diop University in Dakar, for all of West Africa and French Equatorial Africa. So there are qualified young people who are less unemployed than downwardly mobile. In reality, when you look at our jobless rates today as defined by the ILO, we are at 7-8%, which is basically the same as France's. The problem is that when you get a master's degree in our country, you have to enter the informal sector, which accounts for 90% of our jobs, since the formal sector accounts for only 10% in sub-Saharan Africa. With a master's degree you can become a motorcycle taxi driver. The informal sector, particularly agriculture and business, is absorbing young people, but not at all at the level of their expectations and those of their parents, who have made great sacrifices to ensure that they acquire an education and real skills. But we have real skills.

The trouble is that we have to tell them, "Today we have a labor-intensive industrialization model. Just wait a few more years. It is a bit quicker in Rwanda, Morocco and other countries. Wait another five years and you'll have job opportunities because there will have been investment in industry or modern services. Tourism will grow in many countries, and the financial sector is currently creating a lot of jobs." But if you say that, you will never get elected. Aminata, you cannot get elected by telling people, "You are frustrated. I get it. Just wait another five to 10 years because the right conditions will be created." In fact, we have already done a lot of the infrastructure work. Today, we really do have mobility infrastructure, ports and airports, whereas before we had nothing. We used to have 400-metre quays to



unload cargo with a crane. Now we have a minimum of infrastructure. Today we have a small financial sector and small financial markets, which are all weak, except in the North and South. So a number of conditions are in place that will enable us to start industrializing.

There is a fundamental difference between the last 10 years and the next 10, which is that manufacturing, industry and processing are actually very capital-efficient compared to what we have had to do in terms of infrastructure, energy, water, roads, etc.

### **Amir Ben Yahmed**

This brings us back to public policy, one of the major catalysts for industrialization. We have a joint project, the AfCFTA, which in theory should create a common continental market. The first step would be to find outlets at regional level. In terms of public policy, and Morocco is setting an example, this is a weak point. Apart from agro-industry, the main area for investment at the moment, we have yet to see the emergence of a major African industrial policy.

### **Lionel Zinsou**

On average, the manufacturing sector in Africa accounts for 12% of GDP, which is line with the figure for France. This is significant progress. The main thing to keep in mind is that the preconditions are there.

The point I wanted to make, which is counter-intuitive, is that, unfortunately, agriculture, along with energy, is the activity that consumes the most capital. In agriculture or energy, you have to invest \$200 for every \$100 in sales because the finished products have little added value. If you take the cashew nuts we grow and turn them into cashew milk or any other packaged product, you're looking at \$50 of investment for \$100 of sales. Today, industry's share of GDP is falling. This is counter-intuitive because people think of capital and investment as factories. In Morocco, it is the automotive industry, and here it could be the shirt I am wearing because we want to promote our cotton. What is important is that we had to put the capital ratio between agriculture, energy and infrastructure in place in 50 years. What we are doing now is making the capital ratio four times lower, which means a high labor ratio. So we are going to find ourselves in a situation similar to Asia in terms of creating jobs for young people. But when you are a Prime Minister speaking in front of a rally, you cannot say, "It is just a temporary matter of the capital coefficient." In Benin, as in Senegal and every country, leaders are accused of being indifferent, incapable and powerless to help young people. So we are not going to give them an economics lesson on the capital ratio. But I am not giving anyone a political lecture, because so far I have only lost presidential elections. But failure teaches you things, not least of which is what you cannot say at a rally. And yet, technically, for the economy, it is obvious.

We now have a model, which is obviously more visible in some countries, but we have a model that is creating jobs in all modern services and industry. It is not just agribusiness, of course, but given that agriculture's share of GDP averages 25%, over 10 times more than in Europe, food processing is a significant part of the economy. Manioc is used to make gari, attiéké, tapioca and sweeteners. Expensive industrial tools are necessary, but manioc can also be processed into plant-based products such as powerful and highly valued starches and



sweeteners. So this will be a key sector, but I will let those familiar with investment on the ground speak for themselves. This will affect all the service and labor-intensive manufacturing sectors. And that is the real revolution.

In addition, we have assets that were lying fallow. Deserts and savannahs were not worth anything. Today we can regenerate soil with biomass residues. We can produce solar power and green hydrogen. Our semi-arid and arable land is becoming a major asset. We need to house a billion more people in a generation, so our buildable land assets are also becoming very valuable. This is perhaps even more important than the dynamics of added value. We had worthless assets. Without carbon credits and new technologies, logging was not a source of value. Today, we are turning wood into gold. This revolution in assets, the activation of fallow assets, is perhaps the best guarantee that in every area, including agroforestry, we are onto something that will guarantee us a double-digit growth model that creates jobs and is therefore inclusive.

Now we still have to clear the hurdle and the immediate wall.

### **Amir Ben Yahmed**

That is a very good transition. You all make great transitions; it is magnificent.

The entire growth cycle of the 2000s was based on very high levels of available capital. The HIPC initiative has already restored many countries' margins of manoeuvre. The international community is keen to finance activities. As we saw at the beginning, commodity prices are rising. But money is crucial. You were rather downbeat about the global situation today, where the world is experiencing a credit crunch after having kept the taps open for a long time. You know the World Bank system very well, Bertrand. How do you see the situation developing? Everyone knows that 2024 and 2025 will be tough years, at the very least. Today, there is innovative financing, particularly in the area of climate change. In this context, how do you see the issue developing and what advice would you give African governments to ensure they are in a position to continue to raise financing?

### **Bertrand Badré, Managing Partner and Founder of Blue like an Orange Sustainable Capital, former Managing Director and Chief Financial Officer of the World Bank Group**

I think one point emerges from everything we have said, and that is the pressure from young people. Two to three million jobs need to be created in Africa every month. Nobody has ever done that anywhere before. This is a considerable challenge. And these two to three million jobs will not be created by more infrastructure or mining. They will be created by a vibrant private sector.

But the main problem at every level, at government level, at the level of international institutions and at the level of private financing, is that it doesn't happen by itself. There's always a feeling that things will happen, that companies will grow if everything else is taken care of. I do think, however, that we all need to focus on this collectively, because no one alone has the key. That is how we can move on from a somewhat dual private sector with a few very large conglomerates or a few people with a strong presence in traditional sectors such as construction, telecoms, etc., and an informal mass with a few people emerging. How

is continuity created in the private sector? What's true in Africa is true in most emerging countries, with nuances; I've seen this a lot in Latin America, too.

So how can we ensure that the private sector emerges, prospers and plays a part in what Lionel has just described? None of this will be done in a ministerial office. People are going to take the initiative. This means a favorable environment is needed locally, but not just the regulatory environment. It is very important to have a regulatory environment, and a lot of focus has been put on this, but it is also about fostering an ecosystem of consultants, accountants, chambers of commerce, places where business leaders can meet and feel supported, where there's administrative fluidity. So there's a whole local system where a strategy is needed to support and develop the private sector; it's not going to happen by itself. There is no country where it happens by itself.

Another key issue is the major bilateral and multilateral international institutions where, in a way, the private sector is also a by-product of the rest. We focus on the big ones because we need to make money, and it's easier to do that with them than with lots of small ones. So how can we encourage these people to work with intermediaries? Africa is well ahead of the game when it comes to fintechs, a lead that Covid accelerated. When people were stuck at home, that's not microfinance, it's banking. Nowadays, fintechs can offer loans with terms comparable to those of traditional banks that can help lift people up out of poverty. IFC is better off capitalising on this type of company, which in turn will find investors, rather than doing it from Washington, which makes zero sense. So there's a reversal of priorities, which means that development is not just about physical or social infrastructure, although health and education are important, but also about decisive, ongoing support for the private sector.

A major problem involving the macro framework we spoke about earlier is that to do all this we also need private financing, which is falling and was very low to begin with.

### **Amir Ben Yahmed**

In what proportion?

### **Bertrand Badré**

For the Paris summit, I looked at European institutional investors' exposure to the emerging world, excluding China, and it is 4%. Africa's share accounts for a fraction of this 4%, and in the United States it is 2%. So the reality is that there is no flow and it's declining. Take AXA, probably one of the world's most diversified companies. They're at 5%. Why are these figures falling? When interest rates rise and you're an American pension fund or a French mutual insurance company, why take risks in Morocco or Côte d'Ivoire if you can earn 5% by buying OATs or treasury bonds? This is the reasoning.

Regarding industrial policy, we are pushing the green deal or IRA in the United States, which obviously attracts savings. I feel more comfortable financing a giga factory in Wisconsin with American aid rather than taking risks in the Gulf of Guinea. These are all headwinds.

What we've seen, which is a major issue for me and interacts with what we said earlier about narrative, is that we're increasingly inward looking. In other words, most countries are turning in on themselves, a trend Covid has accentuated. What I hear and regret, and I don't have an



answer, is people saying, “We’ve got enough problems at home without having to worry about other people’s as well. So my savings are staying in France, in Germany, in the United States because we have our own problems with poverty, climate change and so on.”

So we really do have headwinds and we need to find a voice that says, “It is in Europe’s interest to invest some of its savings in Africa.” What tools do we use? How do we reach an agreement? Rather than going on and on about it—we were talking about this yesterday with Ms. Touré—how do we do it?

I’d like to talk about one last issue, and I’ll stop there. There is a whole set of technological regulations that keep this from happening, from Basel 3, to Solvency 2 and OECD regulations. We need to get to the heart of the matter. I’m playing devil’s advocate here a little, but in terms of ESG, environmental and social governance, I think Europe needs to engage in real dialogue rather than build higher walls. I think that if we want to take a firm stand, we won’t succeed. If we want to successfully make the shift to a more sustainable and resilient economy, it would be in Europe’s interest to reach out to Africa, Latin America and South Asia. We’d be better off doing it together rather than getting crushed between China and the United States.

I think there’s incredible potential here, but also a considerable challenge. I’m not going to repeat what Lionel said, but there is extraordinary potential here. We just need to get our act together. It won’t happen by itself, that’s for sure.

### **Amir Ben Yahmed**

You have breached an extremely important topic, that of Africa’s voice. I think we can all agree that this voice has gotten somewhat fainter in recent years. African institutions do not allow our voice to be heard. The African Union is inaudible. The African Development Bank is hardly better. These two institutions should be making the continent’s voice heard loud and clear in the major negotiations. Talks are underway on a new global political and financial architecture, but Africa is being left out of the discussions. We have also seen this at regional level. We’ve talked a lot about the successes of the East African community, but there are also a lot of tensions and problems between the different countries that make it up. ECOWAS has done absolutely nothing about Niger.

This question is for you, general. What can you tell us about the development of African institutions? Do you think they can move in the right direction, or are we doomed? The weak local governance you talked about at national level exists at the continental and regional level. Our political institutions are not working today.

**General Francis A. Béhanzin, Co-Founder and Chairman of the *Réseau mondial des professionnels de sécurité et de défense pour la prévention et la lutte contre le terrorisme*, former Commissioner Political Affairs, Peace and Security of the Economic Community of West African States (ECOWAS)**

I disagree with your conclusion that they are not working. In human rights management, I think public opinion must be taken into account. I think ECOWAS has made noteworthy progress in integration and democratic governance.

**Amir Ben Yahmed**

May I interrupt you? When you see President Kagame's decision to open his country up to all nationalities without a visa all over social media, it shows just how far we still have to go on this issue. In other words, we're talking about solutions that seem fairly simple to us Africans, but are not being implemented.

**General Francis A. Béhanzin**

With regard to ECOWAS's lack of decisiveness on the coup in Niger, it must be recognized that, overall, Africa has a leadership problem, a problem of strategic choices for human security. That's why I talk about more than just the safety and security of people and property.

It is fair to say that emotion also played a major role in ECOWAS's decision to deploy a military operation in Niger. I'd already left, but if I'd been there, I might have had some reservations. When you declare war on a country without prior planning, that country rises up against the whole community, as is the case today with Niger and ECOWAS. Public opinion, emboldened by new technology, could not allow the newly elected President of Nigeria to move forward since he may fear a coup while waiting for his election to be validated.

When this happened in Mali, it was a question for ECOWAS to deploy the Chiefs of Staff on the ground there to show the coup leaders that it was not the military's role to take power. But in reality, when the military takes power, it is based on the behavior of the political elite in each of our states. We cannot ignore the endogenous reasons for Africa's stagnation compared to other continents, but the causes mentioned by the coup leaders, namely the fight against terrorism, will not be a matter for Africa alone. Europe and Africa are closely linked, and if we are to secure the raw materials critical to Europe's industries, Africa must be a safe place for people to live and work.

**Amir Ben Yahmed**

Moving on from the topic of coups, there is the issue of Africa's voice in major international negotiations. How do you explain that the African Union's voice is unheard today? Do you think it is loud enough?

**General Francis A. Béhanzin**

Africa's voice must be heard. But do international institutions, as they were designed after World War II, allow it to be heard? That's a question I'm asking myself and I'm asking you too.