



# ADF Today

Ninth  
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de l'Afrique



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## DUARTE: FOCUS ON INSTITUTIONS FOR DEVELOPMENT

Governance and institutional reform are central to Africa's solutions to asset flight and inequality, says Cabo Verde's finance minister.

**POLITICAL COMMITMENT AND STRONG INSTITUTIONS** are the key to managing Africa's looming challenges of economic inequality, illicit financial flows and climate change, according to the finance minister of Cabo Verde, Cristina Duarte.

Duarte has announced her candidacy for the presidency of the African Development Bank when the institution's current head, Donald Kaberuka, steps down next year, and is keen to use her home country's experiences to promote development around the continent.

Speaking on the sidelines of the United Nations Economic Commission for Africa's African Development Forum in Marrakech, Duarte says that the solutions to problems—such as rising inequality amongst some of the continent's fast-growing economies—are well known.

"To address economic inequality is not a technical is-

sue. Everybody knows how to do it. It is more a question of political will to do it and to accept today that Africa needs to adopt cross-border good governance, accountability and transparency," she says.

"The first step is to get the basics done. Don't start reasoning on more complicated issues if you don't have the basics: macroeconomic consolidation, public cost stability, social stability. You are supposed to invest in education and in health... [Tackling] inequality is political will, it's good governance, it is commitment."

These principles of transparency and good governance are "little by little... entering into our DNA," she adds.

Cabo Verde, which is a small, island nation without many natural resources, has achieved middle income status and begun to rise up the World Bank's Doing Business rankings after a number of reforms to its regulations and

**“Tackling inequality is political will, it’s good governance, it is commitment.”**

business environment. Strong institutions and investments in institutional capacity have underpinned its development and laid the foundations for future growth, Duarte says. This should mean that the country can avoid the so-called “middle income trap”, where countries achieve a certain level of development but are unable to move beyond it due to a lack of differentiation or specialisation.

“The World Bank has been warning us about this middle income trap,” she says. “My response to them is very clear. One of our competitive advantages in avoiding the middle income trap is exactly what we have been doing to reach the middle income [status]. You need to be consistent from a public policy standpoint. Sometimes this is what is missing a little bit in Africa. When you believe that this is your vision, just stick to that and you will find an exit.”

The same is true of curtailing the continent’s problems

with illicit financial flows. Billions of dollars are lost annually, which Duarte also attributes to poor institutions.

“If you have a dysfunctional country: no enforcement law, no regulatory framework, you have not invested in institutions, believe me, the private sector by itself will not be the driver in terms of fighting illicit financial flows. In order to fight illicit financial flows, in my opinion, we need to build on institutions.”

This process of institutional reform and improvement will not be quick, Duarte says, but it will bear fruit in the end.

“In order to have strong institutions you have to have strong human capital. In order to have strong human capital you need to start investing, because it’s a long process,” she says. “In Cape Verde we started universal education in 1975. Cape Verde is close to the Millennium Development Goal [on primary education]. You cannot build institutions in one day.” — PG

## AFRICA NEEDS TO UNDERSTAND EXCLUSION

African nations need to better understand the dynamics of social development and inclusion according to Takiwa Manu, head of social development policy at the United Nations Economic Commission on Africa. Earlier this year, UNECA launched the African Social Development Index, ASDI, which tracks indicators of exclusion and poverty, allowing the think-tank to, for example, ascribe a GDP value to hunger. “If people are not doing well, a country cannot be doing well, because people are our greatest assets,” she said. — AYK

## Côte d’Ivoire looks to PPPs for development

Public-private partnerships are a pillar of the West African country’s resurgence, says President Alassane Ouattara.



**CÔTE D’IVOIRE HAS SET ITSELF A TARGET OF BECOMING** an emerging market in 2020, according to its president, Alassane Ouattara, who wants to drive private sector investment in the country, which is recovering from decades of political turmoil.

“This goal is within reach,” he says on the sidelines of the African Development Forum in Marrakech. “Since 2012, we have a strong growth rate of around 10 per cent.”

Improvements to the business climate, achieved by streamlining the country’s investment code and pushing through structural and sectoral reforms, led to the country being ranked by the World Bank among the top-10 global reformers in the 2014 Doing Business report.

“We have invested heavily in infrastructure, agriculture, health, energy, information technology and communication,” Ouattara says. “Our countries must encourage the financing of major projects, job providers, public-private partnerships.”

Around 60 per cent of planned investments in Côte d’Ivoire are public-private partnerships, Ouattara says, making them a key element of the country’s reconstruction and its future growth. The country’s investment-to-GDP ratio should rise from 9 per cent in 2012 to 16 per cent in 2015, he says, while incomes for farmers have risen more than 20 per cent.

Côte d’Ivoire defaulted on more than \$2 billion of bonds shortly after the 2010 elections, which descended into violence after the incumbent, Laurent Gbagbo, refused to yield power to Ouattara, who had been declared the winner. However, this year the international capital markets showed that they have new confidence in the West African country—the world’s largest cocoa exporter. In July, the country sold \$750 million worth of eurobonds in an auction that was several times oversubscribed. — JF & PG