AFRICAN LEADERSHIP FORUM 2018

FINANCING AFRICA'S TRANSFORMATION FOR SUSTAINABLE DEVELOPMENT

2nd-3rd August, 2018 | Kigali, Rwanda

The United Republic of Tanzania
Former President of the United Republic of Tanzania
Benjamin William Mkapa

UONGOZI Institute

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Acronyms and abbreviations

AfDB	-	African Development Bank
AfCFTA	-	African Continental Free Trade Area
ALF	-	African Leadership Forum
ASYCUDA	-	Automated System for Customs Data
AU	-	African Union
BRICS	-	Brazil, Russia, India, China and South Africa
COMESA	-	Common Market of Eastern and Southern Africa
DRM	-	Domestic revenue mobilization
EAC	-	East African Community
ECOWAS	-	Economic Community of West African States
FATF	-	Financial Action Task Force
FDI	-	Foreign direct investment
GDP	-	Gross domestic product
H.E.	-	His Excellency
ICGLR	-	International Conference of the Great Lakes Region
IFFs	-	Illicit financial flows
IMF	-	International Monetary Fund
NBD	-	New Development Bank
NEPAD	-	New Partnership for Africa's Development
ODA	-	Official development assistance
OECD	-	Organization for Economic Co-operation and Development
PPP	-	Public-private partnership
RDB	-	Rwanda Development Board
REC	-	Regional economic community
SADC	-	Southern African Development Community
UK	-	United Kingdom
UN	-	United Nations
UNECA	-	United Nations Economic Commission for Africa
UNCTAD	-	United Nations Conference on Trade and Development
US	-	United States

From L-R: H.E. Benjamin Mkapa, former President of the United Republic of Tanzania; H.E. Paul Kagame, President of the Republic of Rwanda; H.E. Hassan Sheikh Mohamud, former President of the Republic of Somalia; and Dr. Mukhisa Kituyi, Secretary General, United Nations Conference on Trade and Development.

Executive Summary

Despite significant economic progress over the last two decades, African policy makers still face a significant challenge in mobilizing resources to finance development. Government budgets have increased thanks to a number of factors, including debt relief, improvement in revenue collection, gains from the commodity price boom, growth in strategic sectors, and fledgling industrialization. However, tax mobilization remains low despite significant efforts and recent reforms in many countries. To realize its aspirations under Agenda 2063 and become "The Africa We Want", the continent will require more, and better, financing. Therefore, all sources of finance will need to be weighed up—including public and private, official development assistance (ODA) and foreign direct investment (FDI), domestic and external—to determine the optimal financing mechanisms to accelerate the continent's development.

Rationale and objectives

It is against this background that H.E. Benjamin Mkapa, former President of the United Republic of Tanzania, convened the fifth African Leadership Forum (ALF) in Kigali, Rwanda on 2nd and 3rd August, 2018 under the theme "Financing Africa's Transformation for Sustainable Development". Organized by the UONGOZI Institute in collaboration with the Rwanda Development Board (RDB), the event sought to provide a platform to critically discuss the prospects for increased, improved and effective financing for Africa's transformation. The three main objectives of the forum were to:

- Understand the current and emerging context for financing Africa's development;
- Share successes and failures in national, regional and continental attempts to address specific financing challenges;
- Provide recommendations for critical areas where interventions will lead to unlocking increased financing for Africa's development.

The event featured a keynote address by H.E. Paul Kagame, President of the Republic of Rwanda followed by plenary discussion and three topical sessions, each with introductions by expert presenters.[1] The topics of the sessions were:

- Session I: Domestic resource mobilization
- Session II: Halting illicit financial flows
- Session III: The global development financing architecture

Together with President Mkapa, five former African Heads of State were in attendance:
H.E. Joaquim Chissano, former President of the Republic of Mozambique; H.E. Olusegun Obasanjo, former President of the Federal Republic of Nigeria; H.E. Armando Guebuza, former President of the Republic of Mozambique; H.E. Moncef Marzouki, former President of the Republic of Tunisia; and H.E. Hassan Sheikh Mohamud, former President of the Republic of Somalia. The Forum was also attended by over 100 distinguished leaders from the public sector, private sector, academia and civil society.[2] Similar to previous events, the ALF 2018 was held under Chatham House Rules to encourage frank, open and in-depth dialogue.

Key messages and recommendations

Throughout the event, the presenters and delegates candidly contributed their experiences and ideas to overcome the prevailing constraints in funding and to open up new opportunities and sources of development financing—domestically and internationally—to accelerate the process of socio-economic transformation. This report provides edited summaries from all presentations and discussion sessions. Key messages and recommendations that emerged from meeting are summarized in the sections below.

Africa can finance its own development

In real terms, Africa has everything required to achieve its transformation. But a change of mindset among the continent's leadership and broader population will be needed to leverage its internal strength and capacity to bring prosperity and wealth creation. The "Africa We Want" of Agenda 2063 will and can only be realized through self-reliance. Transformation is not simply expanding Africa's economy. It entails making the economy more complex, moving up value chains, and tapping into global trade and capital.

> *"Africa can finance its own development. There is no doubt about that. We know this because Africa finances other people's development and always has."*
> ***— H.E. President Paul Kagame***

[1] See Appendix B for the Forum Agenda
[2] See Appendix A for the List of Delegates

To succeed in moving the African agenda forward, political will is demanded. First and foremost, African countries must take up the African Continental Free Trade Area (AfCFTA). This requires a political decision not money, but it will create wealth for development. So, too, governments will need to support African-led institutions, be open-minded and strategic in selecting financing options, build and utilize domestic financing capacity, identify and avoid financing instruments imposing restrictive conditions, and foster long-term relationships with domestic and international capital markets.

Promote regional integration and continental cooperation

Panellists stressed the need for Africa, through its continental and regional institutions, to safeguard its interests and design financing arrangements that meet the specific (and varied) contexts of its 54 nation states. The success of financial reform of the African Union (AU) adopted in 2016 shows that the continent has the will and ability to fund common priorities. Contributions to the African Union Peace Fund have never been higher, the AU budget has been reduced while contributions by member states have become more stable, and the entry into force of the AfCFTA is set to significantly increase trade within Africa. All of these important developments demonstrate momentum towards African unity and the economies of scale provided by larger markets will underpin the growth of the private sector.

The selection and implementation of a number of flagship development projects could also significantly contribute to regional cooperation. For example, in the Sahel, the potential to harness renewable energy through solar farms is enormous, which, if tapped, could fuel a transformation in agriculture in the region. In this way, despite uneven financial and economic capabilities, African countries can overcome barriers to development and become more prosperous by doing great projects together. The African Development Bank (AFDB) and regional institutions such as the East African Development Bank will need to be strengthened and appropriately funded to support the continent's agenda. The establishment of sector-specific financial institutions, for example, for agribusiness and agro-based industries, may also be beneficial.

> *We must get this out of our mind.*
> *… We will develop ourselves or we will not develop. We will develop ourselves, increase our equality, [and] increase our wealth on the world stage ourselves. And that way, earn the respect of others. We must learn to work together ... Otherwise, we will not get anyplace*
> ***— H.E. President Benjamin Mkapa***

Mobilize domestic resources for development

Africa has a collective responsibility to expand and optimize the use of its domestic resources. Today, Africa's tax revenues are still relatively low, and much of Africa's economic activity happens within varying degrees of 'informality'. The reasons for this are many, but it leads to the decreased ability of national and super-national organizations to finance beneficial public investments. Taxation is commonly perceived as a penalty not as a developmental incentive, hence, encourages informal activity and employment. The smaller tax bases, too, reflect the persistently high levels of youth unemployment, and African states tend to have weak tax authorities, which are often seen as predatory by the small number of formal sector firms that contribute most direct taxes.

Tax authorities will need to be empowered to prevent leakages. But, most importantly, and urgently, governments need to find ways to incentivize taxes so that more people pay taxes rather than a few. States will need to design innovative fiscal and tax policies and tax payment platforms, and put in place soft infrastructure to reduce the costs and improve the efficiency of collections. For example, the UNCTAD-designed Automated System of Customs Data (ASYCUDA) has the potential to revolutionize the collection of customs revenues. In addition to the adoption of sound tax policies, governments can increase domestic resource mobilization through the introduction or expanded use of targeted infrastructural bonds, diaspora and/or sovereign bonds, and the utilization of pension funds for investment.

Enlist the African diaspora in the continent's development

Along with improved domestic revenue mobilization, the role of the African diaspora to provide financing for development needs to be harnessed. There are now over 30 million Africans living outside of their home countries, and they already contribute more than US$ 40 billion in remittances. The diaspora also has skills that are needed for the continent's development. Hence, a broader engagement with the diaspora regarding trade and investment opportunities, as well as frameworks for capacity development and skills transfer could provide a significant boost to Africa's aspirations.

Appropriate tax policies and dual citizenship conditions need to be designed to foster the increased participation of the diaspora in the transformation process. In addition, states need to protect the integrity of investments for the diaspora who are remitting money home. If transfer costs can be reduced, remittances can become a huge source of funding for development projects. Governments will also need to advocate to ensure that regulations of remittance companies are more compatible with the contexts in recipient countries.

Stop illicit financial flows

Based on the most comprehensive data available, the estimated monetary value of illicit financial flows from African countries is a staggering US$ 50 billion per annum, and now exceeds the combined total of inflows from official development assistance and foreign direct investment. Even within Africa, a 'race to the bottom' may already be underway as various countries attract investors by granting tax haven status. While not illegal, the practices of tax havens raise legitimate questions on the ethics of their use, as they potentially provide further avenues for money to leave the continent.

Moreover, the true cost of IFFs is significantly higher. The types of activities leading to the outflows invariably have a deleterious impact on the social, economic, political and environmental well-being and stability of the countries concerned. Invariably, official corruption and state capture are integral elements of the activities leading to illicit financial outflows. In both cases, the state is weakened and societies left more vulnerable as illicit gains are used to influence political processes, allowing the actors involved to hold power or manipulate authorities so as to continue their criminal activity. IFFs pose both economic and security challenges to Africa, particularly in fragile, post-conflict and resource-rich states. Africa's position in the global community has also weakened its ability to galvanize support to stop IFFs as many destination countries have not provided effective and efficient cooperation in repatriation and prosecution of culprits.

> *The prerequisite for any progress is*
> *… before everything*
> *… we have to tackle the main political and moral problem which is corruption.*
> ***— H.E. President Marzouki***

Africa must take responsibility for the misallocations and misappropriations of the continent's resources and take steps to halt outflows and, where possible, recover them.

Participants agreed that the fight to stop IFFs must start by combating internal corruption. African states need strong independent agencies with the power to track and prosecute official corruption, commercial practices and criminal activities that bleed the continent of its wealth and resources. To do so, national governments were encouraged to take the following steps:

- Strengthen national institutions, especially national revenue/tax authorities and customs;
- Sign and domesticate international conventions on transparency and information sharing;
- Require multinational corporations to provide comprehensive reports about their operations and make such reports public;
- Join voluntary initiatives to promote policies to tackle IFFs, such as the Extractive Industries Transparency Initiative (EITI);
- Institutionalize information sharing and collaboration between relevant government agencies and ministries; and
- Formulate anti-IFF strategies and action plans and close loopholes, particularly in tax laws and anti-money laundering regulations.

Strengthen the civil service for implementation

To underpin the continent's renewed political will and commitment for transformation, a strong civil service is needed with the institutional experience and technical skills to translate policies into action. Unfortunately, much of the bureaucracy was wiped out by the neoliberalist structural adjustment programmes of the 1980s, and currently many of Africa's leaders make appointments based on ideological fit rather than expertise. With every change of government, civil servants come and go. Each new administration seeks to write its own book as if the narrative of the previous administration had little or no relevance. In this way, institutional knowledge and long-term continuity of action is lost, hampering even reversing the continent's development.

Understand and utilize the emerging global financial architecture

In recent years, the global financial architecture has undergone rapid structural and political change and the continent must understand and adapt to this new landscape for funding its development. Development financing from the South is increasing; for example, the largest sources of greenfield investment capital in the world were China, Singapore and Thailand, not the traditional sources of the North. Perhaps most significantly, funds for development have moved from public to private coffers— into private banks, hedge funds and individual pockets. The potential finance available from private sources is much larger than all of the money of all the governments put together. Development financing from these newer sources also tends to come without (or with fewer) prescriptive policy requirements than from governments or institutions such as the World Bank and the IMF, thereby allowing more space for recipient countries to make policy choices. Therefore, Africa needs to understand and adapt to these emerging realities of development financing. The continent's Ministers of Finance should no longer be flocking to Washington D.C. in April as if on a pilgrimage, when there is more money in New York, London or Beijing to finance projects.

It is extremely important that African countries fully and effectively utilize global capital markets. However, this increased scope and access to capital needs to be accompanied by a substantial boost in national debt management capacity to ensure that African countries do not fall into the debt trap. States need to borrow well and invest well. All resources must then be utilized prudently because if governments go on consumption sprees with borrowed money, markets will lose faith in those countries. Consequently, borrowing will once again become expensive and sources dry up. Resource-rich countries have to be especially smart and savvy to ensure that foreign interests do not cherry-pick assets when they are cheap. Only the best FDI partners and packages should be accepted. African states are further encouraged to act in the true spirit of Pan-Africanism to amplify its voice and influence in this emerging global financing architecture.

Engage the private sector

Greater private sector participation in the continent's financing for development is not only desirable but also inevitable. In part, as a result of neoliberal policies imposed by western donors in the eighties and nineties, it is now a reality that far greater resources are in private ownership than in the hands of governments and other public institutions. Therefore, governments are urged to build their capacity to engage strategically with the private sector.

Africa needs to demonstrate that it can work with the private sector, that it is capable of having policies that are private sector friendly, pro-growth but also pro-investment. If policies are not consistent and predictable over the long term, the continent will never be able to raise money. But public investments are also very important, because they are complementary to private investments; they open up the economy, and can enhance private sector investment profitability. Therefore, rather than disparage the public-private partnerships (PPPs) model, African governments must clearly define the role of private sector and identify beneficial partnerships within each country's development agenda.

Foreign direct investment, though external in origin, can also be an integral component of domestic resource mobilization, so long as African governments clearly define project outcomes. As for PPPs, countries must identify priority sectors, what they want to achieve, and what sources of capital will best achieve their goals.

Facilitating small enterprises in the informal sector

In Africa, supporting businesses in the informal sector will be vitally important. Yet, in many countries, governments have made conditions so difficult for small domestic enterprises that they are almost criminalized. As a result, businesses remain informal and refuse to have a fixed address. Therefore, programmes to increasingly formalize small businesses need to be implemented, but these initiatives must emphasize the benefits of formalization: recognition in law, reduced risk of divestment of property, and greater access to capital, markets and services. Governments will need to persuade small enterprises that they are not being formalized solely as a means to identify and tax them, but to enable their full participation as productive citizens in their country's development. The potential benefits to the state of facilitating small enterprise to become the engine of the continent's transformation are huge. But, ultimately, the success of these efforts will depend on whether the people trust their political leaders. And to earn that trust will depend on whether African governments can effectively and efficiently deliver services and use public monies accountably and transparently for the benefit of its citizens. Strong systems for the management of public finances are prerequisites of the social contract as well as establishing a conducive climate for investment.

Promote financial inclusion

Delegates agreed that the population should be encouraged and enabled to contribute to the national resource mobilization effort; financial inclusion will be the single most important driver of transformation. In particular, digitizing financial services offers great potential to raise the level of domestic savings by extending the frontier of financial access to more citizens. More efficient platforms are emerging to increase savings on the continent, for example, M-Shwari deposit and loan accounts are micro-savings and loan facilities. These services collect data on transactions and savings and then use that information to price loans to customers. In this way, the digital revolution is allowing more people to save and borrow, deepening the financial sector and pushing the whole economy with it. By increasing financial inclusion, "mountains of deposits from micro savers" can be added to the country's supply of funds for investment. Designing and marketing specific government bonds to encourage investment by citizens also represents a means to increase both domestic savings and government resources for investment. Digitization will also be a key component in helping informal markets formalize.

Positively, Africa is embracing digitization which is revolutionizing the financial sector on the continent from electronic payments all the way up to sustainable business models. It is making resource mobilization easier to achieve. For example, the Kenyan government has started selling short-term treasury bills via mobile phone, and the investments have been huge. This further demonstrates that African states can mobilize resources. The relevant question now becomes how best to invest those resources to realize the "Africa We Want" sooner.

H.E. Benjamin Mkapa gives welcoming remarks.

Plenary Session: Financing Africa's Transformation for Sustainable Development

A. Welcoming remarks by H.E. Benjamin Mkapa, former President of the United Republic of Tanzania

In his opening remarks, President Mkapa warmly thanked President Kagame and the Rwanda Development Board (RDB) for agreeing to co-host the fifth African Leadership Forum in Kigali, and all present for accepting the invitation to come and take part in the two-day event. He related that last year's forum, which was held in Johannesburg, focused on peace and security as the foundation for sustained development in Africa. This year's forum builds on that theme. Development requires investment—investment in philosophy (the philosophy of development), investment in organization, investment in vision—but, above all, investment in capital.

Therefore, this year's forum was called to exchange views about how to mobilize investment for development both domestically and externally, and investment in people both at home and in the African diaspora. The forum was also framed to discuss how organizationally both government and the economy envisage the domestic mobilization of development resources, and to acknowledge the contribution of institutions—regional and international, non-governmental and governmental—into an investment fund for development in African states. Most of all, in the sharing of experiences, the meeting aims to uncover ways to accelerate the process of Africa's economic transformation.

President Mkapa was gratified to have experts from all fields of economic development in attendance, and hoped that participants would feel open to share their experiences and decisive in their recommendations. To facilitate the free and frank exchange of ideas, he assured delegates that deliberations would be kept strictly in-house. As such, he advised participants that the meeting was taking place under Chatham House rules.

With great honour and pleasure, he invited President Paul Kagame to give the keynote address.

H.E. Paul Kagame delivers the Keynote Address.

B. Keynote Address by H.E. Paul Kagame, President of the Republic of Rwanda

To begin, President Kagame welcomed delegates to the 5th edition of the African Leadership Forum. He extended special appreciation to President Mkapa and the UONGOZI Institute for the opportunity to host and convene the forum in Rwanda, and to all of the former heads of state for their attendance at the event.

Turning to the theme of the event and his address, President Kagame was emphatic that Africa could finance its own transformation. He said:

> *Africa can finance its own development, at least a big part of it. There is no doubt about that. We know this because Africa finances other people's development and always has. The value of illicit financial flows, evaded taxes, and commodity extraction greatly exceeds that of foreign aid, we are told and as a matter of fact.*

He counselled that Africa must take responsibility for these misallocations and misappropriations of the continent's resources and take steps to correct it. But, most importantly, he argued that Africa needs to mobilize the right mindset rather than more funding.

> *After all, in Africa we have everything we need in real terms. Whatever is lacking we have the means to acquire. And yet we remain mentally married to the idea that nothing can get moving without external finance. We are even begging for things we already have. That is absolutely a failure of mindset.*

How then does Africa reach a turning point? In answering this question, President Kagame enumerated three key responses.

First, Africa must improve accountability. Taking the example of domestic tax collection, he said:

> *… this is not only about technical capabilities but much more about building the trust that public funds will be spent on the right things. This is the foundation of good politics, which is effective and citizen-focused.*

Second, the continent needs to strengthen regional integration. He pointed to the success of financial reform of the African Union adopted in 2016 as strong evidence that Africa has the will and ability to fund common priorities. Contributions to the African Union (AU) Peace Fund have never been higher, the AU budget has been reduced, contributions by member states have become more stable, and the entry into force of the African Continental Free Trade Area (AfCFTA) is set to significantly increase trade within Africa and consequently improve tax collection. All of these important developments demonstrate momentum towards African unity. In addition, they lay the basis for more effective public-private partnerships (PPPs). In critical fields for sustainable development, such as the renewable energy, private sector investors require big multi-country markets to be viable. Therefore, African countries will gain immeasurably by trading with each other and lose so much if they don't.

Once again, President Kagame considered that technical explanations for Africa's reticence to integrate more closely are inadequate; these are political problems and mindset issues. He said:

> *For example, railways and roads are undeniably important, yet, even where a railway is not an obstacle, we don't trade. You find citizens sneaking through forests, crossing borders to do business with each other because the politics are so toxic. There may even be a nice new road built to facilitate commerce but people avoid it for the same reasons. These are choices that get made every day, not by our words but through our actions, that keep many of our people poor and dependent.*

The third way to reach a turning point is to continue making it easier for African businesses to grow and create jobs for young people. Not only will this require improving the regulatory climate for enterprise and trade on the one hand, but also building deeper capital in markets and lowering the high cost of sending remittances. And, again, it will necessitate changing the mindset of Africa's youth from one of dependency and poverty reduction to one of prosperity and wealth creation.

On the issue of illicit flows, President Kagame felt that the definition should be expanded to include the habit of African states to import things that our countries and our regions already have right here. Even if the definition of "illicit" doesn't directly include this concept, Africa needs to be mindful of the huge financial losses the continent incurs as the result.

In closing, President Kagame stressed that it is young Africans that will have to make the necessary changes and lead the continent in embracing the new attitudes and norms for its development. With optimism, he said:

> *These are the changes that have to be looked at to see the value that lies all around us, to behave like people who know our continent has a future, to change the world rather than waiting for it to change us. Why should we be willing to give up and succumb at the outset? No, we should try and give it a fight, it's worth it. Each of us can make a difference, everyone has the option to strive, to do his or her work with excellence and good heart.*

Public Plenary panel discussion. From L-R: Ms. Julie Gichuru, H.E. Benjamin Mkapa, H.E. Paul Kagame, H.E. Hassan Sheikh Mohamud, and Dr. Mukhisa Kituyi.

C. Plenary discussion

Moderator: Ms. Julie Gichuru
Panellists:

- H.E. Paul Kagame, President of the Republic of Rwanda
- H.E. Benjamin Mkapa, former President of the United Republic of Tanzania
- H.E. Hassan Sheikh Mohamud, former President of the Republic of Somalia
- Dr. Mukhisa Kituyi, Secretary General, United Nations Conference on Trade and Development (UNCTAD)

A panel discussion followed during which delegates candidly contributed their experiences and ideas to overcome the major challenges in financing the continent's development. Key messages that emerged from the discussions are summarized in the sections below. As per Chatham House Rules, contributions are not attributed to individual speakers.

The issue of post-conflict and fragile states

In discussing the financing of Africa's transformation, President Mohamud highlighted the cross-cutting issue of post-conflict and fragile states on the continent. African countries are inter-linked; no single country can be isolated. Hence, the problems and challenges in troubled states cannot be ignored as they can profoundly contribute to the challenges and obstacles to development and transformation in other areas of the continent. To take one example, some elements of Boko Haram, the terrorist group fighting in north-eastern Nigeria, were trained in Al-Shabaab training camps inside Somalia. He said:

> *When we Africans discuss development, sustainable development, transformation, financing, everything, [we must] include as a cross-cutting issue, the realities that are existing in both conflict and fragile states.*

The status of development financing globally

In his opening comments, Dr. Kituyi offered a global perspective on development financing in Africa. Based on data from the most recent World Investment Report 2018 produced by UNCTAD, he highlighted a number of characteristics that will need to inform how the continent finances its development. Number one, foreign direct investment (FDI) in Africa in 2017 declined by 21% from 2016. For the first time in 2017, illicit financial flows (IFFs) leaving Africa exceeded the sum of FDI and official development assistance (ODA) into Africa. Number two, the largest sources of greenfield investment capital in the world were China, Singapore and Thailand, which means that if Africa is looking for development financing globally, the traditional sources of the North and West are "a waste of time". Number three, for Africa, the promise of the United Nations 2030 Agenda for Sustainable Development and the African Union's Agenda 2063 cannot be realized on the current level of financing.

Transformation will only be achieved through self-reliance

President Mkapa stressed that Africa must be self-reliant if it wishes to achieve the transformation it desires.

> *No one else is going to develop us, we are going to have to develop ourselves. This dependence on some American president or Commissioner of the European Union to transform or to help us determine the path, and the limits, and the goals of our transformation is nonsense. We must get this out of our mind. … We will develop ourselves or we will not develop. We will develop ourselves, increase our equality, [and] increase our wealth on the world stage ourselves. And that way, earn the respect of those others. We must learn to work together. ... Otherwise, we will not get anyplace.*

Overcoming the obstacles to domestic financing in Africa

Dr. Kituyi stressed that Africa will need to overcome the challenges to domestic financing, and he listed a number of key actions needed to open up new sources of development financing for the continent.

First, Africa must revive and strengthen African-based development financial institutions, such as the East African Development Bank. Second, domestic resources will need to be mobilized. For this to happen, attention must be given to a number of core areas, the most important being taxation. In turn, improving domestic tax systems will require strengthening the institutional capacity of national revenue authorities as well as strengthening the regime of trade, i.e., not just importing goods from East Asia but building trade facilitation as part and parcel with investment facilitation. Of note, trade facilitation should not just be dealing with across-the-border issues, but also putting in place soft infrastructure to reduce the costs and improve the efficiency in moving goods. For example, the UNCTAD-designed Automated System of Customs Data (ASYCUDA) has revolutionized the collection of customs revenues in participating countries. He related:

> *In Afghanistan, after we established ASYCUDA, in 7 years, customs revenues grew from $50 million to $1 billion. In DRC Congo, when I went to handover the system, the Director-General of Customs told me [that] in 3 months they had collected what they had collected in the previous 2 years.*

Third, the challenge of transfer pricing and trade mis-invoicing must be addressed. He said:

> *You cannot wish away the leakage; if the leakage is larger than the inflow of FDI, we are playing political games to pretend that we can sustainably finance our activities.*

In collaboration with the United Nations Economic Commission for Africa (UNECA), UNCTAD is implementing an intervention on defining, estimating and disseminating statistics on IFFs from Africa. By better understanding the nature and extent of illicit flows will enable the design of political and technical solutions to deal with this enormous problem.

Lastly, in financing Africa's revival, the critical role of the digital economy needs to be acknowledged and embraced. He said:

> *Globally, last year, e-commerce reached $25.7 trillion. For the past 5 years, electronic commerce has been growing 4 times as fast as normal trade. Africa cannot be left behind!*

Illicit financial flows

Taking up the point made by Dr. Kituyi on combating illicit financial flows from Africa, the moderator asked President Mkapa why these illicit transfers are happening, indeed getting worse, and why African leaders haven't decisively acted on a situation that they have been aware of for a long time. In response, President Mkapa said that financial managers are a part of the problem. He said:

> *They are part of the problem because they are facilitators of illicit transfers, because they are benefitting from the process. There is no integrity, there is no surveillance, and there is no enforcement. That is the problem. The bankers are themselves involved, the tax authorities are themselves involved, the customs people are also involved… the other state institutions are totally lax. So, when you have so many loopholes, things will pass through.*

Supporting enterprises to prosper

The moderator also asked President Mkapa and President Kagame how governments can act as facilitators for the growth of African businesses so as to increase the tax base. In response, President Mkapa said:

> *You must have a government that encourages initiative, innovation and trade, but if you have government and members of government who are jealous of those who initiate, who innovate and expand, then you will have problems. You will be an obstacle, regulated by all means, enforced and punished.*

Political will

To deal decisively with the issues raised by Dr Kituyi, President Kagame stressed the need for political will. He said:

> *It all comes down to politics—Is there political will in the whole structure of government? If there is [political will] on the side of government, normally it will encourage it in other sectors.*

Similarly, with respect to illicit financial flows, he considered that illicit transfers are happening because of "illicit politics … *So if we correct that then the rest will likely happen.*"

Reiterating the argument from his keynote address, a change of mindset is urgently needed. To highlight this point, he described how upon returning to Rwanda following a trip abroad, he met a group of government officials together with representatives of the private sector who were travelling to Dubai to procure a long list of items for construction of local facilities (including the convention centre where the forum is being held today). Yet, 60% of what they told me were things that could be procured in Rwanda. So he cancelled their trip and tasked the group to source as much as possible locally.

> *I said, 'No. You will go [to Dubai] for the smaller part which you cannot find here later, but now you go and look for these things.' And that's what happened. [This example demonstrates] that there is something going wrong. We need to correct different aspects of the structure of our economy.*

Dr. Kituyi agreed with President Kagame that the decision of fighting illicit flows is political. Technical competence and technical capacity are also required. He said:

> *It is political leadership. If you have a parasite state, that lives off illicit gains at a personal level and at the sacrifice of national income, there is nothing wrong that fundamentally cannot be resolved without a political decision.*

He added:

> *I know an African country which has signed a rent agreement on minerals with a Chinese company and it relies on the Chinese company to tell them how much mineral they have taken out, in order to assess how much rent has to be paid! And, it is not a country that is new to mining, it is country that has been there for a long time. This is politically criminal for an African state to be doing this kind of thing.*

Ensuring the integrity and value of remittances from the African diaspora

To more effectively and efficiently mobilize African resources, Dr. Kituyi also stressed the need for more active state engagement in ensuring the integrity of investments for the diaspora who are remitting money home. Of note, he related that a recently published UNCTAD report on the economic impact of migration within Africa found that one of the biggest challenges is the high cost of remittance that Africans pay within Africa. He said:

> *An African sending money from one African country to another pays more tax, more costs of transfer than other places elsewhere in the world. This means that international companies—Paypal, World Remit, Xpress—are making money off Africans from very modest remittances sent home. The governments of Africa must help facilitate cost-effective transfers within Africa. Under SDG Agenda 16.4, there is a target of no cost of remittance above 4% of the value of the remittance. We must take active step towards this.*

President Mohamud was vocal on the issue of remittances. For millions of people in his home country of Somalia, remittances from family members living abroad are a lifeline. However, the country faces a very serious challenge on the issue of compatibility with regulations of the remittance companies, many of which are based in western countries. For example, many banks and companies have stopped processing remittances to Somalia because they are not able to confirm the identity of the recipient or end user of the payment. But, in reality, an old grandmother living in a very remote village, who is sent $100 from Minnesota or London or Stockholm, may find it almost impossible to provide the identity documents required per the remittance company's standards.

Public-private partnerships

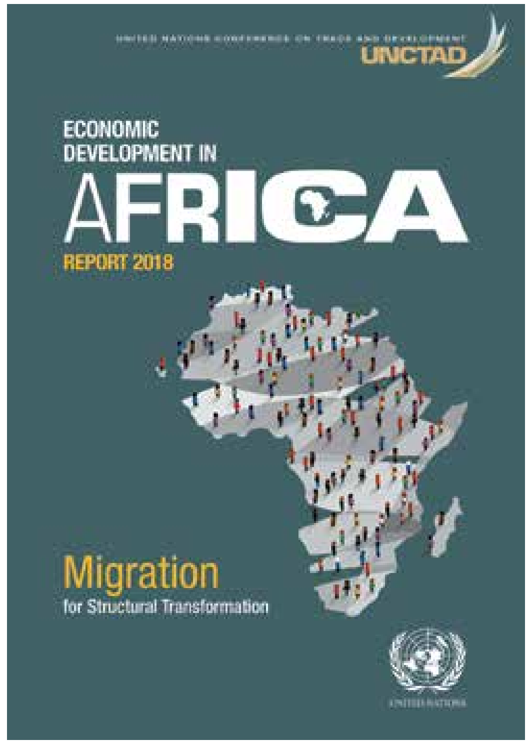
Dr. Kituyi also highlighted the importance of public-private partnerships as an important component of development financing. He related that at a recent summit meeting of the EAC, he noted that the leaders held a very cynical opinion on private-public partnerships, talking as if these arrangements were a conspiracy. He said:

> *I think it is necessary to embrace the reality that our own private sector has to be an important partner. The challenge is the integrity of the contracting. The Economic Commission for Europe has done a typology of contracts, how to make bankable public infrastructure projects for PPP. Instead of strengthening our ability to audit projects, we are being cynical, which takes away a critical player in the financing of our development activity.*

Facilitating small enterprises in the informal sector

In Africa, supporting businesses in the informal sector is vitally important. For example, in Burkina Faso, 75% of enterprises are in the informal sector. Yet, in many countries, governments have made conditions so difficult for small domestic businesses that they are almost criminalized. As a result, businesses remain informal and refuse to have a fixed address. For example, Dr. Kituyi related:

> *We tell the informal sector we want to register them so that they pay tax. We don't tell them we want to register them so as to avail services. … So you make small enterprises grow horizontally to create a multiplicity of small enterprises for fear of the pain of becoming formal. I think the political decision to facilitate small enterprise is phenomenal in how much revenue it can generate for the state.*



In her comments as the moderator, Ms. Gichuru wondered if it is time for African countries to just accept that informal is normal. She said:

> *Instead of treating the informal [sector] as if it is this dirty sector, it is actually the backbone of many of our economies and these are the people honestly sweating, and if we first start with a respect for what they do.*

In response, President Mkapa considered that African countries must have a programme of formalization for small businesses. He said:

> *You must have a programme of formalization of the informal sector. Disabuse them of the notion that you want them to formalize because you want their taxes, no. Educate them that by formalization they have access to more capital, yes, recognition in law, and [that] no one can divest them of any of their properties.*

President Mohamud concurred that the issue of informality is a significant one in many countries, particularly in fragile or post-conflict countries where systems are still weak. However, he added that what is important is that people want to do business. Hence, what needs to be tackled are the circumstances that compel people to remain informal and act to avoid official channels.

Later in the discussion, President Obasanjo shared his thoughts on the informal sector. He said that his mother was in the informal sector and if she had been told that officials wanted to organize her, she would have been rightly suspicious. He said:

> *"These officials, who say they want to organize us. No, there's something else they want, and what do they want?" Now that is true. What do you want to organize them for? The first thing their mind will go to is you want to tax them. Now if you want to tax them, they will not let you organize them. They will go through that route that President Kagame talked about. Because if they go through the main road, you will tax them.*

Instead, President Obasanjo advised that you need to help small enterprises:

> *They only need to know that you are going to help. If they know that you are going to help them, they will make themselves available.*

President Mkapa concurred.

> *We are not formalizing them for tax purposes. We are formalizing them as the engine of economic and social transformation. First, recognition in the state. To allow for their inclusivity in formulating [the development path] and so on. They will feel that they are part of the state. So, first inclusivity. Secondly, to recognize that they are an important part of the economic framework. Three, that it is to their benefit. Because you are making arrangements for them to access capital, you are making it possible for governments to organize their markets for them, both internally and externally. You are making it possible for them to establish partnerships among themselves, and certainly you are making it possible to be an instrument of regional cooperation. All those things centre on the development of these units called informal. Without undertaking that work, you will leave them in total poverty. Really, we must rethink. It's not just a question of taxation, no. In Swahili we say, 'Uwezeshaji'. You are enabling them to be good productive citizens not only of their countries but of the region.*

The moderator also highlighted the importance of ensuring that local businesses have the opportunity to supply their governments.

> *How do we give them preferential access to procurement within government? Government is one of the biggest suppliers, one of the biggest markets for many of our economies, so, how do we do that? That's another incentive for them to come into the light.*

In comments from the floor, a delegate from the private sector stressed the importance of providing practical support for local businesses.

> *In Africa, we are very good in developing policies for enterprise development, for supplier development, innovation, this and that, but what are we doing practically to make sure that the innovation that we produce becomes practical and is consumed in Africa. We need to support our local businesses. We need to support businesses that are operated by women and youth especially. Not because we are women and youth, but because we can deliver. We are intelligent, we have got products and got services that we can deliver. Enterprise and supplier development should have a structured approach. I am glad that H.E. Paul Kagame mentioned that he stopped purchasing in Dubai and promoted local business. That is what we need to do in Africa. If a young person comes through with a business, do not tell us that we do not have collateral or experience but give us the opportunity, mentor us, hold our hand, and give us the finance.*

Looking within to optimize domestic resources

Dr. Kituyi called upon his generation of African public intellectuals, public officers, heads of international institutions, government officers and political leaders, "to unlearn what we learnt and learn new realities about how we are going to drive development in Africa." He related:

> *When we grew up we were structured to think about development as an engagement with the industrialized North. That, by certain agreed norms of what macro-economic development should be, to see how they can help us to grow. Today, we are living in a very hostile environment, with the rising voices of protectionism, with some leaders calling our continent very unpleasant names. With shortening global production networks because of technology enabling them to conquer the challenge of labour, re-domesticating textile production in Georgia, for example. Meaning even the projected markets for our exports are under threat. Project sources of development finance are drying up.*

Therefore:

> *We have a collective responsibility to see how to optimize domestic resources, how to separate and criminalize personal appetites that exceed responsibility for high office. Demonstrate that we can learn to stigmatize political thieves. I mean, it this is simple, and I think collectively we can unlock the potential, which if we fail is going to create a major crisis because of an army of unemployed educated African youth.*

Harnessing the huge opportunities for African transformation

Echoing the security concerns of President Mohamud, one delegate said that the situation in Libya and its immediate consequences in the Sahel region of Africa are dire; it is a very sad story of growing instability and violent extremism. However, looking beyond the disturbing security situation, there are positive stories emerging in the Sahel. The UN working closely with the African Union is supporting development opportunities in the region, for instance, the potential for harnessing renewable energy through solar farms is enormous, which, if tapped, can fuel a transformation in agriculture. Teaming up with the private sector, he believed that Africa can change the narrative and give hope to young people and prevent them from becoming victims of extremist ideology. If political will is present, countries in the region can leverage these opportunities by taking advantage of the SDGs and working through regional organizations, such as Economic Community of West African States (ECOWAS) and the Lake Chad Basin Commission (LCBC). In addition, the Sahel has a huge diaspora, particularly in Europe. Therefore, if the costs of remittances can be reduced, they can become a huge source of funding for projects throughout the region.

On the issue of opportunities, President Mohamud related that in one recent year, Somalia exported five million head of livestock. This was achieved by local business people; apart from limited facilitation, the government had little to do with it. He then imagined what could be achieved if financing was available in his country.

> *Imagine now [if] these young boys and girls who did this, if they had the access to financing and then, as a result, built meat factories, leather factories for 5 million head. How much employment would be created? How much income for the government would be created? So, accessibility of the finance is very important, and the governments have to advocate and lead to facilitate the easiest way that the financing opportunity can be given to those small traders and business people.*

Fighting mental colonialization to achieve true independence

H.E. Joaquim Chissano, former President of the Republic of Mozambique, strongly agreed that it is time for African leaders to stop talking and act. He said that, if implemented, the New Partnership for Africa (NEPAD), that was championed by Presidents Mbeki and Obasanjo and adopted by the AU in 2001, solves all of the problems raised. So, he wondered why Africa's current leadership is not implementing NEPAD. Reflecting on the generation that fought for independence, he said that Samora Machel, Mozambique's first President used to say:

> *"We have to fight against our mental colonialization." And so we wanted independence and to live in an interdependent world. But I think that some of us have forgotten that we have enemies who do not want us to be independent. Because they want to continue living off of our resources. And we did not find yet the way of utilizing our resources for the benefit of our own people.*

In closing, he counseled that Africa will continue to deviate away from the continent's aspirations unless Africa's leaders agree among themselves on action.

Corruption is toxic to transformation

One delegate stressed that Africa must stop corruption.

> *Corruption has been very toxic. We all know about it. But how do we kill it? Because if one becomes corrupt, it's a two-way process, others will say the politicians are corrupt and others will say the business person is corrupt. But it is a two-way thing, somebody has to initiate the corruption, somebody gives and somebody takes. So, business and political, is all involved in the corruption. Let's make sure that we cut that.*

Multinational corporations are similarly involved.

> *The multinationals—They come into our countries, they look for opportunities, they look for local business to partner with, but the first thing they will ask you: "Who are you connected with?" We don't want that. We want to do business that is very clean, business that is profitable, and business that is sustainable.*

A strong bureaucracy is needed for implementation

Expanding on the issue of political will and commitment, one delegate stressed the need for a strong civil service with the technical expertise to translate policies into action.

> *Our political leaders cannot deliver if they don't have the right civil service.*

He lamented that much of the bureaucracy was wiped out by the structural adjustment programmes of the 1980s. In addition, many of Africa's leaders make appointments based on ideological fit rather than skills, and with every change of government, civil servants come and go. In this way, institutional knowledge and experience is lost.

President Mkapa agreed. Without long-term continuity of action, the continent's development will be hampered, even reversed.

> *We have transitions of government in African countries, sometimes after 10 years, sometimes after 5 years. But one of the problems you will find is that when a new government comes, it thinks that all that was done by the previous government is no good. They must start afresh. It's impossible. So, if you have no element of continuity at all, you have problems, no development, no transformation. Sometimes, we even take the transformation process backward! One of our leaders told us in Tanzania, in Swahili, he said 'Kila zama na kitabu chake' or 'Every government has its own book.' But that does not mean that the previous book has no relevance to the book that you are writing now. This has to be stressed.*

Africa must stand together for its own benefit

In closing the discussion, President Kagame quoted a Rwandan proverb from his country but one that he expected would be found in other African countries. He said:

> *"The cattle will not go to green pasture to graze before they consume what is around the home."*

Interpreting the proverb in the context of the present discussion, he said that Africa must be self-reliant and look to its own interests.

> *We can not keep living with the understanding that somebody is there for us, that somebody is there to take care of us. That somebody is there to provide for us. This does not preclude partnership, it does not preclude working with others. But we really have to start by being there for ourselves and then from there we work with others. Absolutely. So, what we are trying to answer in all our discussions, I think is this one: When does Africa stand for itself? … As former President Obasanjo was saying, we must work together. But what do you bring in working together? You have to bring something. And we have got to bring this continent to stand strongly together; but by bringing something that makes it stand firmly and strongly as it should be. I think at the heart of this discussion is that point.*

Participants during the opening plenary.

Session I: Domestic Resource Mobilization

Africa's tax revenues are still relatively low, and much of Africa's economic activity happens within varying degrees of 'informality'. The reasons for this state of affairs are many, but it leads to the decreased ability of national and super-national organizations to finance beneficial public investments. Alongside efforts to strengthen tax revenue collection, non-tax revenue needs to be explored and enhanced across the continent. How can lesser used funds—for example, pension schemes and insurance funds—be leveraged for development? The use of private finance for public goods, especially infrastructure, is also growing across the continent in a variety of sectors. Often these investments fall into what are known as public-private partnerships (PPPs). When successful, PPPs leverage the strengths of both partners to expand and improve public services. However, not all PPPs have worked out well for development in host countries. Therefore, African decision-makers need to be better equipped to ensure effective adoption of this financing model. What are the prerequisites for success? What safeguards do both partners seek, and how can they be monitored and maintained? How can political support for PPPs be sustained and political interference curtailed? How can the risks be fairly managed?
To examine these critical issues, the forum's first session focused on domestic resource mobilization. It commenced with a presentation by Prof. Njuguna Ndung'u, former Governor of the Central Bank of Kenya, followed by a panel discussion. Edited highlights of the discussion are summarized in the sections below.

Africa rising: The continent has demonstrated strong capacity for growth
To begin, Prof. Ndung'u gave a brief overview of Africa's growth story. He said that, since 2000, Africa has achieved stronger economic growth, driven by different factors in different countries. Some of the important factors underlying the continent's growth include improved institutional capacity, greater policy clarity and stronger political accountability. Many African states have also put in place long-term national growth strategies/visions, such as Kenya 2030 and Tanzania 2025, as well regional visions. And finally, there has been a focus on public investment in infrastructure.

The African growth story is also inextricably linked to the expansion of the middle class. Presently, about 350 million Africans are in the middle class, which is a huge market that tilts and shapes market demand. The middle class is also a class of innovators and investors, as well as the class that drives policy. Perhaps, most importantly, this class is deeply conscious of the need and benefits of peace; they have everything to lose in the event of civil war, so they will drive peace in African economies. Typically, in countries with a large middle class, there is less political upheaval, less violence, and a lower likelihood of civil war.

Another aspect of the continent's growth narrative is digitization. Again, the East African region with Kenya leading has shown how digitization can succeed in increasing financial inclusion and deepening the financial sector, thereby pushing the whole economy with it. Digitization is helping informal markets formalize. First of all, digitization helps to formalize transactions, and can open up opportunities for saving without ever having to take a trip to the bank.

What are the checks on African growth and transformation?
Prof. Ndung'u then asked a series of questions: What are the checks on Africa's growth and economic transformation? What seems to be the problem of resource mobilization? Does the constraint relate to a lack of domestic resources for mobilization? Or is it a policy management failure to mobilize the continent's financial resources?

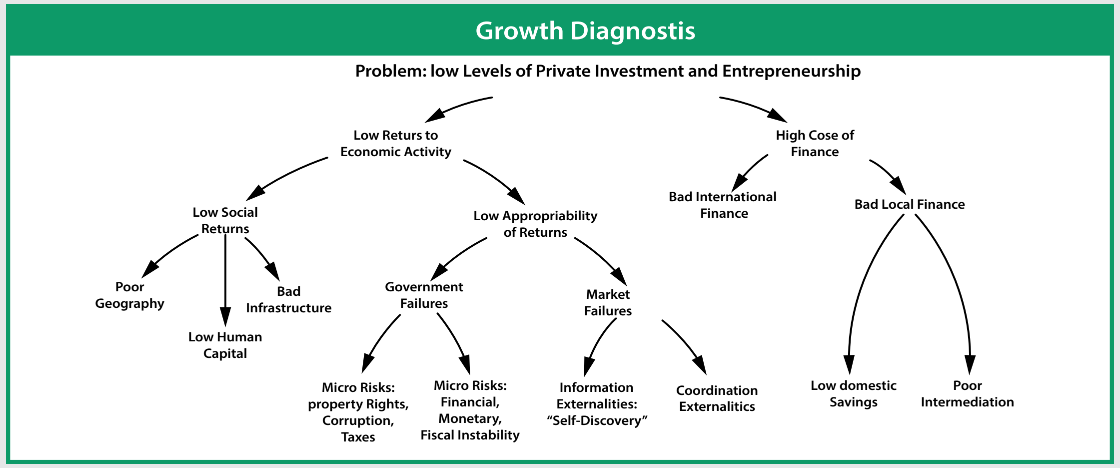
In answer, he considered that the majority of African countries have experienced three general problems over time. First, countries that have a national vision tend to lose focus on the goals and indicators of that vision. Second, massive failures of coordination in the public sector cause governments to lose control over events. Third and finally, when the public sector fails, expectations of the private sector are blurred, and governments have the tendency to kill the incentive for the private sector to operate. Therefore, he suggested that the problem does not solely relate to the quantum of resources available. Most of the time, the vision is quite clear and countries can look for ways to provide finance, but governments tend to forget what the vision was all about. Resource constraints have been reinforced by poor management that limits efficient outcomes and inhibits the social, political and economic transformation of Africa. As one government official said:

> *Most African governments, including Kenya, are capable of scoring own goals, most of the time.*

Diagnosing the constraints on growth

Prof. Ndung'u introduced a framework for analyzing and diagnosing the constraints on growth (Hausmann, Rodrik and Velasco, 2004), specifically the problem of low levels of private investment and entrepreneurship, which affect many African states (see Figure 1).

Figure 1: Diagnosing the constraints on economic growth



Source: Hausmann, R., Rodrik, D., & Velasco, A. (2004). Growth Diagnostics.

As the analysis shows, low levels of private investment and entrepreneurship can be traced to two principal factors: i) returns to economic activity are low; and ii) cost of finance is high. In turn, chains of causes are identified for these two limiting factors. For example, the high cost of finance can be traced to the lack or absence of appropriate international and domestic finance. In turn, the lack of international finance can be the result of high country risk or due to poor integration with external financial markets, while the absence of domestic funds can be due to low levels of local saving and poor intermediation.

Similarly, the low return on economic activity can be traced to low social returns and low appropriability of returns. For example, low social returns can be the result of low levels of investment in human capital and infrastructure, while the inability of private businesses to appropriate returns from their investments can be due to a whole series of reasons: high taxation, poor property rights and contract enforcement, high corruption and crime, rigid labour market conditions/labour-capital conflicts, and/or poor learning and coordination externalities leading to low product diversification.

Given these binding constraints, Prof. Ndung'u felt that African states cannot succeed. For example, Kenya decided to address the high cost of finance by capping interest rates but rather than promote investments, all of a sudden, credit to the private sector went down. The Kenyan experience highlights that the price of credit has nothing to do with banks being monopolists, it has everything to do with the opportunities available for investment and the risks involved. If an investor cannot make a return or cannot appropriate the returns made, then they won't invest.

Positively, Africa is embracing digitization which is revolutionizing the financial sector on the continent from electronic payments all the way up to sustainable business models. Digitization means that resource mobilization can be easier. For example, the Kenyan government started selling short-term treasury bills via mobile phone, and the investments have been huge. This demonstrates that African states can mobilize resources. The next question is: how and for what are we going to use those resources?

Taxation in Africa

Turning to the issue of taxation, Prof. Ndung'u described that the tax base in most African states is low, hence tax effort is also low. For example, Table 1 presents data on taxation indicators for four countries in the East African Community (EAC). As can be seen, the official tax rates (both VAT and income) are comparable across countries in the region. However, rates of revenue mobilization differ significantly. The target for government revenue as a percentage of GDP is 25% for each country, but only Kenya's collections are above 20%. For the other three countries, revenue collections are well below 20%. The data also show that reliance on foreign aid is still significant in most EAC countries. Moreover, the resource gap, i.e. savings minus investment is large and the levels of savings and investments are both low. Taken together, the data in the table show that governments have little scope to actually rely on taxation unless tax policies are redefined.

Table 1: Taxation metrics for countries in the East African Community

	Kenya	Uganda	Tanzania	Rwanda
Corporate tax rate (%)	30	30	30	35
Value Added Tax (VAT) rate (%)	16	18	20	18
Government Revenue / GDP (%)	22.8	12.5	17.0	12.8
Official development assistance (ODA) / GDP (%)	4.0	12.0	11.0	21.0
Investment / GDP (%)	20.9	24.2	29.0	21.4
Savings / GDP (%)	14.1	20.2	20.1	14.1

Source: World Bank, World Development Indicators (WDI) database and International Monetary Fund, World Economic Outlook (WEO) database

Why are the tax base and tax effort low in Africa?

Prof. Ndung'u identified several factors to explain why both the tax base and tax effort in Africa are low. First, due to the poor design of fiscal policy, i.e., the way the taxes are designed, taxation is commonly perceived as a penalty not as a developmental incentive, so "everybody runs away from paying taxes." The smaller tax bases, too, reflect the persistently high levels of youth unemployment. African states also have weak tax administrations, which are often seen as predatory by the small number of formal sector firms that contribute most direct taxes. Hence, attempts to raise the tax effort on a narrow tax base can severely impact business profitability and reinvestment of individual enterprises, which as noted in Figure 1, affects the appropriability of returns, and, in turn, returns on investment are reduced. Not surprisingly, high statutory taxes encourage informal activity and employment.

[3] Tax effort is defined as an index of the ratio between the share of the actual tax collection in GDP and the taxable capacity. Taxable capacity refers to the predicted tax-to-GDP ratio that can be estimated with regression analyses, taking into account a country's specific macroeconomic, demographic, and institutional features. Source: Minh Le, T., Moreno-Dodson, B., & Bayraktar, N. 2012. Tax Capacity and Tax Effort Extended Cross-Country Analysis from 1994 to 2009. Policy Research Working Paper 6252. The World Bank, Investment Climate Department, International Trade and Investment Unit

He cited a couple of examples of retrograde tax policies. For example, the East African region, particularly Kenya, has led the world in terms of mobile phone financial services and even retail electronic transactions. Seeing the potential to raise revenue, successive Kenyan governments have imposed taxes on these transactions; they started at 10% and now have raised the rate to 12%. As a consequence, Prof. Ndung'u believed that in the next five years, everybody will return to cash to avoid this tax. Another tax has been imposed on any bank transactions of over half a million shillings, regardless of whether the person is making a payment or not. He added:

> *By the time your money hits the bank, it's already taxed, so it is your disposable income. Suppose you are paying [school] fees for your kids and you have to pay another tax for that! Anyway, these are poor, poor, policy decisions … It's not going to help us.*

To correct these deficiencies, Prof. Ndung'u advised that tax authorities need to be empowered. Revenue or tax administrations must be strong to prevent leakages. But, most importantly, and urgently, governments need to find ways to incentivize taxes so that more people pay taxes rather than a few.

Policy interventions and appropriate instruments for domestic resource mobilization

In short, African countries demonstrate constraints with respect to old (more traditional) resource mobilization strategies. National savings are very low, stock market capitalization as a share of GDP is weak, and tax revenue as a share of GDP is fairly constant at 17% for resource-scarce countries, while the percentage varies for resource-rich states

As mentioned earlier, most economies in the EAC have developed long-term development strategies to transition to middle-income, industrialized economies. But, to generate this growth will necessitate a tremendous increase in resource mobilization, both domestic and foreign. Therefore, new avenues and instruments will be needed to mobilize domestic resources.

Prof. Ndung'u identified a number of strategic policy interventions and instruments with the potential to overcome binding constraints. On the policy front, his recommendations included:

- Market development reforms to promote long-term financial development and increase national savings, such as the establishment of credit reference bureaus, legal system reforms, and processes to enable collateral for loans as well as contract enforcement
- Market-enabling policies for private sector development, such as targeted financing for small and medium sized enterprises (SMEs) and deepening the scope of pension funds
- The development and funding of national and regional development financial institutions, such as the Africa50 Fund[4]
- Social safety nets to cushion the unemployed
- Strengthening institutional capacity and capability to ensure ongoing development focus, policy clarity and efficient coordination despite changes in political regimes.

In addition to the adoption of sound "incentivizing" tax policies, he also identified a number of instruments for governments to consider as ways to improve domestic resource mobilization, for example, the introduction or expanded use of targeted infrastructural bonds, diaspora and/or sovereign bonds, and the prudent use of pension funds to deepen domestic financial markets. He also highlighted the importance of public-private partnerships.

> *The way PPPs have worked in some countries is that it is like a joint action. … My argument has been that most of the countries can succeed if they let the private sector invest in some of the areas [within the country's development agenda] on the basis that we can actually levy some return for them.*

Designing and marketing specific government bonds to encourage investment by citizens also represents a means to increase both domestic savings and government resources for investment. Similarly, digitizing financial services offers great potential to raise the level of domestic savings by extending the frontier of financial access to more citizens. By increasing financial inclusion, the "mountains of deposits from micro savers" can be added to the country's supply of funds for investment.

The present context and way forward

To wrap up his presentation, Prof. Ndung'u shared the findings from a 2016 study on the growth traps and opportunities for six of the largest economies in Africa.[5] The book's case studies were Ethiopia, Ghana, Kenya, Mozambique, Nigeria and South Africa but the analysis is applicable to countries across the continent. Two overarching questions guided the analysis: i) What is going to happen to the continent's youth bubble? and ii) Is Africa going to experience any demographic dividend?

The study concluded that macro-economic stability has been largely achieved but the pattern of growth in these countries is poor as it is dominated by resources but manufacturing is absent. He added:

> *It is very difficult for us to come up with a dynamic growth process—or even poverty reducing or inclusive growth—when manufacturing is absent.*

The third finding is that the complexity of production remains low. And, consequently, it cannot generate enough jobs even for the youth of the continent. For example, the East Africa region produces the best coffee and the best tea, but there is no value addition in production. Reports and recommendations have been made about restructuring the coffee industry in Kenya and value addition in tea, but nothing has happened. "We export our tea for grading. We do not even repackage it."

In closing, Prof. Ndung'u reiterated that it is not the availability of resources that is the problem, it is the management of those resources. Therefore, he stressed the importance of staying focused on the strategy for growth.

> *This is where our problems start … and this is where we call upon ourselves in terms of state capacity and even institutional capacity, to actually support and focus clearly on the goals that have been set. Resource management is as important as resources themselves.*

B. Panel discussion

Moderator: Ms. Julie Gichuru
Panellists:

- H.E. Armando Guebuza, former President of the Republic of Mozambique
- H.E. Mohamed Moncef Marzouki, former President of the Republic of Tunisia
- Prof. Njuguna Ndung'u, former Governor, Central Bank of Kenya
- Mr. Ali Mufuruki, Chairman & CEO, Infotech Investment Group Ltd.

The panel discussion delved further into what constitutes domestic resource mobilization for development financing in Africa and how it could become a significant source of financing for the continent. Important issues are summarized in the sections below but as per Chatham House rules they are not attributed to individual participants.

[4] Africa50 is an investment bank for infrastructure in Africa that focuses on high-impact national and regional projects in the energy, transport, ICT and water sectors.

From L-R: Ms. Julie Gichuru, Prof. Njuguna Ndung'u, H.E. Mohamed Moncef Marzouki, H.E. Armando Guebuza, and Mr. Ali Mufuruki.

Corruption bleeds the continent of its resources

One panellist lamented that Africa continues to beg for external investment, yet the continent possesses all of the resources to promote its social and economic transformation. Why has this paradoxical state of affairs arisen? In answer, he said African countries are begging because they have failed to protect its own resources. And the biggest reason is corruption. African countries are haemorrhaging resources due to corruption and then seeking to cure this situation through transfusions of debt, which makes the situation even worse.

> *We are curing corruption with debt. And of course, we would use more and more money to repay the debt because of corruption. I will give you an idea about Tunisia; after the revolution we tried to figure out how much money we have lost by the corruption of the dictatorship. For the moment, we think that Tunisia has lost about $26 billion in corruption. Just imagine, Tunisia is a small country. We are 12 million people like Rwanda, so imagine what we could have done with that $26 billion to improve the situation of this country and probably prevent the revolution! So, the prerequisite for any progress is …before everything, we have to tackle the main political and moral problem which is corruption.*

[5] H. Bhorat and F. Tarp (Eds.) 2016. The African Lions: Growth Traps and Opportunities for Six African Economies

Another panellist described that beyond the monetary losses, corruption is destructive of excellence in society. He said:

> *We make a mistake by looking at corruption only through the lens of money and the magnitude of the money lost through corruption. It is the destruction that corruption does to society is what we should be looking at. Aristotle said, "Happiness is achieved by man, when he is excellent at what he does." Corruption destroys excellence in society. It makes people forget that you can only be excellent as an engineer if you do things that engineers do well, or as a doctor or as an accountant. But, if as a 30-year-old person, I come out of school and I have been raised on the belief that you need to seek excellence in what you do, then you will do well for yourself and also for your society. But if you join an organization where you find that everyone is getting along and getting wealthier through stealing. So, at that age of 30, you change your beliefs from wanting to be the best accountant, from wanting to be the best engineer, the best doctor, to actually making money as quickly as possible. That is what has happened to Africa. And when we talk about corruption and its destructive forces, we should not worry too much about how many billions. We should worry about how many lives, how many ambitions it destroys, how many good people it turns into bad people, who then become destructive.*

National savings

Domestic savings are a foundation of national development. Except for states and nations that have acquired their wealth through war, conquest and colonization, which is what most western countries did, all other nations that have achieved their wealth through national savings.

> *China did so, Vietnam did that, Malaysia did it, almost all the emerging economies. They started by saving. Because you cannot build anything, you cannot build industry, you cannot build any assets with borrowed money. You cannot build any assets with money that comes to you by way of grants. You can only build assets and things like industries with money that you have saved over time.*

More efficient platforms are required to increase savings on the continent. Positively, virtual savings and loan products have emerged, for example, M-Shwari deposit and loan accounts are micro-savings and loan facilities. Started in Kenya by the Commercial Bank of Africa, these services have now expanded into Tanzania as M-Power and into Rwanda and Uganda as More Cash. These services collect data on transactions and savings and then use that information to price loans to customers. In this way, the digital revolution is allowing more people to save and borrow.

However, one contributor was less sanguine. He said:

> *I think one of the bottlenecks to domestic mobilization of resources is that many people lack the savings culture. In our region in East Africa, the biggest investors are the Indians. For the Indians, even at a minimum wage, they will put a percentage down for their savings. Not for themselves but for their grandchildren. But we don't have a saving culture. We want to spend. As we get it, we spend it.*

Similarly, many governments in Africa are perpetually overspending their budgets; running big deficits year after year. In such an environment, it is extremely unlikely that a national savings culture will be instilled that increases resources for investment.

Transformation requires a critical mass of skills across both public and private sectors

Delegates agreed that the population should be encouraged and enabled to contribute to the national resource mobilization effort; financial inclusion will be the single most important driver of transformation. So, too, continental transformation requires a critical mass of specialized skills across both public and private sectors. At a minimum, this collaboration will require public trust in government; transparency and strong systems for the management of public finances are prerequisites of the social contract as well as establishing a conducive climate for investment.

Africa needs to demonstrate that it can work with the private sector, that it is capable of having policies that are private sector friendly, pro-growth but also pro-investment. If policies are not consistent and predictable over the long term, the continent will never be able to raise money. But public investments are very, very important, because they are complementary to private investments; they open up the economy, and can enhance private sector investment profitability. Rather than disparage PPPs, African governments must re-define what it wants the private sector to do.

For all sources of finance, African countries must clearly set the agenda and prudently manage the funds

Foreign direct investment, though external in origin, can be an integral component of domestic resource mobilization, so long as African governments clearly define project outcomes. Countries must identify priority sectors, what they want to achieve, and what sources of capital will best achieve their goals. One delegate said:

> *We should not just say: "We want to build a power plant and it ends there. And it costs $500 million and this is the tender." We should know how we want to finance it? Why, to what outcomes, and how we are going to repay it? And how we are going to make our country trusted?*

All resources must then be utilized prudently because if governments go on consumption sprees with borrowed money, markets will lose faith in those countries and then borrowing becomes expensive and that source of borrowing disappears. Resource-rich countries have to be especially smart and savvy to ensure that foreign interests do not cherry-pick assets when they are cheap. Only the best FDI partners and packages should be accepted.

Despite global declines in funding sources, governments should also continue to seek ODA. But countries need to correctly understand its purpose.

> *We have always misunderstood ODA for development finance. It never was. You cannot use ODA to build industries, but you can use ODA to send people to school, to build human capacity, to get technical advice or advisory services.*

Africa also has a huge amount of money in pension funds that is already in Africa and needs to be invested. For example, the success of the bond market in Kenya is purely based on the pension funds because they can provide huge investments. But the administration of pension funds must be prudently separated from the investment of funds because these functions require different skill sets.

As mentioned earlier, if governments want to achieve efficient payments of taxes, they will need to design innovative fiscal and tax policies and tax payment platforms that are friendly not perceived as penalizing. However, given the fragility of many African states, one delegate voiced his concern on raising taxes as a means of domestic resource mobilization, especially when those in charge of government are not transparent in explaining what they are doing with those taxes.

> *If you tax to the bone, there's the possibility that you could plunge society into chaos. We would urge therefore then that the informal sector be drawn in more. In some countries, it is called the 'jua kali.' It means they work under the hot sun. But services are not provided to them. No water, no garbage collection, no roads, yet you want them to pay tax. I think first you should draw them in, be seen to be humane, provide for them, and then the taxation should be the last thing.*

Development financial institutions

Africa will need strong continental and regional financial institutions, such as the AfDB and the East African Development Bank. And it may need to establish sector-specific financial institutions, for example, for agribusiness and agro-based industries. In Kenya, for example, President Uhuru Kenyatta's is emphasizing the Big 4 agenda for economic growth. The Big 4 are: i) Expansion of the manufacturing sector; ii) Affordable housing; iii) Universal healthcare; and iv) Food security. Under this agenda, agriculture stands alone, but if agriculture and manufacturing are combined, the country can achieve both food security and industrialization.

From L-R: Ms. Julie Gichuru, Dr. Vera Songwe, H.E. Olusegun Obasanjo, H.E. Joaquim Chissano, and Amb. Dr. Yonov Frederick Agah.

Session II: Halting Illicit Financial Flows

The United Nations Economic Commission for Africa estimates that the illicit financial flows out of Africa exceed US$ 50 billion per annum—and even then, estimates do not exist for some countries and not all transactions may be observed. These massive losses of funds pose significant challenges to financing Africa's development agenda and broader governance. Africa's position in the global community has also weakened its ability to galvanize support to stop IFFs as many destination countries have not provided effective and efficient cooperation in repatriation and prosecution of culprits. Even within Africa, a 'race to the bottom' may already be underway as various countries attract investors by granting tax haven status. While not illegal, the practices of tax havens raise legitimate questions on the ethics of their use, as they potentially provide additional avenues for money to leave the continent. Comprehensively addressing illicit financial flows will require concerted, collective action at all levels: national, regional, continental and international. But, how can such an agenda be advanced and coordinated to stop the outflows and recover the wealth that has already left the continent? Where is progress being made and what more can and needs to be done?

The second session of the forum addressed these vital questions for Africa's future. It commenced with a presentation by Dr. Vera Songwe, Executive Secretary of the United Nations Economic Commission for Africa followed by a panel discussion, moderated by Ms. Julie Gichuru, with H.E. Joaquim Chissano, former President of the Republic of Mozambique, H.E. Olusegun Obasanjo, former President of the Federal Republic of Nigeria, and Amb. Dr. Yonov Fredrick Agah, Deputy Director General, World Trade Organization and Dr. Songwe. This section provides a summary of the major points made during the session.

H.E. Benjamin Mkapa stresses a point on IFFs and financing Africa's transformation.

The scale of the problem of IFFs

The magnitude of IFFs from Africa is staggering. Based on the most comprehensive data available, the sum of IFFs from African countries is at least US$ 50 billion per annum, which now exceeds the combined total of inflows from official development assistance (ODA) and foreign direct investment (FDI) received in the same period. In the three decades to 2009, it is estimated that Africa has lost close to US$ 1.4 trillion, with the scale of losses from West and Central Africa surpassing the rest of the regions. Such flows reduce the continent's capacity to mobilize domestic resources (including tax revenues) needed to fund development programs. As such, they represent a fundamental challenge to Africa's ability to finance its development.

The full extent of IFFs is practically impossible to track given that those responsible for the movement of funds take deliberate and systematic steps to hide them. Although difficult to quantify, there is widespread agreement that the amounts involved are massive and growing, and that they pose de ep problems, particularly in resource-rich countries and fragile states and/or those affected by conflict. Moreover, the true cost to the continent is significantly higher. The nature of the activities leading to the outflows invariably have a shocking impact on the social, economic, political and environmental well-being and stability of the countries concerned. Invariably, corruption and state capture are integral elements of activities leading to illicit outflow of financial resources. In both cases, the state is weakened and societies left more vulnerable as illicit profits are used to influence political processes, allowing the actors linked to such activities to hold power, and continue to profit from their criminal activity. As such, IFFs pose both economic and security challenges to Africa.

A definition for IFFs

The 2015 Report of the High Level Panel on Illicit Financial Flows from Africa, which was commissioned by the AU/ECA Conference of Ministers of Finance, Planning and Economic Development and chaired by H.E. Thabo Mbeki defined IFFs as follows:

> *Money that is illegally earned, transferred or utilized. These funds typically originate from three sources: i) commercial tax evasion, trade mis-invoicing and abusive transfer pricing; ii) criminal activities, including the drug trade, human trafficking, illegal arms dealing, and smuggling of contraband; and iii) bribery and theft by corrupt government officials.*

Global initiatives to halt IFFS

Dr Songwe highlighted the increasing international efforts towards combating IFFs, but noted the different objectives driving different authorities in this process. International initiatives to limit tax evasion and address the proceeds of crime have been ongoing for more than two decades, led mainly by the Global Forum on Transparency and Exchange of Information for Tax Purposes, established in 2000 to tackle the issues of tax evasion, tax havens, offshore financial centres, tax information exchange agreements, double taxation and money laundering. This OECD-led forum presently consists of 154 member tax jurisdictions and the European Union. By becoming a signatory, countries are able to better trace where resources have gone and then it is easier to go after corrupt officials or organizations. However, presently, only 26 out of 54 African countries are members.

Other important initiatives include the Financial Action Task Force (FATF), which seeks to combat money laundering and terrorist financing, and the United Nations Conventions Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Transnational Organized Crime and Corruption, and the Stolen Asset Recovery Initiative, a partnership between the World Bank Group and the United Nations Office on Drugs and Crime (UNODC). The 2030 Agenda for Sustainable Development and the SDGs also call on signatories:

- to significantly reduce illicit financial and arms flows by 2030 (SDG target 16.4);
- to substantially reduce corruption and bribery in all their forms (16.5);
- to develop effective, accountable and transparent institutions (16.6);
- to strengthen domestic resource mobilization, including through international support to developing countries (17.1); and
- to enhance global macroeconomic stability (17.13).

Continental initiatives to halt IFFs

Since 2011, AU/ECA High Level Panel on IFFs has been engaged in raising awareness, developing strategies and ensuring countries' commitment to addressing IFFs. This initiative has led to the establishment of the Consortium to Stem IFFs from Africa as a coordinating mechanism to strengthen the institutional and regulatory capacity of African countries to combat illicit outflows, increase advocacy for national and continental policy changes, and establish a multifaceted but united front to address the complex nature of IFFs from the continent.

Other key continental efforts include:

- The African Tax Administration Forum, which is a platform to promote and facilitate cooperation among African tax administrations and stakeholders.
- In West Africa, the Inter-Governmental Action Group Against Money Laundering, which was created to combat money laundering and the financing of terrorism in the sub-region.
- The Eastern and Southern Africa Anti-Money Laundering Group created to combat money laundering by implementing FATF recommendations and standards.
- In Southern Africa, the Committee of Central Bank Governors has been created to promote the development of financial institutions and markets, achieve closer cooperation regarding international and regional financial relations among the 15 central banks of the sub-region.
- FATF-style regional bodies created in Central Africa (Groupe d'Action contre le blanchiment d'Argent en Afrique Centrale) and North Africa (Middle East and North Africa Financial Action Task Force).

What needs to be done?

All of these initiatives are welcome. However, efforts to date have not been sufficient to stem IFFs. Curbing IFFs will require greater coordination and cooperation around key issues and players, including the private sector, governments, international organizations and civil society. Regional institutions, including Regional Economic Communities (RECs) should do more to help countries develop strategies to track, stop and reverse illicit financial outflows. International cooperation should be encouraged. The panellists agreed that the fight against IFFs must start with combating internal corruption. Africa's disdain of corruption and other vices feeding IFFs should be demonstrated in deeds. To date, almost no jail sentences have been meted out for high-level corruption. Other important measures would include education for the citizenry on integrity and building the capacity of the public sector to negotiate contracts. Political will is an essential prerequisite for the implementation and success of any of these steps.

Tax evasion constitutes a large component of IFFs from Africa. Although tax to GDP ratios in many Africa countries has improved, they are still lower compared to other regions. Significant sums continue to leave the continent through abusive transfer pricing, trade mispricing, mis-invoicing of goods, services and intangibles, and using unequal contracts, all for purposes of tax evasion, aggressive tax avoidance and illegal export of foreign exchange. Yet, national revenue authorities overly focus their attention on the taxation of profits. Enhancing tax transparency and collaboration is an important strategy in fighting IFFs, increasing its tax to GDP ratios and overall domestic revenue mobilization (DRM). The discussion also acknowledged that some transfers arise from peoples' insecurity for their lawfully acquired assets. Therefore, efforts to secure property rights secure will help to stem these outflows.

Six things that countries can do to combat IFFs

If they have not done so already, national governments were encouraged to take the following steps to combat IFFs:

- Strengthen national institutions, especially national revenue/tax authorities and customs;
- Sign and domesticate international conventions on transparency and information sharing;
- Require multinational corporations to provide comprehensive reports about their operations and make such reports public;
- Join voluntary initiatives to promote policies to tackle IFFs, such as the Extractive Industries Transparency Initiative (EITI);
- Institute information sharing and collaboration between relevant government agencies and ministries; and
- Formulate anti-IFF strategies and action plans and close loopholes, particularly in tax laws and anti-money laundering regulations.

Signs of progress

There are modest signs of progress across Africa in combating IFFs. In South Africa, the powers and independence of the Auditor General enables robust audits of big businesses, state-owned enterprises and mining companies. Similarly, in Nigeria, the Economic and Financial Crimes Commission (EFCC) has prosecuted big names, and the country has recovered about $US 1 billion of monies looted by the former military ruler, Sani Abacha.

Ghana is establishing a national registry of beneficial ownership of companies, and countries including Burkina Faso, South Africa and Uganda have brought in additional tax revenues using information gained through the exchange of tax information. Morocco is pursuing exemplary policies against drug trafficking. It also applies risk-based audits to transfer pricing, has strong anti-money laundering regulations and is implementing key provisions of the UN Convention Against Corruption.

Conclusion—African solutions to African problems

In summary, the forum reiterated the need for urgent need for greater collective action at all levels to stop IFFs. Most importantly, African states need strong independent agencies with autonomous power to tackle commercial practices, official corruption and criminal activities that bleed the continent of its wealth and resources for development.

Ms. Elsie Kanza, Head of Regional Agenda (Africa) and Member of the Executive Committee, World Economic Forum; and Mr. Abdoulie Janneh, Executive Director, Mo Ibrahim Foundation make contributions from the floor.

Session III: The Global Development Financing Architecture

The context for discussing financing Africa's development matters. Official development assistance is on a negative trajectory; for various reasons, less money is available under the traditional financing mechanisms for Africa's development. Alongside the states in the OECD are the 'emerging' and 'late industrializers' that are actively seeking opportunities beyond their borders. In addition to how and what financing can be secured, African countries must ask themselves what it is they wish to finance, and what models of financing make sense for which types of interventions? Who are the new players in this arena? And what are the implications for and of engaging with them?

The rise and potential of the African diaspora to provide financing for development is another critical factor. There are now over 30 million Africans living outside of their home countries, and they already contribute more than US$ 40 billion in remittances. The diaspora also has skills that are needed for the continent's development. Hence, a broader engagement with the diaspora regarding trade and investment opportunities, as well as frameworks for capacity development and skills transfer could provide a significant boost to Africa's aspirations. In recent years, Ethiopia, Ghana, Kenya, Nigeria, Somalia and South Africa, among others, have had successes in engaging their diaspora communities to finance their domestic development agendas and advance transformation more broadly. Lessons from these country experiences can inform other African states, but also inform how we may be able scale up the involvement of the diaspora to regional and continental interventions. How can the diaspora be more effectively engaged? What understanding does the continent and diaspora communities have of each other? What barriers exist and how can opportunities be better articulated, conceived and used?

This third and final session of the forum included a presentation on the global development financing architecture by Dr. Donald Kaberuka, former President of African Development Bank, followed by a panel discussion. Key messages that emerged from the discussions are summarized in the sections below. Again, as per Chatham House Rules, contributions from the floor are not attributed to individual speakers.

The evolution of development financing: Bretton Woods to neoliberalism and beyond

To begin, Dr Kaberuka traced the history of development assistance globally, which encompasses development financing. Initially, following World War II, the development challenge was primarily viewed as a resource gap, leading to creation of the Bretton Woods institutions—the World Bank and the IMF—as pillars of the framework to mobilize sufficient financial resources to fill the gap and rebuild shattered post-war economies. Since then, the thinking has continually evolved in a way that puts developing countries at the receiving end of assistance and the developed world holding a decisive role and power. Under these frameworks, policies, more than finances, were seen as the binding constraints in developing countries. Thus, the Bretton Woods institutions embarked on energetic policy advice to literally all developing countries, especially through the 1970s and 1980s. After that, the focus shifted to implementing neo-liberal economic policies, which focused on pushing back against any policies and institutions that were seen to be holding back development because they limited the free market. This was the foundation of the Washington Consensus (named after a meeting of the World Bank, IMF and U.S. Department of the Treasury in Washington D.C. in 1989) that prescribed neo-liberal policies as the best path to development. Neoliberalism is an ideology and policy model that emphasizes the free market, competition and a diminished role for the government. At the core of the advice to developing countries, including those in Africa was the insistence to remove obstacles to free market capitalism. If allowed to work freely, capitalism would drive development and generate wealth, which, over time, would trickle down to everyone.

Along with advocacy for neo-liberal economic policies, these frameworks raised the need for increased effort to build capacity for economic management. It was emphasized that governments should, at least in the medium term, aim to strengthen engagement with society and its social partners by, among others things: i) improving the function and capability of institutions; ii) strengthening the participation of organized sectors of society within them, and iii) enhancing the capacity of representative bodies by improving their research and representative support capacity on economic development and industrial policy. Without this capacity, it was argued, it is more likely that the environment for engagement will be reactive and that productive partnerships will not emerge with a result that socioeconomic development would be slow. In this context, significant resources were poured into non-state actors (NSAs) to enhance their capacity to engage governments and participate in governance.

More recently, the focus has moved on to governance as the most binding and urgent factor for development and transformation. Following this 'new realization', the IMF's Interim Committee at its meeting in Washington in September 1996 identified "promoting good governance in all its aspects, including ensuring the rule of law, improving the efficiency and accountability of the public sector, and tackling corruption" as an essential element of a framework within which economies can prosper, and adopted the declaration Partnership for Sustainable Global Growth. The declaration was followed by adoption by the IMF's Executive Board of a Guidance Note in July 1997 reflecting strong consensus on the significance of good governance for economic efficiency and growth. The guidance underscores the IMF's role and involvement in governance matters for economic development and social transformation. The guide therefore provides for:

- A more comprehensive treatment in the context of both Article IV consultations and IMF-supported programs of those governance issues within the IMF's mandate and expertise;
- A more proactive approach in advocating policies and the development of institutions and administrative systems that eliminate the opportunity for bribery, corruption, and fraudulent activity in the management of public resources; and
- Enhanced collaboration with other multilateral institutions, in particular the World Bank, to make better use of complementary areas of expertise.

Together, these create room for the Bretton Woods institutions to play an expanded role in the governance dispensation in aid-dependent countries, including those in Africa.

Changes in the global development financing architecture do not reflect the changes in international development

Dr. Kaberuka further noted that, while all of these objectives—filling the resource gap, and strengthened pro-growth policies, capacity and governance—were important considerations, they were based on faulty assumptions that:

(i) money was the critical solution to poverty, and was exclusively held by countries in the northern hemisphere, while;

(ii) poverty was a phenomenon exclusive to the southern hemisphere.

He observed that the global development financing architecture has hitherto failed in addressing global development challenges because, in part, it fails to contextualize solutions to the circumstances of specific countries. Additionally, the assumptions no longer hold given the major transformation of economic realities around the globe.

The biggest changes have not been so much in how development is financed, but rather in the field of international development and in the countries where this is taking place. For example, 50 years ago, four out of five people in the developing world lived in low-income countries; now four out of five people live in middle-income countries. Fifty years ago, two-thirds of the developing world lived in absolute poverty but, though still significant, that fraction has declined to only a fifth. Most of this change has taken place since the turn of the millennium, following the lost decade of the nineties. He indicated that, as of now, developing economies are doing relatively well both in terms of growth and as a stabilizing influence. In fact, developing economies have grown relatively faster than developed economies; even Sub-Saharan Africa has born witness to the same change. Since 2000, Africa has seen a significant growth in trade and strong performance in raw commodities. The ability of African countries to generate revenue domestically has considerably expanded. In addition, development financing from the South is now increasing—from China, India and Brazil in particular—which tends to come without seeking to overly attach policy requirements thus allowing more space for recipient countries to make policy choices.

Multilateralism is under siege

Dr. Kaberuka also related that, since 2015, multilateralism is under attack by the very same powers who championed it following WWII. It is no secret that one major power is now walking away from the Paris climate agreement, and undermining the rule-based trade agreements created in 1945. Moreover, the discussion about foreign aid has completely shifted from a development narrative to a migration narrative or, at times, a security and terrorism narrative. It's a completely different space from only three years ago. He said:

> *If you talk to ministers of aid now in rich countries, ministers of aid or international development or whatever they call them, now it is about how much aid can I give country "x" and in what format so that migrants can stay in that country? It's no longer about resources for development; it's about resources so that those guys don't come over to my country because they are causing me a populist overreaction.*

Hence, he advised that African countries need to rethink their own paradigm. Africa needs also to be at the table when the new global financing architecture is being discussed and developed. He quipped that a Kenyan Professor said that: "If you are not at the table, then you're on the menu!" He hoped that African countries will be part of the conversation to decide what kind of institutions are needed so that the continent can secure the appropriate kind of resource transfers, not only North or South but also within Africa and not only in the public sector but in the private market.

Transformation is not simply expanding the economy

Dr. Kaberuka made clear that transformation is not simply expanding the economy. Rather, transformation is making the economy more complex, moving up the global value chains, coming to a point where the economy taps into private capital and trade.

He identified two key elements for achieving the continent's transformation. First, African countries must take up the African Continental Free Trade Area (AfCFTA). Foremost, this requires a political decision not money. He said:

> *Does it [AfCFTA] require money? No, it does not. Does it create wealth for transformation? It does. But are African countries prepared to seize it? That is the question we need to answer. Because if that happened, it actually*

means that resources are not necessarily North or South, they are even here on this continent.

Second, Africa must invest in its human capacity. With respect to natural resources, one day they are found, but one day, too, they will be gone or they become technologically obsolete.

But one thing which will never be fired or become technologically obselete is the human brain… It is investment in the human brain and human capacity that goes side by side with the free trade, because once we allow that particular talent to circulate freely in Africa, instead of actually African talents sitting on Wall Street and they are many of them, suppose they found those opportunities here in this continent. Does it require a lot of funding? It does n't.

Dr. Kaberuka agreed that Africa should block all of the loopholes of illicit financial flows and it should improve on public financing management because mobilizing resources is only one part of the transformation equation; resources must be prudently invested and spent well. But, he reiterated:

The most important issue is to expand the economic space inside this continent and allow its most important talent to develop. This is how, in my little experience, countries have transformed themselves overtime.

Beware another debt crisis

He cautioned, however, that African countries should be careful not to fall once again into the debt trap—and a return to the era of heavily-indebted poor countries (HIPC)—as debt has been growing very fast following governments' newly found access to global capital markets. Accessing the market to finance development needs should be accompanied by a substantial boost to national debt management capacity, incorporating political and technical dimensions of debt management and considering both domestic and foreign debt dynamics. He said:

It is extremely important that African countries continue to experience the global capital market. Absolutely! There is no way to go back, but the issue is what kind of mechanism, institutions we can put in place to make sure they do it well. So that they can borrow well, invest well and have debt management capabilities. For me that is the issue. … I would remind some colleagues that Costa Rica some time back defaulted and the debt level was not high; it was 20% of the GDP.

Dr. Kaberuka warned that if the macro-economic framework was wrong or the governance structures are wrong then a country can fall at any level of debt. Therefore, the most important thing is how can we help African countries understand the golden rules of access to the capital market, strength and debt management. He recommended that the metric of debt to GDP ratio is an important indicator for countries to monitor as it is a partial rating outlook of the entire political framework—macroeconomic framework, debt management capabilities and internal debt as well. And, of note, it is internal debt which crowds out the private sector and, in particular, small businesses.

Charting more beneficial paths

In conclusion, Dr. Kaberuka observed that the history of development financing depicts effort by the developed world to influence the policy choices available to developing countries and that the power is now slipping out of their control, giving Africa an opportunity to think for herself and chart paths more beneficial to her own context and needs.

B. Panel discussion

- H.E. Benjamin Mkapa, former President of the United Republic of Tanzania
- H.E. Hassan Sheikh Mohamud, former President of the Republic of Somalia
- Hon. John Rwangombwa, Governor, Bank of Rwanda
- Dr. Donald Kaberuka, former President, African Development Bank

From L-R: Ms. Julie Gichuru (Moderator); Dr. Donald Kaberuka, H.E. Hassan Mohamud, H.E. Benjamin Mkapa, and Hon. John Rwangombwa.

The need for regional and continental cooperation for financing development

Panellists emphasized the need for Africa, through its regional and continental institutions, to watch out for the interests of the continent and design financing arrangements that meet its needs. They stressed the importance of cooperation among African states and highlighted the African Continental Free Trade Area, recently adopted by the African Union, as an important initiative towards that goal. It was also recognized that, as Africa is not a homogeneous entity; strong nation states and regional economic communities (RECs) will be needed for such a continent-wide trade arrangement to be successful. One panellist recommended that the leaders of Africa need to establish an institution or agency that is able to make decisions and implement solutions for regional and continental financing, one that is tasked and staffed to provide clear direction on major issues beyond the constant distractions and pressures of local politics.

African states need to work together in the true spirit of Pan-Africanism if it is to have a say on the emerging global financing architecture. One delegate reiterated the importance of the AfCFTA. The continent will only succeed in private sector development with the economies of scale provided by larger markets. The continent must first put its own house in order by promoting African trade, African education and leadership, and African research and development for the benefit of the continent.

Strategic regional projects could help bring about transformation but will require instruments for funding

One delegate proposed that the selection and implementation of a number of flagship development projects could help bring about the desired transformation of the continent. The re-filling or recharging of Lake Chad could be an extremely beneficial regional initiative. He described that Lake Chad, located at the conjunction of Chad, Cameroon, Nigeria and Niger, had lost 90% of its volume in 50 years. Taken together with the impacts of population growth and climate change, the rapid depletion of this water source, which supports millions of people in West and Central Africa, has contributed to instability, violence and extremism. The science indicates that the project is feasible—either by transferring water from the Congo basin or from the Nubian Sahara upper basin. However the question of funding for such a regional project is a challenge as there are presently no instruments for funding such a project. This was the advice of the International Finance Corporation (IFC). The delegate, therefore, assumed that the same scenario would apply if funding was sought from the private sector on behalf of ECOWAS or ECA or even the Chad Basin Commission. A project of this scope would clearly benefit from a regional funding approach, especially given the uneven development and capacity of the countries in the region to contribute funding, but right now such an initiative cannot get off the ground.

Dr. Kaberuka was in full agreement with this speaker. But, all that was needed was the political will in the countries involved. Just as happened in Europe with the formation of the European Economic Community following the catastrophe of WWII, African countries can overcome the barriers to development and become prosperous by doing great projects together.

> *I think we can structure, we can fundraise for these regional projects, if the country wants it to happen. If they want it to happen, it is not a technical problem.*

Greater private sector engagement is essential and inevitable

In part, as a result of neoliberal policies imposed by western donors in the eighties and nineties, it is now a reality that much greater resources are in private ownership than in the hands of governments and other public institutions. Therefore, governments were urged to build their capacity to engage strategically with the private sector and source capital that is less politically driven. One panellist related that, just last night, Apple Inc.'s market capitalization reached the US$ 1 trillion which means this single company is as valuable today as the entire size of Australian economy, or half the size of Africa's GDP! And if you added Amazon and Chevron, their value would exceed Africa's GDP. This confirms that the world has shifted, that funds for development have moved from public coffers to private coffers—into private hedge funds, private banks and individual pockets. The potential finance available is much bigger than all the money of all the governments put together. At the same time, it is not as political as the monies that governments or institutions such as the World Bank and the IMF control.

Therefore, Africa needs to accept and understand that the world has changed. The continent's Ministers of Finance should no longer be flocking to Washington D.C. for Spring meetings in April as if on a pilgrimage, when there is more money in New York, London or Beijing to finance projects. He said:

> *We are still sitting in the same house that was built in 1945, where now the doors and windows, and roofs have been removed. And we are still sitting there, and everybody has moved on. We are still worshipping the same architecture, the same organizations that are irrelevant, the World Bank, the IMF, even AfDB, I'm afraid to say, because the influence of the west, the AfDB today is so huge, it is so political. So, I think that we need to build our own bank, like the BRICS[6] bank, a bank where we have our own political influence.*

Another delegate concurred with this overall assessment of the changes in world finance but disagreed with the assessment of the AfDB. He said:

> *I think the AfDB is paramount but we should insist on reforming it and insist on giving it the resources that it needs. . . . And we have resources. If we take our reserves alone, our collective reserves as a whole are bigger than that of India, our pension funds are huge.*

By supporting and managing a series of African-led institutions, the African agenda can be moved forward. To succeed, governments should be more open-minded in selecting financing options, build and utilize domestic financing capacity, identify and avoid financing instruments imposing restrictive conditions, and think long-term in relationships with domestic and international capital markets.

The opportunities for South-South cooperation and partnerships

Given the ongoing reshaping of the global development financing architecture and the emergence of opportunities for South-South cooperation, Africa should take advantage of this changing context to cultivate new partnerships as well as leverage its own growing capacity to engage more favourably with global players. One delegate commented:

> *I think Africa needs to think about the fact that the architecture was never fit for purpose in the first place. It was not working well for the continent. It is now an opportunity going forward on how it is reshaped, and Africa needs to figure out entry points for where it can make input into the reshaping or at least the elements of the global architecture that are being reshaped.*

Countries were also urged to press for immediate changes to practices that were evidently detrimental to domestic development agendas. For example, the external procurement of health supplies—vaccines, pharmaceuticals and health equipment—driven by current donor funding arrangements crowds out the African private sector.

[6] In 2014, the leaders of Brazil, Russia, India, China and South Africa (the BRICS countries) agreed to establish the New Development Bank (NDB) to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies, as well as in developing countries.

Dr. Monde Muyangwa, Director of the African Programme, Woodrow Wilson Center and Mr. Hubert Danso, CEO of Africa Investor (Ai) Group share their views during the session.

A change of mindset in African politics

In summary, Africa has suffered for decades under an unfavourable and restrictive global development financing architecture, but it need not despair as recent global dynamics have opened up new prospects for the continent. President Mohamud counselled on the need for persistent effort and for patience. The reality is that Africa is 54 countries, not one country, and since independence, very deep and serious structural challenges have opened up. Africa cannot simply jump to the top of the ladder but progress is being made. In many countries in Africa, policies are not made for the delivery of public goods, but to gain an electoral advantage in the next term. Therefore, Africa needs to change the mindset of its leadership and its politics.

In closing the session, President Mkapa reflected on the current state of Pan-Africanism. He wished by now he could refer to himself as an East African from Tanzania but in reality there is still a long haul ahead to achieve that. He related that in a conversation with President Kagame, he had commented:

> *How come the British were able to rule Uganda, Kenya, Tanganyika and Zanzibar each with a different status—Kenya under the Imperial British East Africa Company, Uganda and Zanzibar as protectorates, and Tanganyika as a trustee of the United Nations—but the government or the rulers were one. The British were able to put in place a system of one customs authority, one harbors authority, one telecommunications authority, one railway authority, one airway system, one currency. They did that. We got our Independence and we went headlong into breaking it up, the East African High Commission as it was called. Now we have recaptured that, but we are far from getting those basic things that were operating wonderfully. Why? It is the political will. How else do you explain it?*

And he underlined that developed countries are not interested in Africa's transformation. For example, the European Union says they want to establish economic relations with African countries. But, in practice, they divide the regions. They seek regional negotiations but how then do you harmonize what has been negotiated by one entity with five different regions. In effect, it is divide and rule. He said:

> *So, are we Africans first? Food for thought…Are we going to develop together? Or are we going to continue being exploited separately?*

Closing Remarks by H.E. Benjamin Mkapa, former President of Tanzania

H.E. Benjamin Mkapa delivers closing remarks.

African countries have enjoyed independence for a little over half a century, and over that period they have established a record of socio-economic transformation even where this process has been interrupted by intra and interstate wars. That advancement notwithstanding, there is now a piercing cry for faster transformation, in the form of food security, better education, better access to health services, better attire—in spite of the second-hand clothes or because of the second-hand clothes—less drudgery and indeed better leisure. This imperative is captured by the African Union's Agenda 2063 of a prosperous and peaceful Africa driven by its own citizens and representing a dynamic force in the international arena. It is an Africa which relies on the potential offered by its people, especially its women and youth, coupled with a leadership that is results-driven and a leadership that is accountable.

To achieve this development, huge investments are needed, which of necessity must be multi-sourced. The starting point, however, must be self-reliance. Developed countries will not develop us; Africa must develop itself and we must own the process of transformation. As part of the condition of ownership, it is important to look at domestic mobilization of resources through government development budgets, through local investment, through enabling legislation, through domestic preferences, through the tax structure, and so on. There are also development projects with regional coverage and impact is regional. I am glad we are going through possibilities for regional funding for such projects, which require funding strategies across borders, either bilaterally or through institutions of cooperation and integration.

But, along with domestic mobilization, it is important to reflect on the role of the diaspora as a growth source, for instance, what kind of preference in tax policies and dual citizenship conditions will enable the increased participation of the diaspora in the transformation process. The terms on how the continent's natural resources are exploited also need to be examined further, re-negotiated and, from a Pan-African perspective, harmonized.

So, too, development assistance must be taken into account. This is only crucial where it is aimed at alleviating poverty through economic development, given bilaterally between governments or multilaterally through entities such as the World Bank and individual foundations. Although the pledge of sums of about 0.7% of Gross National Income has not been reached by OECD countries and other development partners, this provision must still be entered into our development equation. Development aid also comes with multiple conditionalities, hence, African states need to reflect further on what those conditionalities should be, how we can overcome them, and what kind of relationship carried during this interaction between donors and we as recipients.

The forum also looked at other development inputs in the form of loans, both public and private. Here, we are left with further tasks of defining the political, legal, financial, judicial and legislative environment which can be deemed capable of optimizing the investment climate in our countries. These are all thoughts and issues for further discussion. We will try to make sure that we extort African governments along this path of common identity, greater cooperation and greater interaction with the rest of the world.

In closing, I would like to thank delegates for their frankness in discussions and the staff of the Rwanda Development Board who assisted with arrangements for the forum. Finally, a very special word of thanks is extended to President Paul Kagame and his government for enabling the forum to meet, not only in a brotherly and sisterly atmosphere but also to arrive at such definitive conclusions.

Statement of the African Leadership Forum 2018

The African Leadership Forum 2018 was held at the Radisson Blu Hotel & Convention Centre in Kigali, Rwanda on the 2nd and 3rd August, 2018. The event's theme was: Financing Africa's Transformation for Sustainable Development. The Forum was convened by HE Benjamin William Mkapa, the former President of the United Republic of Tanzania and organized by the Institute of African Leadership for Sustainable Development (UONGOZI Institute). The Forum was graced by the attendance of H.E. Paul Kagame, the President of the Republic of Rwanda who delivered a Keynote Address, H.E. Benjamin Mkapa, Former President of the United Republic of Tanzania; H.E. Joaquim Chissano, former President of the Republic of Mozambique; H.E. Olusegun Obasanjo, former President of the Federal Republic of Nigeria; H.E. Armando Guebuza, former President of the Republic of Mozambique; H.E. Moncef Marzouki, former President of the Republic of Tunisia; H.E. Hassan Sheikh Mohamud, former President of the Federal Republic of Somalia; as well as several current and former leaders of international organizations, and representatives from the private sector, civil society organizations and the academia.

Similar to previous events, ALF 2018 was held under Chatham House Rules, whereby participants are able to speak candidly without concerns for being personally misquoted for the views expressed.

Under the overarching theme, the Forum considered three sub-themes, namely Domestic Resource Mobilization, Halting Illicit Financial Flows, and The Global Development Financing Architecture.

Participants underscored Africa's potential to finance her own development agenda, given the stock of resources and other endowments. This, however, requires a change of mindset for the Continent's leadership and broader population from one of dependence and "poverty reduction", to one of leveraging internal capacity to bring prosperity and wealth creation. The Forum emphasized the need for Africa to accept responsibility for her own development, developing indigenous strategies and plans for that purpose, and taking action to ensure effective implementation of the strategies.

On mobilization of domestic resources to finance development, the Forum noted the need to consider both fiscal (i.e. governmental) as well as private sector financing requirements, and urged the two to work together in designing appropriate instruments and market conditions for that purpose. This includes appropriate tax policies, effective but efficient tax administrations, financial inclusion and deep capital markets.

In regard to illicit financial outflows, participants noted that this is driven mostly by corruption, weak legal and regulatory frameworks around extraction of natural resources, expenditure of unneeded importations, and transfer pricing broadly. The problem is exacerbated by insufficient capacity to track, quantify and recover externalised illicit assets. They therefore encouraged African governments to strengthen their internal anti-corruption efforts, empower tax and other fiscal enforcement agencies so that they may follow illicit transfers, and undertake regional and continental collaboration against the vice. Additionally, it was pointed out that Africa's voice in international fora dealing with illicit transfers would be heard well if it was a unified voice. The Forum underscored the urgent need for African governments working with countries receiving illicit transfers so that the latter may cooperate in the tracking and return of such assets.

On the other hand, African governments were urged to enhance policy transparency and predictability and safeguard peoples' right to private property in order to remove some of the incentives for hiding assets abroad. Regarding global development financing architecture, it was recognized that the current global architecture was not intended to facilitate Africa's development, let alone transformation. In the 70 years since incipience of the architecture, resources has moved from public coffers to private coffers which, incidentally, are less political and more transparent regarding their objectives. It was emphasized that Africa needs to recognise this paradigm shift, and seek more structured and effective engagement with the new centres of financing for the Continent. In pursuing this, investment in human capital, institutional capacity and continental approaches will be required.

The African Leadership Forum was conceived in 2014 to provide opportunities for Africa's eminent elders to engage in open and frank discussion with current and future leaders and deliberate on strategic challenges facing the Continent. 2018 marked the fifth ALF.

Appendix A: List of Delegates

S/N	TITLE	NAME	POSITION
1	**H.E.**	**Paul Kagame**	President of the Republic of Rwanda
2	**H.E.**	**Benjamin Mkapa**	Former President of the United Republic of Tanzania
3	**H.E.**	**Joaquim Chissano**	Former President of the Republic of Mozambique
4	**H.E.**	**Olusegun Obasanjo**	Former President of the Federal Republic of Nigeria
5	**H.E.**	**Moncef Marzouki**	Former President of the Republic of Tunisia
6	**H.E.**	**Armando Guebuza**	Former President of the Republic of Mozambique
7	**H.E.**	**Hassan Mohamud**	Former President of the Republic of Somalia
8	**Mr.**	**Abdoulie Janneh**	Executive Director, Mo Ibrahim Foundation
9	**Dr.**	**Agnes Kalibata**	President and CEO, AGRA Africa
10	**Mr.**	**Ali Mufuruki**	Chairman and CEO, Infotech Investment Group
11	**Ms.**	**Alice Kilonzo-Zulu**	CEO, Ecobank Rwanda
12	**Amb.**	**Ami Mpungwe**	Rtd. Ambassador and Independent Analyst
13	**Mr.**	**Anastase Murekezi**	President's Office, Rwanda
14	**Prof.**	**Anastase Shyaka**	CEO, Rwanda Governance Body
15	**Mr.**	**Andrew Mold**	Officer-in-Charge of the Sub-regional Office for Eastern Africa, United Nations Economic Commission for Africa
16	**Ms.**	**Arancha González**	Executive Director, International Trade Centre
17	**Mr.**	**Arthur Asimwe**	CEO, Rwanda Broadcasting Agency
18	**Mrs.**	**Assefa Legawork**	Ag. Director of Peace and Security, Intergovernmental Authority on Development
19	**Dr.**	**Belay Ejigu**	Director General and Head of Mission, Sustainable Development Center Goals for Africa
20	**Mr.**	**Benoît Piret**	Resident Representative, Belgium Development Agency
21	**Mr.**	**Bodo Immink**	Country Director, GIZ
22	**Dr.**	**Brahima Coulibaly**	Director, Brookings Institute
23	**Mr.**	**Cherno Gaye**	CEO, Cogebanque Bank
24	**Hon.**	**Claver Gatete**	Minister, Ministry of Infrastructure
25	**Mr.**	**Deprez Dirk**	Resident Representative, Belgian development agency
26	**Dr.**	**Diane Karusisi**	CEO, Bank of Kigali

S/N	TITLE	NAME	POSITION
27	Mr.	**Didier Habimana**	Director for Communications, United Nations Economic Commission for Africa
28	Dr.	**Divine Ndhlukula**	Founder and Managing Director, SECURICO
29	Dr.	**Donald Kaberuka**	Former President, African Development Bank Group
30	Mr.	**Edouard Bamporiki**	Commission Chairman, National Itorero Commission
31	Dr.	**Elisha Attai**	CEO, Women in Leadership Organization
32	Ms.	**Elsie Kanza**	Head of Africa and Member of Executive Committee, World Economic Forum
33	Prof.	**Emmanuel Nnadozie**	Executive Secretary, The African Capacity Building Foundation
34	Mr.	**Eric Bundugu**	Ag. Executive Director, CMA, Rwanda
35	Dr.	**Eric Ndushabandi**	Director, Institute of Research and Dialogue for Peace
36	Mr.	**Eric Rutabana**	CEO, Rwanda Development Board
37	H.E.	**Ernest Jumbe Mangu**	Ambassador, High Commission of Tanzania
38	Ms.	**Eugenia Kayitesi**	Executive Director, Institute for Policy Analysis and Research
39	Mr.	**Fodé Ndiaye**	UN Resident Coordinator, United Nations Development Programme
40	Mr.	**Francis Gatare**	CEO, Rwanda Development Board
41	Mr.	**Geoffrey Ngiruwonsanga Kayonde**	Director, Adventist Development and Relief Agency
42	H.E.	**George Nkosinati Twala**	Ambassador, High Commission of South Africa
43	Mr.	**George Odhiambo**	CEO, Kenya Commercial Bank
44	Mr.	**Gilbert Habyarimana**	Mayor, Rubavu District, Rwanda
45	Dr.	**Hagenimana Fabien**	Rector, High Learning Institute of Applied Sciences
46	Mr.	**Hangala Leake**	Executive Chairman, The Hangala Group
47	Mr.	**Hannington Namara**	CEO, Equity Bank
48	Mr.	**Hiroyuki Takada**	Chief Representative, JICA
49	Ms.	**Hope Mutie**	Winner, UONGOZI Institute Leadership Essay Competition
50	Mr.	**Hubert Danson**	CEO, African Investor
51	Prof.	**Inyani Simala**	Executive Committee Member, Council for the Development of Social Science Research in Africa
52	Dr.	**Irvan Twagirashema**	Executive Director, Rwanda Investment Group

S/N	TITLE	NAME	POSITION
53	Ms.	**Janeth Lambert**	Winner, UONGOZI Institute Leadership Essay Competition
54	Mr.	**Jean Bosco Habona**	Founder and CEO, Habona Ltd.
55	Mr.	**Jean Claude Karayenzi**	CEO, Access Bank
56	Prof.	**Jean Providence Nzabonimpa**	Monitoring and Evaluation Expert, The African Capacity Building Foundation
57	Mr.	**Jerome Gasana**	Director General, Workforce Development Authority
58	H.E.	**John Mwangemi**	High Commissioner, Kenya High Commission
59	Hon.	**John Rwangombwa**	Governor, Central Bank of Rwanda
60	Hon.	**Johnson Busigye**	Minister, Ministry of Justice
61	Prof.	**Joseph Semboja**	CEO, UONGOZI Institute
62	Hon.	**Judith Uwizeye**	Minister, President's Office, Rwanda
63	Ms.	**Julie Gichuru**	Moderator, African Leadership Forum
64	Mr.	**Kebour Ghenna**	Executive Director, Pan African Chamber of Commerce and Industry
65	Dr.	**Kwaku Kenneth**	Executive Chairman, The Kwaku Group
66	Ms.	**Laure Beaufils**	Head of Office, Department For International Development
68	Arch.	**Laurent Mbanda**	Legal Representative, Anglican Church of Rwanda
69	Mr.	**Lee Byung-hwa**	Country Director, KOICA
70	Mr.	**Leonard Jean Sekanyanye**	Executive Secretary, Rwanda Civil Society Platform
71	Hon.	**Louise Mushikiwabo**	Minister, Ministry of Foreign Affairs and Cooperation
72	Mr.	**Mahoro Uwitonze Eric**	Deputy Executive Director, Never Again
73	Ms.	**Marie Francoise Umuringa**	Programme Management Officer, United Nations Economic Commission for Africa
74	Dr.	**Mfizi Jean**	Deputy Vice Chancellor, Adventist University of Central Africa
75	Dr.	**Mohamed Ibn Chambas**	Special Representative, United Nations to West Africa and the Sahel
76	Dr.	**Monde Muyangwa**	Director for African Program, Woodrow Wilson International Center for Scholars
77	Ms.	**Monique Nsanzabaganwa**	Deputy Governor, National Bank of Rwanda
78	Ms.	**Muganza Angelina**	Executive Secretary, Public Service Commission

S/N	TITLE	NAME	POSITION
79	Dr.	Mukhisa Kituyi	Secretary General, United Nations Conference on Trade and Development
80	Mr.	Mwesigwa Robert	Executive Secretary, National Youth Council
81	Mr.	Ndayisaba Fidele	Executive Secretary, National Unity and Reconciliation Commission
82	Mr.	Ndayisaba Fidele	Executive Secretary, National Unity and Reconciliation Commission
83	Mrs.	Nirere Madeleine	Chairperson, National Commission for Human Rights
84	Prof.	Njuguna Ndung'u	Former Governor, Central Bank of Kenya
85	Mr.	Norbert Kagoro	Managing Partner, Deloitte
86	Prof.	Nshutil Manasseh	Chairman – Board of Promoter, University of Kigali
87	Mr.	Nwanze Kanayo	Chairman & CEO, FAYODE
88	Prof.	Nyombayire Faustin	Vice Chancellor, University of Technology and Arts
89	Mr.	Okello Vincent	Programme Director, Adventist Development Relief Agency
90	Mr.	Olabayo Veracruz	CEO, Guaranty Trust Bank
91	H.E.	Oliver Wonekha	High Commissioner, Uganda High Commission
92	Amb.	Ombeni Sefue	Former Chief Secretary, Government of Tanzania
93	Dr.	Papias Musafiri Malimba	Deputy Vice Chancellor, University of Rwanda
94	Ms.	Patience Mutesi	Country Director, TradeMark East Africa
95	Prof.	Penina Mlama	Board Member, UONGOZI Institute
96	Prof.	Phillip Cotton	Vice Chancellor, University of Rwanda
97	Mr.	Richard Gasana	Mayor, Gatsibo District, Rwanda
98	Mr.	Richard Tusabe	Commissioner General, Rwanda Revenue Authority
99	Mr.	Robert Bapfakurera	Chairman, Private Sector Federation
100	Mr.	Robin C. Bairstow	CEO, I&M Bank
101	Mr.	Roger Ruterahagusha	Rector, Adventist University of Central Africa
102	Mr.	Roisin Devale	Country Representative, Norwegian People Aid
103	Ms.	Rose Rwabuhihi	Chief Gender Monitor, Gender Monitoring Office
104	Hon.	Rosemary Mbabazi	Minister, Ministry for Youth, Rwanda

S/N	TITLE	NAME	POSITION
105	Ms.	Rwakazina Marie Chantal	Mayor, Kigali, Rwanda
106	Muf.	Salim Hitimana	Legal Representative, EAR Rwanda
107	Ms.	Sarah Metcalf	Country Head, Department for International Development, Rwanda
108	Dr.	Sekibibi Ezechiel	Vice Chancellor, Kigali Independent University
109	Ms.	Sibongile Sambo	CEO, SRS Aviation
110	Mr.	Stephen Anthony Rodrigues	Country Director, United Nations Development Programme
111	Mr.	Stephen Ruzibiza	CEO, Private Sector Federation
112	Mr.	Teritoi Ngosayon Bunto	Minister Plenipotentiary, High Commission of Tanzania
113	Mr.	Torroitich Maurice	CEO, Banque Populaire
114	Dr.	Usta Kayitesi	Deputy CEO, Rwanda Governance Board
115	Dr.	Vera Songwe	Executive Secretary, United Nations Economic Commission for Africa
116	Mr.	Vianney Bizimana	Head of Corporate Banking, EcoBank Rwanda
117	Mr.	Victor Ndede	Winner, UONGOZI Institute Leadership Essay Competition
118	Hon.	Vincent Munyeshyaka	Minister, Ministry of Trade and Industry, Rwanda
119	Ms.	Waringa Kibe	Country Director, Access to Finance to Rwanda
120	Mr.	Yasser El-Gammal	Country Manager, World Bank
121	Amb. Dr.	Yonov Frederick Agah	Deputy Director General, World Trade Organisation
122	Amb.	Zachary Maburi-Muita	Executive Secretary, International Conference on the Great Lakes Region

Appendix B: Agenda of the Forum

Theme: Financing Africa's Transformation for Sustainable Development

Venue: Radisson Blu Hotel & Convention Centre, Kigali, Rwanda

02 - 03 August, 2018

Day 1

09:30 - 10:00	**Arrival & Registration**
10:00 - 10:30	**Tea & Coffee**
10:30 - 11:00	**Arrival of the Guest of Honour**
11:00 - 11:10	**Welcoming Remarks** H.E. Benjamin Mkapa, former President of the United Republic of Tanzania
11:10 - 11:30	**Keynote Address** H.E. Paul Kagame, President of the Republic of Rwanda
11:30 - 13:00	**Plenary Session: Financing Africa's Transformation for Sustainable Development** **Panelists:** • H.E. Paul Kagame, President of the Republic of Rwanda • H.E. Benjamin Mkapa, former President of the United Republic of Tanzania • H.E. Hassan Mohamud, former President of the Republic of Somalia • Dr. Mukhisa Kituyi, Secretary General, United Nations Conference on Trade and Development **Moderator:** Ms. Julie Gichuru
13:00 - 13:30	**Group Photo**
13:30 - 14:30	**Lunch**
13:00 - 13:30	**Session I: Domestic Resource Mobilisation** **Panelists:** • H.E. Armando Guebuza, former President of the Republic of Mozambique • H.E. Mohamed Moncef Marzouki, former President of the Republic of Tunisia • Prof. Njuguna Ndung'u, former Governor, Central Bank of Kenya • Mr. Ali Mufuruki, Chairman & CEO, Infotech Investment Group Ltd. Tanzania **Moderator:** Ms. Julie Gichuru
16:00 - 16:15	**Tea & Coffee**
16:15 - 17:45	Session II: Halting Illicit Financial Flows
	Presenter: Dr. Vera Songwe, Executive Secretary, United Nations Economic Commission for Africa **Panelists:** • H.E. Joaquim Chissano, former President of the Republic of Mozambique • H.E. Olusegun Obasanjo, former President of the Federal Republic of Nigeria • Amb. Dr. Yonov Frederick Agah, Deputy Director General, World Trade Organization • Dr. Vera Songwe, Executive Secretary, UNECA **Moderator:** Ms. Julie Gichuru
18:30 - 21:30	Dinner Gala

Theme: Financing Africa's Transformation for Sustainable Development

Venue: Radisson Blu Hotel & Convention Centre, Kigali, Rwanda

02 - 03 August, 2018

Day 2

09:30 - 11:00	**Session III: The Global Development Financing Architecture** **Presenter:** Dr. Donald Kaberuka, former President, African Development Bank **Panelists:** • H.E. Benjamin Mkapa, former President of the United Republic of Tanzania • H.E. Hassan Mohamud, former President of the Republic of Somalia • Dr. Donald Kaberuka, former President, African Development Bank • Hon. John Rwangombwa, Governor, Bank of Rwanda **Moderator:** Ms. Julie Gichuru
11:00 - 11:30	**Statement** Mr. Gerase Kamugisha
11:30 - 12:30	**Closing Remarks** H.E. Benjamin Mkapa, former President of the Republic of Tanzania
12:30 - 13:30	**Presidential Panel Interview** Former Heads of State
12:30 - 13:30	**Lunch**
13:00 - 13:30	**Kigali Genocide Memorial Tour** Confirmed Delegates