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About Babacar Ndiaye Annual Lecture Series

The African Export-Import Bank (the “Bank” or “Afreximbank”) launched the Annual Babacar Ndiaye Lecture Series in 2017 as a platform to honour, celebrate and promote the ideals and philosophy of the late Dr. Babacar Ndiaye, the fifth President of the African Development Bank (AfDB).

As a leader of great intellect and an unrivalled passion for Africa’s development, Dr. Babacar Ndiaye was well known for his unrelenting drive and commitment to the development and emergence of continental and regional financial institutions that are today leading the transformation of the African continent.

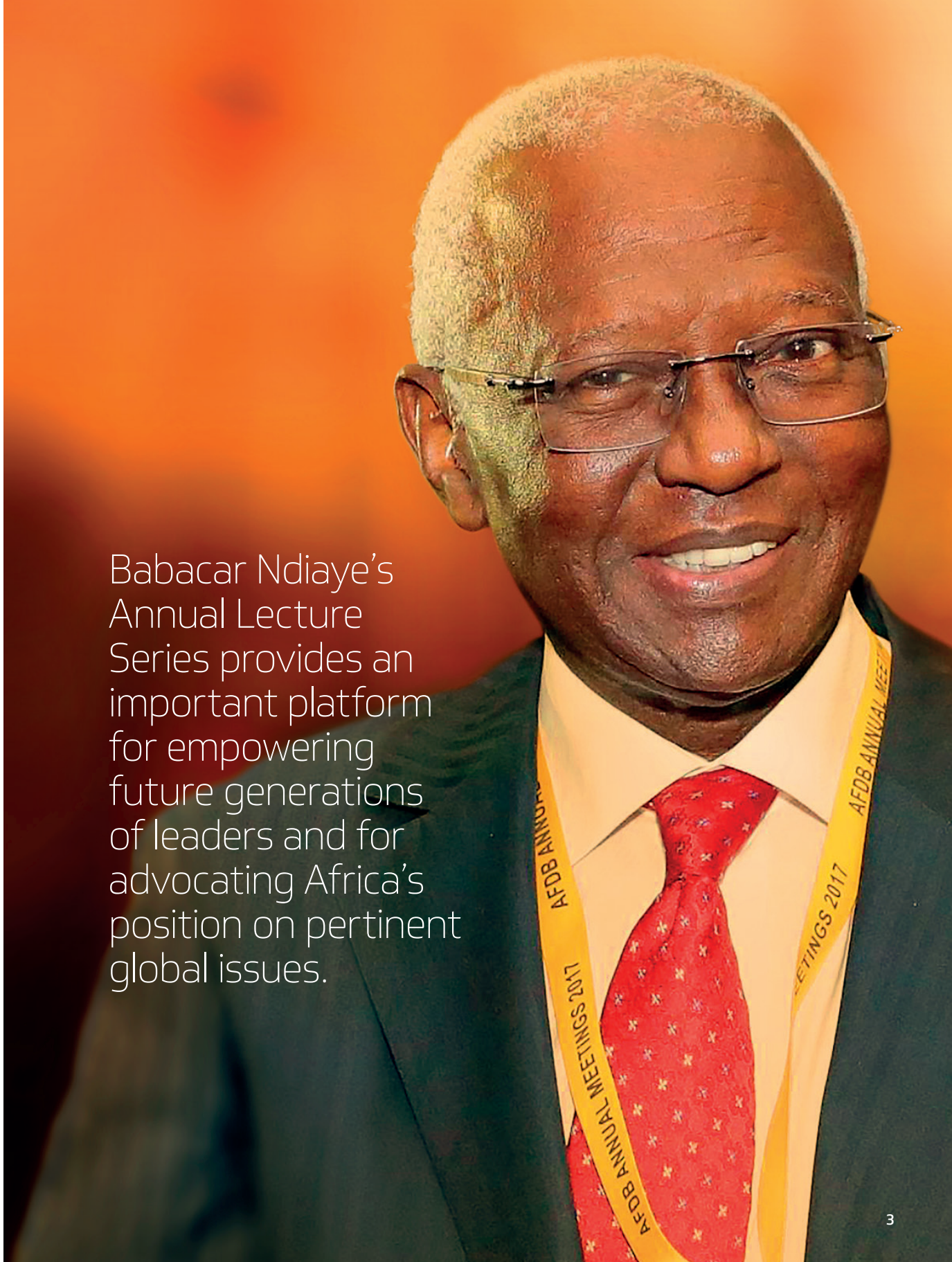
The African Export-Import Bank, which has become the Trade Finance Bank for Africa, is one of the continental institutions that Dr. Babacar Ndiaye championed during his tenure at the helm of the Africa Development Bank. In addition to honouring Dr. Ndiaye’s memory and sustaining his vision of achieving shared global prosperity, Afreximbank’s Babacar Ndiaye’s Annual Lecture Series provides an important platform for empowering future generations of leaders and for advocating Africa’s position on pertinent global issues.

Professor Joseph Stiglitz, Columbia University, and recipient of the 2001 Nobel Memorial prize in Economic Sciences, delivered the inaugural lecture in October 2017 in Washington DC during the maiden edition organized on the sidelines of the World Bank/IMF Annual Meetings which brings together global leaders and experts in finance and economics.

His lecture focused on growth and export diversification under the theme **“From Manufacturing-led Export Growth to a 21st Century Inclusive Growth Strategy for Africa”**.

This Publication

This Publication is a product of the Second Edition in the Babacar Ndiaye Annual Lecture Series. The 2018 Lecture, which took place on the sidelines of the World Bank/IMF Annual Meetings held in Bali, Indonesia, in October was themed **“Global Power Disequilibrium, Trade Wars and Implications for Africa”**. Former President of the Federal Republic of Nigeria, His Excellency Chief Olusegun Obasanjo was joined by world-renowned development economist Professor Jeffrey Sachs of Columbia University as keynote speakers.

A portrait of Babacar Ndiaye, an older man with short grey hair and glasses, smiling. He is wearing a dark suit, a white shirt, and a red tie with a small white pattern. A yellow lanyard with black text is around his neck. The background is a warm, orange-toned gradient.

Babacar Ndiaye's Annual Lecture Series provides an important platform for empowering future generations of leaders and for advocating Africa's position on pertinent global issues.





I.

Welcome Remarks

I. Welcome Remarks

Professor Benedict Oramah, President and Chairman of the Board of Directors, African Export-Import Bank

Our special guests, Your Excellencies, President Olusegun Obasanjo, and Professor Jeffrey Sachs, honourable ministers, distinguished guests, ladies and gentlemen, it is my great pleasure to welcome you to this important event.

Afreximbank launched the Babacar Ndiaye Annual Lecture Series in 2017 in memory of Dr. Babacar Ndiaye, the former President of the African Development Bank (AfDB), under whose leadership the African Export-Import Bank was created.


Dr. Ndiaye also championed the creation of other regional financial institutions that are today leading Africa's economic transformation. Apart from celebrating his life, we are also using this platform as a knowledge sharing opportunity to debate current global developments. Today, Africa is confronted with critical global developments that are likely to impact its future.

These developments include the push against the rule-based multilateral trading system we have been used to in the past two to three decades. We are now instead witnessing a trend towards unilateralism, protectionism, and nationalism in major global financial centres. These are certainly going to have profound consequences on Africa's development in the coming years and decades.

We are very pleased to have two great global minds and thinkers here today to talk about these developments. President Olusegun Obasanjo will address this issue from an African perspective, and Professor Jeffrey Sachs will focus on the global perspective. I want to use this opportunity to welcome them. I trust that you will join the debate because we are here to find solutions.

Thank you very much for listening.



A close-up, artistic photograph of a person's face, focusing on their right eye which is behind a pair of glasses. The background is a dark night scene filled with out-of-focus, glowing lights in warm tones of yellow, orange, and red, creating a bokeh effect. The lens of the glasses is transparent and displays a snippet of JavaScript code in a yellow, monospaced font. The person's skin is visible on the right side of the frame, and the dark frame of the glasses is partially visible.

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```




II.

Keynote Address 1

II. Keynote Address 1

Professor Jeffrey Sachs, Columbia University

I would like to start by making a few remarks about Chief Obasanjo's remarkable leadership experience that Africa certainly needs today. I had the opportunity to meet President Obasanjo immediately after he took office in 1999. It was the beginning of the new millennium at the start of 2000. I consider President Obasanjo one of Africa's two great hopes and one of the world's great hopes, the other, Kofi Annan, who we mourn but we think of all the time.

At the start of 2000, there was the sense of possibility and the sense of need. It was another time of crisis but also a time for vision. During the meeting, President Obasanjo confided in me his determination to fight AIDS and malaria in Africa. Because he is a man of incredible vision, he went to Kofi Annan and made the case for thinking big and thinking boldly. In March 2000, there was the first ever Africa Malaria Summit in Abuja, which culminated in the establishment of the Abuja Targets to fight malaria.

In March 2001, President Obasanjo held the first ever African Summit on AIDS during which Kofi Annan and President Obasanjo called for the need for a Global Fund to fight this disease. Two months after that, the establishment of the

Global Fund to Fight AIDS, Tuberculosis (TB), and Malaria was announced in the White House in Washington. The most recent data suggests that as of today this initiative has saved more than 27 million lives.

This is the kind of visionary leadership that Africa needs today. Indeed, the world is currently experiencing a turbulent time with global power disequilibrium, but Africa still has an opportunity to make innovative initiatives like those that were made 18 years ago. In the new era and the new challenges of sustainable development, this is the time to set some bold objectives for the year 2030, and the African Union and all African leaders must make a strong commitment to achieve those objectives.

Indeed, during the Cold War that extended from 1945 to the 1980s, the United States continued to be the dominant global economic power, with the Soviet Union as its main competitor. The Cold War ended with the demise of the Soviet Union itself, and instead of the world becoming a unipolar world it is now an open and a multipolar world. It is not any individual country's opportunity, because this has been the period, of course, of the dramatic rise of China, of the rapid growth of India, and,

The reason I am optimistic for Africa is that China's rise has been part of a strong impetus for Africa's growth.

I believe, of the continuing and accelerating development of Africa.

Africa, India, and China are about the same size, all three areas, about 1.2 to 1.4 billion people, and all three can be and should be major centers of economic development in the future. The reason why there is instability right now is that the US is a little nervous and, indeed shocked about the emergence of China as a global economic giant.

That is why there is a new trade war between China and the US. This is a kind of economic illiteracy, to say the least, on the part of the new US Administration. The trade war is not really about trade agreements or terms of free trade or trade liberalization. It is basically because the US does not want to believe that an emerging economy like China should become strong enough to be a global competitor to America in terms of technology, industry and services. It is as if the US is wondering 'where did these Chinese come from, and who gave them the permission to develop!' According to the US, this is supposed to be its century, and suddenly it is finding itself confronting a new rival.

The US remains powerful, no question. It remains even dynamic, I would say, but so too is China, so too is India, so too is Africa as it is moving forward. This is the era of economic globalization and regional economic cooperation, and that is the way the world should be heading towards. It can no longer be a world of trade war and economic domination with a single country proclaiming itself to be on top of other countries. I am convinced that this situation will change soon.

It is, perhaps, interesting to note that in this trade war, China and the US stand at odds because China is saying, "we need global rules," while the United States is saying, "you need to stop growing so fast", and that is not going to work. The dispute must be referred to some global rules, and that is the message that needs to be carried forward everywhere.

The reason I am optimistic for Africa is that China's rise has been part of a strong impetus for Africa's growth, and the same will be true as India gains more economic strength in the coming years. Africa has more trade partners in technology, value chains and production systems than many continents. This is a very important part of Africa's development in the

II. Keynote Address 1

coming 25 years, without question, and a very positive part of it.

We are currently experiencing another disequilibrium, and that is the disruption of technology. There is a very dramatic global digital revolution underway, which I believe also works to Africa's advantage. The whole continent is able to leapfrog through a proper adoption of digital technologies in various sectors including financial empowerment, financial inclusion, e-governance and identification systems. All these developments were unthinkable 10 years ago and are essentially becoming commonplace today.

Clearly, the current information revolution is the basis for Africa to be able to make innovative advances in various areas including healthcare, government services, in education and, of course, in the functioning of the private sector economy as well. What Africa needs in order to harness these technologies is to improve its physical infrastructure and human skills in technology. This is crucial to build the needed networks and digital capacities to ensure that the universities across the continent are producing a new generation of engineers that can harness these technologies across all the major sectors of Africa.

Yet, there is a third revolution that is going on that will have a profound impact in Africa, and that is the rapid transformation in the energy sector. We are all aware that many African countries like Nigeria have been endowed with huge resources of oil. Nevertheless, some of these countries have not benefited from their oil wealth in terms of achieving high levels of economic growth.

At the same time, the world is moving steadily away from environmentally-harmful

fossil fuels to what is now commonly known as clean and renewable energy including solar, wind and hydropower sources. This is also going to work to Africa's advantage because the major transformation underway in energy is solar power in which the continent has no rival.

Africa must invest more on leveraging this huge potential in the renewable energy sector. Incidentally, China, has a vision of interconnecting the world's renewable energy supplies. The Global Energy Interconnection Project, as it is known, will be a partnership between China and Africa. The initiative is expected to transform Africa into a global powerhouse of renewable energy.

Africa also still has a lot of untapped hydropower sources such as the Inga Falls project, which has been on the drawing board for the last 60 years. That project has the potential of providing hydroelectric power for 200 million people of Central Africa.

Indeed, this global disequilibrium is working for Africa's benefit. It is time for the breakthrough to be fully achieved on the continent. There are, to my mind, two critical steps that I would like to see put in place to make this possible in addition to the investments in infrastructure that I mentioned earlier. One is for the African Union to fully realize its potential as the great unifier of the continent because we are moving to an era where regional strength is essential. Africa should be a unified region politically, geopolitically, economically and technologically. This is the opportunity for that. The African Union is the right instrument for unity so that Africa can have its place in the world leadership with a strong geopolitical voice representing more than 1.4 billion people.

Without a doubt, if Africa becomes economically integrated, it will be a global leader and the largest economic region in the world. The reforms that are now being implemented to strengthen the African Union, the Open Aviation Initiative that has been introduced, the continental free trade area agreement and the trans-border infrastructure projects are all promising developments that must be urgently implemented.

Furthermore, there is one more thing that I would like to recommend, and it is very much along President Obasanjo's visionary call for action to bring the health crisis under control. This is the time to ensure that every child in Africa gets an opportunity to high-quality education without exception. The sustainable development goals call for that. SDG 4 states that "Universal completion at least through upper secondary school for every child by the year 2030".

Right now, three-fourths of African children are not completing secondary school. This is the glaring shortfall that needs to be addressed. Africa must make a firm commitment that every child entering school today at age five is going to be supported to complete school at least through upper secondary education, and that many of these children will have an opportunity to go on to vocational or tertiary education.

In Accra, President Nana Addo Dankwa Akufo-Addo has recently announced that Ghana would ensure free upper secondary education for every child. This should be the policy across the entire continent in order to build the needed human skills for the 21st century. Indeed, if Africa is looking for foreign investors to come to the continent, African leaders must show the world that, in addition to physical infrastructure

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developments, they are also taking serious steps to develop human capacities to manpower the potential inflows of investments.

Through carefully planned capacity development, Africa will not only have skilled workers, it is also going to have the largest workforce of young people in the world. This is the last piece of the puzzle, in my view, for the definitive breakthrough of Africa's development towards becoming a middle-income and soon enough one of the high-income regions of the world.

One of the things that Africa should do now is make a pledge to create an African fund to ensure quality education for every child. In my capacity as Special Advisor to the Secretary General of the UN for SDGs, I will work tirelessly to help fulfil that pledge.

Africa has wonderful opportunities right now. The issues that worry the United States are the things that should excite Africa. There are more growth opportunities, more resources, more technology potentials, more democracies, less civil wars and more peace almost all over the continent. This is Africa's opportunity.





III.

Keynote Address 2

III. Keynote Address 2

Chief Olusegun Obasanjo, Former President of Nigeria

Your Excellencies, Distinguished guests, ladies and gentlemen; Dr. Ndiaye was a great leader who contributed immensely to Africa's development. We worked closely together during the establishment of the Nigerian Trust Fund at the African Development Bank, an innovative step he took to increase the capital of the Bank when he was President of the AfDB between 1985 and 1995. We also worked closely during the fight against the Apartheid Regime in South Africa. He was a very courageous leader, and I would like to congratulate the Management of Afreximbank for establishing this Annual Lecture Series, which provides the opportunity to honour his memory and inspire future generations.

I would also like to commend Afreximbank for creating a platform where African views can be articulated at the global level. Sharing knowledge is important, especially in a highly competitive global environment. I would like to thank Professor Jeffrey Sachs for his participation in this great knowledge event.

The world has been experiencing rapid dynamic shifts during the past few decades, especially with the rise of the developing world. I refer to

that irreversible trend towards shifting power dynamics as global power disequilibrium. More recently, and especially with the election of President Trump, a trade war has been waged against emerging powers as a response to this global power disequilibrium in what seems like a return to the old unipolar world of US supremacy. Like in any war, there are collateral damages, which makes the topic chosen for the year's deliberation - Global Power Disequilibrium, Trade Wars, and Implications for Africa - both relevant and timely.

Global Power Equilibrium or Partial Equilibrium

The world which emerged from the struggle for independence in the 1960s has changed dramatically. The Second World War produced a bi-polar world, where the balance of power between the Eastern bloc led by the Soviet Union and the Western bloc led by the United States of America sustained global power equilibrium for decades at least in a military sense. Even the countries that were aligned with the Soviet Union at the time had to visit the World Bank and the IMF to negotiate for accessing financial resources and technical assistance with those institutions. To a certain extent the global equilibrium was partial, and

The share of African trade, which represented about 5% of world trade in the 1960s, fell to 3.5% in 1990 and to less than 3% in 2017.

more on the military and tactical sense than on the economics.

In effect, the US Dollar was strategically used to tilt the balance of power towards the US. Over time, the rise of Cold War-driven loans under that partial equilibrium led to a debt overhang and tremendously exposed African countries. The process of privatization of African assets and state-owned enterprises, which in most countries meant transferring the ownership of public assets to foreign ownership, undermined the development of private sector and set the continent on a reverse development gear of deindustrialization and natural resource dependency. In most African countries, we move from public monopoly in the supply of power and utilities derived from other key strategic infrastructure to private and foreign-owned monopoly, with significant implications for the transfer of resources and capital flight.

For Africa, the structural adjustment era, which characterized the tail end of the Cold War, has often been referred to as the lost decade. Some have referred to it as the lost quarter century because the period of economic recession was long, spanning the 1970s, 1980s and most of

the 1990s. Hence, even under that partial equilibrium the lots of Africa did not improve. Per capita income declined in real terms reflecting the volatility of growth in a region which depended excessively on primary commodities and natural resources. The share of African trade, which represented about 5% of world trade in the 1960s, fell to 3.5% in 1990 and to less than 3% in 2017.

But the costs and implications of that partial equilibrium for Africa extended far beyond the economic sphere. The social costs were significant. Millions of Africans lost their lives during Cold War-driven conflicts across the region. After the terrible colonial experiment that led to the partition of Africa by European powers during the Berlin Conference in the 19th century, Africa, once again, became the battlefield for competing geopolitical interests, this time between the Eastern and the Western Blocs. In Nigeria, my home country, we had our own Cold War-driven civil war: the Biafra Civil War, where the part of Nigeria which attempted to secede from the Federal Government had a lot of sophisticated military hardware.

III. Keynote Address 2

Global Power Disequilibrium

The transition to a full global power disequilibrium that characterized the end of the Cold War was an exciting period in world affairs. Many countries that were formerly members of the Soviet bloc joined the European Union as well as the World Bank and IMF. As such, the transition of these countries to market economies led to competition for resources between traditional developing economies, including African economies, and new transition economies.

The accession of China to the World Trade Organization (WTO) in 2001 signalled an important milestone in the process of global ideological convergence. This meant that China would engage in global competition, and that was considered to be a major victory for the US as an advocate of a global free market economy.

In the view of most experts in the US, but also in Europe, the unipolar world dominated by the US both militarily and economically was a prelude to a new era in world affairs, whereby the unipolar world led by America would become a permanent feature of the world economy—what President George Bush Senior called the “New World Order”.

However, that analysis did not consider the dynamism of the Chinese economy and its ability to compete economically without completely succumbing to the democracy and free market ideology advocated by the US and its European allies. The economic reforms initiated by Deng Xiaoping dramatically changed the production structure of the Chinese economy, which became globally competitive without altering China’s political ideology as predicted by Western experts. The emergence of China, which followed the rise of emerging developing market economies, created a new

and more vibrant South that has been shaking the old unipolar world dominated by the USA.

During the last decade, the developing south started to emerge as a major driver of global growth and trade, accounting for over 45 percent of global trade in 2017 from 23.8 percent in 2001. Since 2012 China surpassed the US as Africa’s single-largest trading partner as well as leading trading nation. Trade between China and Africa increased from US\$6.4 billion in 2000 to over US\$170 billion in 2017. During the same period, trade between Africa and the US increased by just about US\$10 billion from US\$32.7 billion to US\$42.8 billion. Chinese investment in Africa increased significantly during the same period as well, rising from less than US\$100 million to over US\$3 billion. China, therefore, is playing an increasingly significant role in the transformation of Africa’s economy, especially through the development of infrastructure. Now, these are some of the reasons behind the nervousness in Washington.

Furthermore, the US, which used to be the main destination for Nigerian crude oil, is now a marginal player, accounting for less than 11 percent of Nigeria’s total trade. At the same time, and this has been the major point of contention and supposed reason of the trade war, the US trade deficit with China has increased steadily and reached the critical threshold of US\$365.7 billion. The US has also accumulated large trade deficits with Mexico and Canada. Now, together, China and Mexico account for over 48 percent of the total US trade deficit.

Hence, what started as global economic imbalances in the IMF’s assessment, with leading economies in the West accumulating large trade deficits with emerging economies,

has become global power disequilibrium. The epicentre of the world is shifting eastward, towards Asia, and Beijing is emerging as the new epicentre under that transition. In September this year, more than 40 African Heads of State converged in Beijing within the context of the Forum for China-Africa Cooperation (FOCAC) Summit. The Forum for China-Africa Cooperation, which is held every three years, is indeed a sign of deepening economic cooperation between Africa and China—the leading drivers of the rising South.

Another important transition that is well underway is the shift from a unipolar world dominated by the US to a multipolar world. China is clearly taking the role of the new leading economic superpower, and Russia on the military front, while other emerging countries have joined the club including India, Brazil, Turkey, as well as South Africa, Egypt and Nigeria. It is under this global disequilibrium, which has seen the emergence of new powers in the developing world that the US, realizing the direct link between economic might and national security, has triggered the trade war.

Global Power Disequilibrium and Trade War

The US response to the threat of the global power disequilibrium has been to impose tariffs on countries that are accumulating large trade surplus against it—most notably Canada, Mexico and of course China. These included new tariffs imposed in 2018 on solar panels as well as other Chinese manufactured goods.

These unilateral measures by the US were met by retaliations from China, and other trading partners leading to a trade war, creating risks of collateral damages for Africa. China has become Africa's leading trading partner and a sharp growth deceleration triggered by the trade war

with the US could adversely affect growth prospects in Africa through trade and investment channels.

However, even directly, Africa was already the target of a US trade war, even though the region has accumulated trade deficits against the US. Recently, the US took measures to protect its trade interest in Africa by suspending duty-free access to all AGOA-eligible apparel products from Rwanda. This was a response to the decision by Rwanda to abide by the East African Community decision to outlaw the importation of used clothes and shoes across the East African region as a means to boost industrialization and stimulate manufacturing production in member states.

However, it is important to note that the US had waged a trade war against Africa even before the election of President Trump when it decided to cut down on its import of crude oil from Nigeria. Between 2011 and 2017, Nigerian exports to the US decreased by about 80 percent, from US\$28.7 to US\$5.9 billion.

Of course, that was a major shock to Nigeria. However, Nigeria was able to absorb that unexpected trade shock because the global South stepped up its cooperation, with China and India increasing their import of Nigeria's crude oil. In the process, China and India became Africa's first and fourth single largest trading partners. Hence, adverse implications of the US-waged trade war have already been significant for Africa and could become worse if risks to global trade result in sharp contraction in China, Africa's single-largest trading partner. The key concern that African countries should address is how to mitigate the negative consequences of this trade war.

III. Keynote Address 2

Therefore, the global trade war does not help anybody because it is a war that no country can win. It is really unfortunate that America, which for decades championed economic globalization, including streamlining China into the global economy, now appears to be at the forefront of that war. This war, in my opinion, is a trade dispute between the US and its trading partners, namely Canada, Mexico and China, in which the rest of the world is caught under crossfire.

I believe that America, rather than going for trade war, should be looking for a win-win settlement through negotiations, agreements and rules-based arrangements. America, which was in the forefront of establishing and maintaining order, cooperation and development in the world, must not become the destroyer of the system it was actually in the forefront of building.

Global Power Disequilibrium, Trade War and Implications for Africa

Americans and Europeans have dominated the world economy for centuries and will not easily accept the transition towards a multipolar world, which may imply that they relinquish part of their global power to account for palpable changes in the world economy.

These countries have resisted the reform of the Bretton Woods Institutions (World Bank and IMF) which were established after the Second World War when most countries in the developing world were not even independent, and in spite of the fact that China has become the leading trading nation and largest economy in the world.

Meanwhile, new global financial institutions are emerging as alternatives, spearheaded by China, perhaps, to create a new world more to

the image of the post-Bretton Woods and ongoing process of rebalancing of global power. These include institutions such as the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (BRICS Bank).

In this regard, the potential implications to Africa of the ongoing trade war would be significant, and mitigation measures to be taken by Africa should include the following four critical issues:

- i. **Recognizing the centrality of the link between national security and economic development in the quest for independence:** Indeed, while there is no economic development without national security, in the long term there is no lasting peace and security without economic development. African governments should therefore strengthen their private sectors and military powers to sustainably achieve both lasting economic development and national security.
- ii. **Deepening and expanding Africa-South trade:** Learning from Nigeria in surviving the sudden shock of a sharp reduction in its oil exports to the US, Africa should continue along the way of increasing its trade with the South. Since 2001, trade between Africa and the South has increased significantly - expanding by 59 percent to reach US\$439.5 billion in 2017. The future of African trade, and the effectiveness of macroeconomic policies will largely depend on the strength of Africa-South trade.
- iii. **Accelerating the process of industrialization and structural transformation of African economies:** The prevailing patterns of African trade, which

predominantly rely on imports of manufactured goods and the export of primary commodities and natural resources as a source of foreign reserves have been a source of recurrent balance of payments and macroeconomic strains. The Lagos Plan of Action articulated a framework to accelerate the process of industrialization of African economies.

This objective was reiterated under the African Union Agenda 2063—The Africa We Want. It will strengthen the bargaining power of African countries in international trade negotiations and boost cross-border trade and investment.

iv. Boosting Intra-African Trade and Deepening the Process of Regional Integration:

African leaders and bankers are urged to increase their efforts to mobilize more financial resources to boost intra-African trade to at least 25 percent of total African trade by 2025. In my opinion, Africa will only become independent when total intra-African trade accounts for at least 50 percent of its total trade. Then “trade wars” will essentially target less than 50 percent of total African trade. Intra-regional trade is at 68 percent in Europe and over 53 percent in Asia.

I would like to conclude this lecture by underscoring an important recent achievement in our continent. The African Continental Free Trade Area Agreement (AfCFTA) signed by the overwhelming majority of African countries last March in Kigali was one of the most important developments in our continent since independence. The AfCFTA will accelerate the process of industrialization and expand intra-African trade. African countries should all sign

and ratify the Agreement to shift their focus towards its implementation. Empirical studies, including one recently undertaken by Afreximbank, have all stressed the tremendous benefits the Agreement will provide, both in terms of economic transformation and trade—and naturally mitigating future risks of trade wars.

African governments, especially Ministers of Finance and Central Bank Governors who are present here, should lend their support to the African Export-Import Bank which is doing a fantastic job in the promotion of intra-African trade and transformation of African economies, financing the development of industrial parks and certification centres—exactly what has been articulated in the Lagos Plan of Action but not implemented and recently revived by the African Union Agenda 2063—The Africa We Want.

Finally, I would like to strongly encourage African Leaders to increase their support to the institution, which has become the vanguard of our development. Their contribution to the Central Bank Deposit Programme (CENDEP) established by the Bank will enable them to effectively deploy their foreign reserves towards the promotion of trade and transformation of African economies using the Bank as the medium because the Bank, whose creation was led by President Babacar Ndiaye, has fulfilled the promise of becoming the Trade Finance Bank for Africa. And there is no better way to honour the memory of President Babacar Ndiaye than sustaining the growth of institutions he created for the transformation of the continent he so much treasured.





IV.

Q&A Session With Audience

IV. Q&A Session With Audience

Question: In reference to the disequilibrium and potential trade wars which have been triggered by persistent global imbalances and the rise of China, what are the potential implications of the global power shift, and what will be the direct implications for the future of the US Dollar as the reserve currency at a time when the dollar is increasingly used as a weapon in international trade and trade finance?

Professor Sachs: The short-term is very volatile unfortunately, because we have a rather volatile political situation in the United States, and it is quite unpredictable. Depending even on our elections next month, if we have a divided election, some of the impulses right now with President Trump will be toned down. If President Trump wins the election in November or the Congress, we could actually face more instability in fact.

In the short term, we need to be careful because this is a pretty volatile situation. For the longer term, more wisdom will prevail, and I hope that the world economy will avoid a drift into a dangerous global situation. What I do think is evolving over time is this global scene where the US becomes less dominant and the Dollar becomes less dominant, and where we will move to a multi-currency world. I think that will create a more open and more dynamic world. It is important for Africa to prepare itself to take advantage of such a global open economy. With a strong unity, Africa could continue to strengthen its good relations with all of the major regions including the US, China, India and Europe.

And of course, the success of the AU to serve as an African voice on global issues is important. Otherwise, the major powers will continue to try to divide the continent, to play sides, to play off one country or one region against another. That would not be to Africa's advantage.

I would therefore call African policy makers to strive for unity, transborder infrastructure development, open trade, regional integration and a strong voice in the world.

Question: What are the major issues that Africa should be focusing on to improve intra-African trade, and to what extent have we made progress in intra-African trade during the past two decades?

H.E. Chief Obasanjo: To sustain Intra-African trade we should increase the percentage of finance for intra-continental trade to 25 percent or to 30 percent. Unless we attain 50 percent of intra-African trade, we will not be able to mitigate the risks of a possible global trade war. We need to invest in infrastructure including electricity and transportation. I believe that if we manage to have a thriving shipping line around the continent from Alexandria to Cape Town, we would easily increase our intra-African trade by 10 percent. Of course, Afreximbank is spearheading that regional trade endeavour, and all African countries, including Nigeria, must be involved in free trade because there will be huge benefits of economies of scale to gain for every country irrespective of the size of its current economy.

Then of course, we will harmonize all the different forms of trade regulations including customs and payment systems, to enable non-African investors to trade with Africa as one common market. Africa cannot be one country, not immediately, but indeed we can be one market. There is no reason why we should not be able to do that - as long as the political support is there.

And of course, I agree with Professor Sachs on the point he had made regarding the nervousness of the American administration. We are aware that the multilateral world order that was created after the end of the Second World War was intended to mitigate the devastating consequences of that global war. Of course, America was instrumental in that effort along with the United Nations and specialized agencies.

Question: Going back to the brilliant idea proposed by Professor Jeffrey Sachs to establish an education fund, what would be the anchor investors for this?

H.E. Chief Obasanjo: Talking from my experience when I proposed the HIV Fund, that was launched with just US\$200 million. I would like to assure you that billions of dollars can be easily mobilized for education. The important issue that we must recognize is that donors will only give their money to trusted partners. They always want to make sure that the money they donate will go for a good cause, and that it will be properly managed and used. So, let us start.

Question: This question is prompted by Professor Sachs' statement on America's wonder "why should China develop while Africa is not developing". The question is where will Africa's development come from? In other words, who will determine Africa's development? Is it from outside or from within?

Chief Obasanjo: We are the architects of our own fortune or misfortune. Let us not blame anybody for our failures. The time for blame is long gone. We are responsible for our present as well as for our future destiny. Africans will develop Africa. Twenty years ago, we didn't have an institution in the magnitude and capacity of Afreximbank to cater for trade finance in the continent.

Aliko Dangote who is a cement tycoon and the richest man in Africa admitted that if Nigeria didn't undertake the financial sector reforms that restructured its banking system, consolidating the country's banks from 87 to 25, there wouldn't have existed any bank with enough capital to finance his investments. Today, not only is Aliko producing over 30 million metric tons of cement in Nigeria, he is supplying the same amount to several other African countries. Therefore, no other country will develop Africa. We have to develop our continent by ourselves.

IV. Q&A Session With Audience

Question: Former President Obasanjo, both the World Bank and Professor Sachs say that Africa, including Nigeria, is poor in education and health. Was this situation so during your presidency? What is your advice, and what has Afreximbank done in this regard?

Chief Obasanjo: Education is the key. In Nigeria today, about 95 percent of children of school going age attend school with the exception of the Northeast where the average is 53.5 percent. No need for further explanation why Boko Haram is raging in the Northeast. Education is basic to all aspects of human development. Life expectancy, maternal mortality, infant mortality and employment are all dependent on education.

We have to make sure that every child in Africa has education up to secondary school level so that when they become adults they can manage their own lives and contribute to the development of Africa.

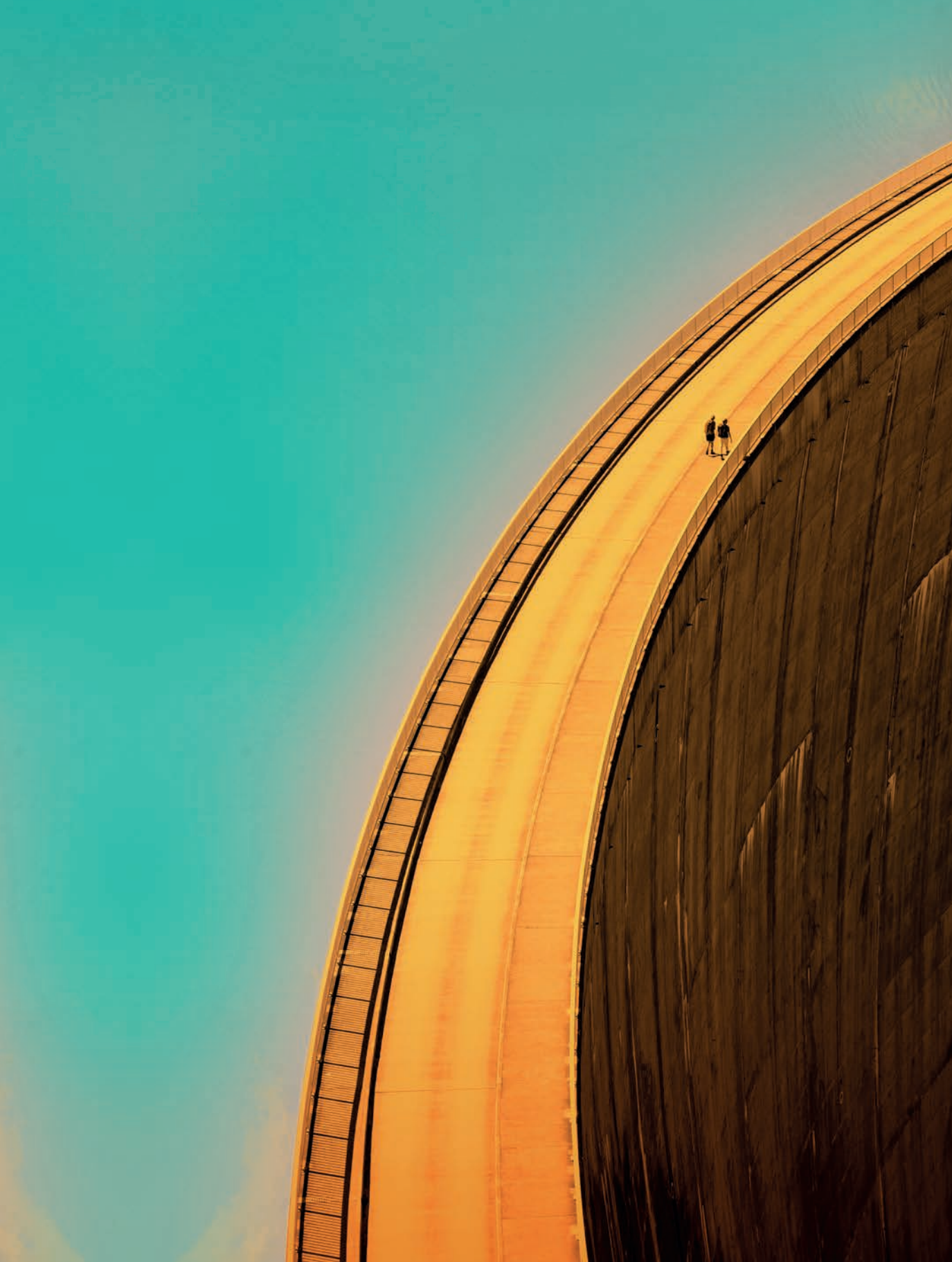
When I was military head of state, I started the Universal Basic Education (UBE). I started that for the whole country. As soon as I left, those who took over from me said, "There is no money". They killed it. When I came back as elected president, I moved it up a little bit, instead of six years, I have increased it to nine years up to what we call Junior Secondary School.

The first three years, again, I launched that. I started and then some governors took me to the supreme court, that's our own constitutional court, that I have no business in primary education at the federal level and the court upheld their position that, yes, but how can you bridge the gap if you do not start from primary school, there's no way you can do that. When that was done, I decided, "Okay, I will obey the court." Then I set up a fund, which is still there until today which we call "Basic Education" because we have moved from Universal Primary Education (UPE). Now that we do three years in secondary school, we call it Basic Education.

We've set up a Basic Education Fund and we've said to any state "You will put your own money, that will be cut upfront but then the Federal Government will be able to inspect what you're doing". Some states said, "No, we don't want intrusion of the Federal Government." That is what federalism does, but I believe that we have to find a way to make sure that in Nigeria all our youth, all our children rather, have education up to the secondary school level and in all Africa there is no reason why our children should not all have education.

Now with what Professor Sachs and I have agreed, I believe we will have an education fund that will solve part of our problem in the area of education, if not all of it.







v.

Closing Remarks

V. Closing Remarks



Professor Benedict Oramah
President and Chairman
of the Board of Directors

Excellency keynote speaker President Obasanjo and Professor Jeffrey Sachs, your excellencies, honourable ministers, distinguished ladies and gentlemen;

This has been a great knowledge-sharing event. I have learnt that the global disequilibrium we are talking about is actually going to be an opportunity for Africa to harvest its expected benefits. Africa must rise to the challenge for it to win its rightful place as disequilibrium unfolds, and the new equilibrium forms.

I am very proud today that we received insights from two great minds, President Obasanjo and Professor Sachs. They have offered many solutions that all touch on the human being. I am prompted to believe that some of the greatest problems of Africa is the neglect of Africans by Africans. We are not doing enough to improve our wellbeing, our education and our healthcare.

The human capital, that is the engine that will create all the forms of capital, is weak. We are

indeed proud today, and I am sure that the soul of Dr. Ndiaye will be very pleased, that a very important initiative to begin to change this situation is emerging today in the second series of Dr. Babacar Ndiaye Lecture. The initiative to launch the Education Fund for Africa is a brilliant idea. And although education per se is not in our mandate, yet we will strive within the scope of our mandate to support that move and that fund must emerge.

We cannot become great people unless individually we are great. We cannot individually be great if every African doesn't get an education. Therefore, I hope that the call for action will be taken up by every one of us here, and everyone in the audience will go home to champion that cause.

There was a legitimate question about where the money will come from. Indeed, the money is in Africa. Before we start looking out, we must look inwards and start raising the needed funds from within. When we start, others will follow. I am really grateful to all of you who are here, and on behalf of my colleagues at Afreximbank, I hope that some of you will be able to participate in more of our knowledge events in the future.

About The Speakers



H.E. Chief Olusegun Obasanjo
Former President,
Federal Republic of Nigeria

His Excellency, Chief Olusegun Obasanjo, is a Nigerian General, statesman and diplomat, who was the first ruler in Africa to hand over power to a civilian government. He served as Nigeria's military ruler (1976-1979) and was elected twice as President (1999-2007) after the transition to a democratic system. Chief Obasanjo is also a committed pan-Africanist who has been championing regional and continental integration for decades.

During his leadership as president of the Federal Republic of Nigeria he championed the formation of the New Partnership for Africa's Development (NEPAD) in 2001. He later served as Chairperson of the African Union between 2004 and 2006. Post-presidency, Chief Obasanjo was appointed Special Envoy by UN Secretary-General Ban Ki-Moon to the war-torn Democratic Republic of the Congo and has served in various capacities for the AU, championing peace and security, conflict resolution, trade, regional integration and economic development, and promoting democracy in Africa.



Professor Jeffrey D. Sachs
University Professor and Director of the
Center for Sustainable Development

Jeffrey D. Sachs is a University Professor and Director of the Center for Sustainable Development at Columbia University, where he directed the Earth Institute from 2002 until 2016. He is also Director of the UN Sustainable Development Solutions Network and a commissioner of the UN Broadband Commission for Development.

He has been an advisor to three United Nations Secretaries-General, and currently serves as an SDG Advocate under Secretary-General Antonio Guterres. He spent over twenty years as a professor at Harvard University, where he received his B.A., M.A., and Ph.D. degrees. He has authored numerous bestselling books. His most recent book is *A New Foreign Policy: Beyond American Exceptionalism* (2018). Sachs was twice named as Time magazine's 100 most influential world leaders, and was ranked by The Economist among the top three most influential living economists.

