Remarks of H.E. President Ellen Johnson Sirleaf
At a Lecture and Town Hall Meeting at Tokyo University
Monday, October 15, 2012
(Transcribed as Delivered)

University President Junichi Hamada;
Dr. Akihito Tanaka;
Dean Takatoshi Ito;
Excellencies here present;
Faculty and Students of Tokyo University;
Special Guests;
Ladies and Gentlemen:

Thank you for the introduction, Dean.

Let me say how pleased I am for the opportunity to share some thoughts with you on Africa and for the interactive session that will follow.

Twenty-five years ago, Africa – and I refer specifically to sub-Saharan Africa – was in despair, ruled, to a large extent, by unelected and unaccountable dictators. The leadership crisis translated into an economic crisis that left the region virtually bankrupt. For twenty years, starting in the mid 1970s, nearly all of our countries experienced zero or negative rates of growth in per capita incomes. Promising businesses were ruined and new investment virtually stopped, except for the exploitation of natural resources. Unemployment soared. Physical and social infrastructure were totally destroyed or deteriorated very badly. Many of you may recall that this was called the lost two decades for Africa.

Since 2000, much of that has changed across the region. Dictators have been replaced by democracy. Authoritarianism has given way to accountability. Economic stagnation is turning to resurgence such that the region today is regarded as the fastest growing one in the world. Poverty rates are falling. Investors who never would have considered the region a decade ago are lining up to look at new opportunities. Political conflicts have generally subsided, and governments are strengthening the protection of civil liberties and political freedoms, making a compelling case that democracy and development are interrelated and mutually reinforcing.

In a June 2010 release titled *Lions on the Move*: *the Progress and Potential of African Economies,* the McKinsey Global Institute said, "Africa's collective economy grew very little during the last decades of the 20th century. But sometime in the late 1990s, the continent began to stir. GDP growth picked up and bounded ahead, rising faster and faster through 2008. Today, while Asia's tiger economies continue to expand rapidly, we foresee the potential rise of Africa's lions in the future."

The statistics support McKinsey's conclusions. Africa's collective GDP registered at $1.6 trillion in 2008 and is likely to increase to $2.6 trillion by the year 2020. This is fuelled by a $42.4 billion private capital flows which is expected to decline but remain at a robust $36.6 billion in 2012. Of this amount, $31 billion represents foreign direct investment. The $860 billion which represents Africa's combined consumer spending in 2008 will increase to $1.4 trillion in 2020. The number of new mobile subscribers has increased to 316 million, making the continent the fastest expansion in that area despite the serious infrastructure deficiency. Twenty African companies currently have reserves of at least $3 billion. The continent can still boast of 10 percent of the world's oil reserves, 40 percent of gold, and a large percentage of several other minerals.

As the World Bank has pointed out in a recent report, more than a decade of strong growth has propelled many African countries into middle-income status, meaning a per capita income of $1,000. Twenty-one of 48 sub-Saharan African countries have achieved this status; 10 more are expected to do so by the year 2025. This has led, for the first time, to a reduction in the poverty rate, and an appreciable increase in per capita income.

Despite the impressive statistics, the region's economy remains vulnerable to internal social disorders and external shocks, resulting from increased cost of food staples, decreased value of exports and remittances due to declining growth in the region's major trading partners. For example, the continent's growth rate declined from an annual average of 5.2 percent to 3.4 percent in 2011 as a result of the political turmoil in North Africa – the so-called "Arab Spring Revolution." The rebounding 4.8 percent rate projected for 2012 could also be reduced if the financial crisis in the Euro zone, a traditional trading partner, is not resolved.

Moreover, exploitation of the region's vast national reserves through direct foreign investment in mineral and oil exploration and in agriculture raises the threat of domestic political instability due to population displacement. As the world's youngest continent and fastest urbanizing one, economic models must create conditions that can absorb the high number of youthful unemployed or run the risk of instability, particularly in the cities.

Additionally, foreign direct investment in Africa must move beyond the extractive sector, which is capital intensive with limited opportunities to absorb the unemployed. This would represent a departure from the enclave investment that continues to see Africa as a source of raw materials and a destination of finished goods, thereby undermining the growth of the African middle class that will become a consumer class to drive economic growth worldwide.

The sustainability of the region's growth will depend upon several factors. Let me go through them very quickly:

1. Ownership. Africa's growth and development will have to be decided by Africans themselves, determining the agenda and guiding the direction of growth and development. The September 2008 Accra Agenda for Action addressed this issue, emphasizing that country ownership results in more effective partnership. A partnership is with traditional bilateral and multilateral institutions and well as with the private sector.

2. Stability. The peace which has prevailed in the region over the past decade has been a key determinant of the good economic performance. Private capital flows when and where there is safety and stability. More effort will thus be required to reverse the trend of instability in some of our countries exemplified, for example, in Mali and Guinea-Bissau.

3. Governance. Although progress has been made, there is need for further strengthening of institutions; for more effective implementation of policies regarding public financial management; for continued transparency, accountability and consistency in the rule of law.

4. Human Capital. There has been insufficient attention to the development of technical skills based on training in the sciences. This has rendered the region less competent as compared with Asia and Latin America. Efforts are now under way to correct this deficiency by directing more resources to technical and vocational training and strengthening tertiary institutions.

5. Infrastructure. According to a comprehensive African Development Bank report, weak and expensive infrastructure slows the continent's per capita growth rate by about 2 percentage points. While once on the same level of developing nations, our region has fallen behind. It will require some US$93 billion a year over 10 years for investment in power, transport, water and roads.

Let me now speak a little bit about Liberia.

Liberia has continued to experience positive economic growth, deriving in part from new exports of iron ore and other export commodities. In keeping with our diversification plan, we are promoting new investment in other sectors to provide a foundation for our second five-year medium-term growth and development strategy, 2012- 2017. We have our new Vision for our second year, a long-term perspective agenda that goes as far as 2030 when we expect to become a middle-income country.

The private sector remains a key driver in our economic growth and development, encouraged by significant improvements in the environment for investment and doing business. This is reflected in our steady rise in growth and other indicators. At the same time, we recognize that more needs to be done to ensure that Liberia remains an attractive investment destination. This will call for major development in infrastructure, including energy, and in skills capacity. Overall, our aim is for broad-based economic growth whose benefits are shared by all of our people.

We are determined to move Liberia forward and will continue to take those measures that will enable us to have a conducive atmosphere that produces a thriving and vigorous private sector, comprising both large- and small-scale enterprises.

What is the role expected of Japan as a donor? Sub-Saharan Africa looks forward to building public-private partnerships which will bring Japan’s vast technical expertise in the development of infrastructure and promotion of employment through vocational and technical training. We hope that significant progress in this regard will be tabled during TICAD-V next June. Liberia’s expectations are similar, and we look forward to a trade and investment mission that will build upon what is already under way in partnership, for example, with Bridgestone through Firestone and Mitsubishi in the petroleum exploration sector. Liberia also looks forward to the return of JICA volunteers to Liberia.

As regards Japan’s women’s leadership, I am pleased to note that the number of executives and professionals has increased significantly since I participated in TICAD-I in 1993. We now look forward, in the very near future, to Japan’s announcement of its first female Prime Minister.