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AFRICA – A CONTINENT ON THE RISE

Horst Köhler

Recent events in Africa have been producing problems as well as successes. Pessimists are inclined to point to countries such as Somalia, Chad and Sudan, which top the global rankings of “failed states”. Even the very newest African state, South Sudan, has been plunged into crisis not one year after gaining its independence. The conflict with North Sudan not only threatens the fragile peace that is in place but also jeopardises the country’s long-term development.

These extreme examples are not the only cause for concern. The continent’s most densely populated country, Nigeria, is increasingly being consumed by religious violence. Chronically unstable Guinea-Bissau has just experienced its fifth coup since independence in 1974. Even Mali, long praised for its generally democratic orientation, now faces an uncertain future following a coup of its own. And, at the other end of the continent, many observers have started to feel that the colours of the “Rainbow Nation” itself, South Africa, have lost some of their gloss as pressing social problems continue to go unresolved.

And yet Africa is generally on the rise. That might sound strange in light of the examples cited above, but the fact that successes, setbacks, upheavals, booms and busts can all happen at the same time is part and parcel of the complexity that is Africa’s reality. Africa is not some monolithic block, as is sometimes suggested in over-simplified analyses. There is not one Africa, but hundreds, perhaps thousands of Africas. Africa is a huge, heterogeneous continent. Although there may be some similarities between countries and regions, we should not lose sight of the fact that there are also a multitude of differences.

The assessments and forecasts for individual countries are correspondingly diverse. Indeed, it is difficult to be optimistic about the future of many African countries. A great deal of work will be required if they are to achieve a stable peace and independent, sustainable development. The international community will have to give encouragement while at the same time exercising patience.

POSITIVE TRENDS

Despite the many obvious differences, there is one very clear trend: 21st century Africa is now in much better shape than before. The continent has seen many successes of late and many more are in the pipeline.

Africa of the 21st century is much more democratic. The number of democracies in sub-Saharan Africa has increased from a total of only 3 in 1989 to 23 today. With the exception of Eritrea and Somalia, all the countries in the region have held general elections since 2005. Of course elections alone are no guarantee of democracy, but even discounting such superficial indicators, in general the quality of governance – democratic or otherwise – in the region has clearly improved.

This improved political governance is one of the factors behind the region's positive economic growth. Economic policies in 21st century Africa have become more stable and more strategic, while inflation and national debt are increasingly being brought under control. Growth rates of over five per cent have almost become the norm for many African countries and the World Bank is also forecasting growth of over five per cent for sub-Saharan Africa as a whole for 2012 and 2013. Many countries have managed to significantly reduce poverty within their borders, and while poverty is of course still widespread and life for many people still precarious, all African nations – with the exception of Zimbabwe – have been able to improve their ratings in the Human Development Index over the last ten years.

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21st century Africa is both younger and more densely populated than ever before. The total population of Africa has just passed the one billion mark. The United Nations estimates that this figure will rise to two billion by 2050. Currently, more than 60 per cent of people in Africa are under 25 years of age. I believe that 21st century Africa has become more dynamic, creative and innovative, and modern communications technology has spread

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through the continent like no other place on earth. Young Africans are taking advantage of the new opportunities that have opened up in all sorts of ways. Young African entrepreneurs are daring to enter the market with their innovative ideas, such as the increasingly popular practice of using mobile phones to transfer money. Modern communications technology is also helping an increasingly active and aware civil society to become an important driving force in the process of democratisation.

SOME SUCCESS STORIES FROM ALL CORNERS OF THE CONTINENT

In West Africa, Senegal demonstrated its democratic maturity with a peaceful change of government. Despite some concerns and unrest during the run-up, in the end the elections of March 2012 went off smoothly. The incumbent president, Abdoulaye Wade, cleared the way for a peaceful handover of power. Another positive example is that of Ghana. This country has an opportunity to become a real role model for the sensible and sustainable use of oil revenues through transparency, democratic governance and the implementation of strategic economic policies.

In East Africa, Kenya has been able to return to some sort of stability after the shock of the unrest that followed its last elections. The country's attempts to create a new constitution can be considered a success and should form the basis for a more stable and democratic future. The discovery of oil in Kenya, as in neighbouring Uganda, should offer the potential for further economic growth in this region. In southern Africa, the latest presidential elections in Zambia can be seen as a positive sign for the future. The opposition candidate was the somewhat surprising winner of the election ahead of the incumbent Rupiah Banda. The latter

showed his democratic credentials by accepting the defeat without dispute. With this defeat, the ruling party lost its grip on power for the first time in 20 years.

Malawi has been a cause for concern for a long time, making headlines with its suppression of anti-government protests, but now it also seems to be heading in the right direction. The death of President Bingu wa Mutharika did not lead to a political crisis, and his successor was appointed relatively quickly and with a minimum amount of fuss. His successor, the former Vice President Joyce Banda, demonstrated a commitment to democratic values in her first statements and official acts and promised economic reforms.

With its stable multi-party system, Botswana remains a role model for African democracy.

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The diamond trade is the main reason behind the country's economic upturn and the main focus of economic policy is diversifying the economy and driving value creation at a local level from the country's diamond resources. The aim is to create more jobs for the country's young population, a key factor in ensuring peace and political stability in Africa.

OUR INTEREST IN AFRICA'S FUTURE DEVELOPMENT

In 2004, when I took office as President of Germany, I said that the world's humanity will be determined by the fate of Africa, and I still believe that today. Since then, this statement has all too often been misunderstood as some kind of emotional statement or declaration of love for a "forgotten continent". But it is much more than that. It is about a sense of moral duty in a globally interdependent world. A global epoch requires a global ethos. And it is also about our own legitimate interests as Germans and Europeans.

In the networked world of the 21st century, we cannot live in isolation from each other. We cannot simply convince ourselves that problems in other parts of the world have nothing to do with us. It is a question not only of our coexistence, but also of our mutual survival. Today we find ourselves facing global social issues that we will only be able to resolve if we work together. It is a question of ensuring that there is justice for all the peoples of the world. We will

only be able to maintain our peace, security and prosperity if we, as a global community, can forge even closer ties with each other and bring about justice for everybody. This is not only in our own interests, but it is also a moral duty. Pope John Paul II said of Germany and Poland: "God made us neighbours." For me, the same can be said of Europe and Africa, two continents that are separated by just 14 kilometres at the Strait of Gibraltar.

Because of the challenges posed by climate change, terrorism and drug trafficking, Africa is inevitably becoming more and more important from a geopolitical perspective. The scarcity of vital raw materials is also putting the continent's huge natural resources under the spotlight. African leaders have known this for a long time and have used it to bolster their self-confidence. The old days of simply telling Africa what to do are now long gone.

If things go wrong in Africa, it will inevitably have an impact on Europe sooner or later, whether in the form of refugees, smuggling, piracy or terrorism. On the other hand, if things

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go well in Africa, it means Europe's economies will have access to raw materials and export opportunities, and a positive contribution is made to global security and stability. This mutual interdependence shows that it is in our national and European interests to support Africa's own efforts towards progress and sustainable development. In 20 years time, Europe will be just as reliant on a successful partnership with Africa as Africa will be with Europe. Unfortunately, politicians and businesses in Germany and Europe seem to understand very slowly how important Africa is becoming and the opportunities that it represents.

HUGE CHALLENGES REMAIN

It would be a mistake to ignore the changing significance of Africa and the number of African countries that have really started to take off. However, it would be equally negligent to lose sight of the long-term, pressing problems facing the continent in a rush of optimism about its economic potential.

Africa is still the problem child when it comes to human development. Despite making progress in some areas, Africa will probably still fail to achieve most of the United Nations' eight Millennium Development Goals. Unlike the positive progress seen in other regions of the world, Africa is the only region in which the problem of poverty has actually worsened in terms of absolute numbers. Between 1981 and 2005 the number of people in Africa who were living in extreme poverty nearly doubled. The continent's economic growth is not enough to counter the impact of its population growth. In addition, positive macroeconomic progress cannot hide the fact that income growth in African countries is very unevenly distributed. Economic disparities between and even within individual African countries remain potential sources of political and social conflict.

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The social infrastructure of many African countries remains seriously lacking. Access to education, for example, has improved significantly, and yet millions of African children still fail to attend school and Africa's access to knowledge-based society is still in its infancy. Healthcare also remains inadequate and even the provision of sufficient food is not always guaranteed. The impact of food shortages in East and West Africa, both this year and in previous years, has brought home to us in dramatic fashion the seriousness of the situation. In addition to the inadequacy of domestic agricultural production, speculation and a bias towards producing bio-fuels only serve to make such crises worse.

In the political sphere we find a mixture of good and bad. All too often, pluralistic, democratic structures are formally established but in practice they command little respect and are often undermined. On the African continent we very often have to deal with "façade democracies", or so-called hybrid regimes. Corruption is a form of political, economic and social cancer. As a result, the establishment of a culture of democracy and the implementation of good governance will remain central challenges.

STILL A CONTINENT OF HOPE

“What was termed ‘the hopeless continent’ ten years ago has unquestionably become the continent of hope.” These words from the Africa Progress Panel report, published in 2011, sum it up nicely. The panel, headed up by former UN General Secretary Kofi Annan, brings together ten prominent representatives from both the private and public sectors to report on the main challenges facing Africa.

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The report, entitled the *The Transformative Power of Partnerships*, stresses that the main responsibility for the fate of the continent lies with the various African governments. However, the panel also believes that international donor nations, the private sector and civil society organisations also have a key role to play. Particular emphasis was given to the potential for cross-sectoral partnerships to mobilise and pool together the energy, creativity and resources of both the private sector and civil society organisations. According to the report, private businesses are becoming increasingly aware of the commercial possibilities and potential profits to be had in the region and are showing a greater willingness to complement the development efforts being made by African governments and international donors.

Indeed, it is first and foremost private business that is the driving force behind Africa’s economic upturn. Shortly after the beginning of the new millennium, the influential business magazine *The Economist* published an article entitled “Hopeless Africa” about the continent’s grim prospects for the future. Ten years later, in December 2011, the headline of the same magazine was “Africa Rising” and the magazine was vaunting Africa’s impressive economic outlook. According to the authors, a profound change had come over Africa in the intervening ten years. Standard Chartered Bank forecasts that the African economy will grow by seven per cent on average over the next 20 years – even faster than China. According to World Bank experts, a long-term growth rate of at least seven per cent will be necessary in order to effectively combat the problem of widespread poverty. I believe that this kind of growth is possible in Africa.

Fig. 1



Former Federal President Horst Köhler, invited 2012 by the KAS, visiting the University Abomey-Calavi in Benin. | Source: KAS.

Economic policies in many African countries have improved significantly. Inflation rates have been brought down, budget deficits reduced and foreign debt levels contained. Overall, there has also been much progress in the area of structural reforms: privatisations, removal of trade barriers, the reform of tax systems and increased legal certainty. All this has helped to fuel the growth of the private sector, which has been the key to the continent's upturn, and to improve the investment climate. The ongoing process of regional integration has also provided a wide range of opportunities and benefits in both economic and political terms. Of course there is still much to be done, but many African countries are at least now heading in the right direction in terms of economic policy. And when African countries finally succeed in providing all their young people with education and skills, then they will soon begin to account for a significant proportion of both global consumption and global production.

Upon traveling to Africa and meeting the people, one can truly sense the mood of change and optimism in the air. During my own trips to Africa over the last few years, I have become increasingly aware of a real change in typical conversations. Although development assistance is still important, is no longer the number one topic of discussion

when speaking with local Africans. Naturally, they still hope for international support, and especially that those promises of development assistance that have already been given will be honoured. But in general, it would appear that our local contacts now find it much more important to talk about business and investment opportunities and to report on the changes that have taken place in their countries. They are inviting us to become a part of these changes. When they do ask for support, it is mainly in the form of requests for technical expertise, vocational training and fair trade – all important prerequisites for improving the competitiveness of their businesses.

So the situation has changed, and with good reason: Africa is now the fastest-growing region in the world second only to Asia. Productivity is rising, foreign investment is increasing, new markets are being developed and new technologies are being recognised as the potential drivers of economic and social development. A new middle class is emerging.

NATURAL RESOURCES: A MAJOR OPPORTUNITY

Africa's rapid growth is to a large extent the result of growing global demand for raw materials and rising world market prices for these commodities. As a continent with vast natural resources, Africa is benefiting from this increased demand, particularly from the growing Asian market. But the general scarcity of natural resources means that Africa is also becoming much more important for Europe. Recent oil finds have been spectacular. Alongside traditional exporters such as Angola and Nigeria, Uganda and Kenya will soon be following Ghana in joining the select group of oil-exporting nations. But oil is not the only important natural resource. 60 per cent of the world's reserves of coltan, chrome and cobalt are also to be found in Africa.

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Natural resources can be a blessing, but unfortunately in the past they have often turned out to be a curse – especially for Africa. Even now we are beginning to see a scramble for Africa's resources amongst the old and new industrialised nations, something that is a major cause for concern. Africa will only be able to avoid the "resource

curse” if African governments behave responsibly and create the kind of regulatory frameworks that will ensure that resource income is not only administered in a transparent and efficient way, but is also used to the benefit of the people as a whole rather than simply disappearing into the pockets of a select few. For their part, the industrialised nations need to ensure that they support sensible African economic policies and agree to contractual terms and conditions that are fair to Africa.

From my experience in Africa, I have the impression that more and more African leaders are aware of the risks that exist and are looking for a better way forward.

They want to build modern infrastructures, diversify their economies and introduce structural reforms. If African countries are to have a greater share in local value creation, they need to increase the number and improve the quality of their processing industries. I would encourage African leaders to demonstrate that they are not only willing to take the decisions that are needed but that they also have the strength to implement them. It is here, as well as in the creation of fair trade regimes, that the idea of a “partnership of equals” will really be put to the test. Africa’s vast natural resources must be used primarily for the benefit of Africans themselves. This is also a form of peace policy.

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THE SOCIAL MARKET ECONOMY AS A ROLE MODEL

From our discussion of these trends, it would be fair to say that Africa can indeed be seen as a continent of hope and positive change. At the same time, it is also clear that the opportunities that exist will only be fully realised, and the associated risks – which we should not underestimate – will only be minimised if the necessary changes are politically shaped. There is clear evidence of efforts being made to this end and there have already been some notable successes. However, it is clear that many African governments still often lack the necessary means to achieve their aims. One of the main things they need is a clear political role model. I share a belief that is also clearly evidenced in the work of the Konrad-Adenauer-Stiftung: that the concept of a social market economy is relevant beyond the borders of Germany and the other Western industrialised nations. It

can be used as a role model for forward-looking economic policies in other parts of the world, and especially in Africa.

At the invitation of the Konrad-Adenauer-Stiftung, I visited three East African countries in June 2011 and held discussions with local representatives from politics, business and civil society organisations on the concept of a social market economy and its potential benefits for Africa. It was once again clear to me during my visit that there is a great willingness on the part of the Africans to collaborate and to take part in discussions on these issues. There is much that we can share and learn from each other. Of course, the German concept of a social market economy is not necessarily a blueprint for Africa itself, but people in Africa are aware of its success and are increasingly asking us about our experiences with it. And we all know that a social market economy is not just a static concept. It is possible to amend and adapt it as appropriate, and it is this adaptability that makes it so promising as we step up to the challenges of the 21st century and the position of Africa.

A conference for German and African companies held in Cadenabbia on "Challenges for an African Social Market Economy," confirmed what had already become clear to me during my visit to East Africa: while in Germany the Erhard credo of "prosperity for all" is a fundamental driving principle, it was slightly different for the African delegates, "For us, it has to be about *work for all*". Despite this subtle difference, it confirmed to me that the vision of an African social market economy has begun gaining a foothold in Africa, and this is not only a great opportunity for the African people, but also for the world as a whole.

Africa needs to find its own path to a social market economy, but we can assist them in this within the framework of a partnership of equals. To this end, the work of the Konrad-Adenauer-Stiftung in Africa is making a very meaningful contribution by supporting local partners and creating opportunities for dialogue.