

### 5.3. Trends and Perspectives in Africa's Development 167

#### **5.3. Trends and Perspectives in Africa's Development by Günter Nooke**

Despite political turbulence in North Africa, the food crisis in the Horn of Africa and political instability exerted by the terror group Boko Haram in the North of Nigeria, as well as instability in Côte d'Ivoire, the African continent is expected to continue to recover and reach growth rates of up to 6% in 2012. That is more than is expected from any other continent.

At the same time, one must be realistic in analysis. Too much optimism and political opportunism does not take us far enough. Perhaps not even in the right direction.

Business must act on the basis of facts. This is in contrast to some non-governmental organisations, which often prefer a romantic approach to African countries, or government officials with their own diplomatic language. Successful businesses do not only consider the facts but take on challenges and capitalise on potential. Potential that exists on this dynamic continent.

Firstly, the economic and political development of Africa over the last decade followed a positive trend. Notably, our African partners have recognised these changes and act more confidently. Importantly, the image of Africa has improved during this time. Together with this, the continent has developed new levels of selfconfidence.

These positive trends are increasingly documented, for example being covered by the OECD in the African Economic Outlook 2011. Though it has been economic growth on a low level, progress can be seen in many areas: less violent conflicts on the continent, less repressive regimes, more macro-economic stability, steady economic growth and a massive increase of foreign direct investment. Improved conditions for investments make Africa an interesting trading partner and investment focus.

Our African partners continue to underline this progress and play an increasingly important role on the international level. South Africa is member of the G20 and the BRICS. Developments that are also welcomed.

Macro-economic prospects for the continent are positive, that is undeniable. Yet accelerated growth rates have not to date reduced poverty significantly. In most cases, it has made only a few people richer.

Of paramount importance are the developments that took place in North Africa last year. The more enthusiastically democratic countries welcomed these changes, followed by reaction from the more frustrated. From my experience, as a founding member of an opposition group within the protestant church in East Germany, I can only say that the end of autocratic and dictatorial regimes in Tunisia and Egypt was only the starting point toward the possibility of developing a more democratic and open society. As the elections in Tunisia and Egypt have shown, the struggle for democracy still lies ahead. This however, does not change the fact that the world is expecting the results of fair and transparent elections. One should be aware that the protection of human and civil rights is not assured purely through democratic elections.

The crucial point of power policy does not lie in the election. The main question is how to ensure basic human rights for all! Even a freely and fairly elected majority must use that new power in the framework of the rule of law to care for its citizens and to protect them from human rights violations. Economic growth in an investment friendly and competitive environment with social and ecological standards is the single source of social welfare, from which lasting self-confidence should arise.

It is imperative for the world not to be pessimistic, but to be more realistic about the speed and depths of changes and reforms and the diversity of African countries. Bad governance and corruption poses a major development challenge. Especially in countries rich in natural resources and wherein national income is unequally

distributed. In addition, the food crisis looms on the horizon while many African countries partly sell out land to foreign investors.

These are just a few examples. Generally too many catch phrases such as good governance, broad-based growth and human rightbased approach are used, while promises remain unfulfilled.

Secondly, we as a Western government need to engage in a more honest and open dialogue with our African partners, as well as domestically about our approach and attitude to Africa.

This approach should consider our aims, mutual interests and values. When it comes to identifying common values, most African governments have signed the same human rights conventions as we have, and accept the same rules of the World Trade Organization (WTO).

It is not always clear what African partners want from foreign investors, and what their visions for their countries are. Likewise, it is not always clear whether the western world fully understands how to operate on the continent. With regard to the latter, there has been a degree of improvement. The German Government for example, led by the foreign office has formulated a strategy paper known as the “Africa Concept”, that will be the guideline for all ministries.

It is also important to consider the impact of “emerging partners” or “emerging economies” on the continent. In essence, the growth rates in a specific country for development and the kind of growth associated with this, for example broad-based and reliable growth or growth only for the small elite.

Thirdly, new partnerships between African countries and “emerging powers” must be understood as a challenge for all – African countries, emerging economies and competitors alike.

It is likely that the appearance of China, India, Brazil and many others on the African continent will challenge existing partnerships with Africa. Despite changing dynamics, we should

be prepared for an open dialogue and should not hesitate to speak about our values.

Critically, Africa needs to balance all of its partnerships – with traditional and emerging partners – and make them mutually beneficial. Simultaneously, companies in Europe and particularly in Germany should not remain passive. Predictability of investments, the lack of independent judiciary and even political stability create several areas of concern. On the other hand, Europe cannot abandon Africa to those countries able to take the risk and use their economic and political power to protect their investments or private investments from those countries. Regarding combating corruption and labour conditions, western companies must be role models.

If we want to treat our partners as equals, we have the duty to hold our partners accountable. This includes mutual accountability between partners, but also accountability towards their own people.

Ownership does not only extend to ‘taking over the ship’ but ‘maintaining responsibility for its course and the consequences’. The German words „Selbstverantwortung“ or “Eigenverantwortung” capture the essence of this point. It means to take responsibility for oneself and one’s actions.

Fourthly, it is imperative for us to be aware of the diversity of the 54 countries on the African continent. Growth in Africa means reporting about 54 different countries. Even at the annual World Economic Forum held in Davos, being the forum for debate on economic issues, only a few African countries have been considered to be of real importance. Obviously, several countries in Sub-Saharan Africa rich in natural resources and raw materials are focused on by the industrialised world. Yet that is not sufficient.

Africa needs hot spots of industrial production. Trade preferences could be useful. Furthermore, the African Union is on the right path in its efforts to reduce trade barriers between African countries on the continent. A free market zone of larger regions

or even of the entire African continent might create new dynamics, particularly if industrial production moves from Asia.

I hope for more discussion around African issues at global forums such as the World Economic Forum. It is in these engagements that engender development policy debates around emerging economies.