

Embargoed until 17.00 SGT (GMT+8)

**H.E Kofi Annan** | 26 February 2010 | Lee Kuan Yew School of Public Policy, National University of Singapore

## Asia and Africa: Past Lessons, Future Ambitions

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I am honoured to be with you tonight and to have been invited to be the first Li Ka Shing professor here at Lee Kuan Yew School of Public Policy.

It is a great privilege to be associated with such an influential school at a world-class university.

I am proud as well to be linked, even indirectly, with two of the outstanding figures in Asia's growing success and rising influence on our world.

I am sorry that my dear friend Lee Kuan Yew has not been able to join us here tonight.

I will try to meet the high standards he always sets for himself and for this country.

Standards that I know are reflected at this wonderful university and in its students.

Indeed, the success of this remarkable city state provides a fitting context for what I want to talk about today.

Singapore is a shining example of Asia's growing economic and political success and an impressive testimony to the vision, courage and commitment which is found here in such abundance.

Your region is on a roll. You, unlike Europe and the US, learnt the lessons from the financial crisis of the late 90s and put in place prudent measures to prevent a repeat. The result is your economies have weathered the recent global storms much better – and already returned to strong growth.

Over the past decades, this economic growth has helped lift hundreds of millions out of poverty. It has also established the region's leadership on critical global issues, including trade and climate change.

This is impressive in itself, but even more so if compared to the fate of Africa.

At the time of decolonization, the level of economic development in most of Asia was comparable with that of Africa. Four decades ago, for example, the per capita income of South Korea was virtually the same as that of Sudan.

Yet today, South Korea is one of the richest countries in the world while Sudan is among the poorest. Unfortunately, this comparison holds true for most countries in the two regions.

The divergent paths of Africa and Asia are a much studied subject. I want today to focus on how Africa can learn from the approach and success of Asia and, crucially, how we can build a more effective partnership to the benefit of everyone.

Drawing lessons from Asia for Africa is a popular but far from easy task. We have to be careful to guard against unhelpful generalizations, of skating over differences between the regions but within them.

Africa and Asia differ not only with respect to historical circumstances, geographical constraints and political cultures. They are also each made up of at least 45 diverse countries with their own opportunities and challenges.

Not every country in Africa has struggled over the last few decades. Not every country in Asia has been as successful or stable as Singapore.

Botswana, for example, is a shining example of success in Africa - a stable democracy with the highest economic growth rates of any nation in the world since independence over four decades ago. In contrast Myanmar is a country not far from here whose rulers have turned their back on democracy and whose people have been starved of the benefits from its rich natural resources.

So in our urgency to learn lessons, we have to take into account this diversity. It also needs us to recognize that the growth and development strategies that have worked in one place in Asia may not necessarily work in another in Africa.

This is made harder by the fact that there is, of course, no single successful model for Asian development but several – from the free-port commerce and service dominated approach here in Singapore to, for example, the export-led model of Taiwan and South Korea.

But while recognizing these differences, I think there are a number of valuable lessons that can apply.

Let me begin with an often neglected lesson – neglected, I think, because it is non-economic. This is the absolutely crucial importance of a political commitment to national development, to creating but also spreading prosperity.

Across many countries in Asia, governments base their legitimacy and reasons for retaining power on their economic growth strategies and the focus on poverty reduction and expanding opportunity.

In contrast, too many governments in Africa, however they came to power, quickly begin to believe that only they can be trusted to rule their countries. The result

becomes Government for the benefit of the ruling elite rather than society as a whole.

National wealth is siphoned off to enrich the few, not to help the many. Corruption flourishes, inequalities and grievances worsen.

Ladies and Gentlemen, Governments can not afford to forget that the role of the state is to serve its citizens, not the rulers. Economic development must combat poverty and inequality in the long term and make tangible improvements in peoples' livelihoods in the short term.

While many Asian governments, including, of course, Singapore have grasped and acted on this essential truth, too many in Africa continue to ignore it.

African policy-makers must learn from Asia's success and develop similarly comprehensive plans for creating jobs, developing skills, boosting education, improving infrastructure and modernizing agriculture. They must also understand the leading role the state plays in achieving these ambitions.

Given the way government prevented global economic meltdown, the important role of the state is undergoing a review. Even prominent skeptics now accept just how important it is in providing both the framework and social floor for markets to function to the benefit of society.

In Asia, more than anywhere else, the state has played this role for a long time. But it is doing much more than merely setting market parameters. It is charting the course and actively driving the agenda for inclusive growth.

The Chinese government, for example, has been instrumental in driving coordinated policy reforms for the country's remarkable transformation from an agrarian to an industrial economy.

In Singapore, the state has created a knowledge economy through targeted investments in high-class and life-long education. This great institution is testimony to the success of this policy.

Across the region, governments have led a green revolution that has enabled them to feed their citizens. In India, for example, the government invested in irrigation, roads, education and subsidies – for fertilizers, energy and credit.

We cannot underestimate the importance of improving agricultural productivity. Progress simply can't be delivered unless governments ensure their people are fed.

None of these examples are devoid of problems. But they all show that when governments address the needs and aspirations of their people, just what a difference they make.

These lessons are, however, not as easy to apply in today's environment as when they were first shaped here in Asia.

African policy-makers now face a whole set of new barriers which their Asian counterparts did not a couple of decades ago. They cannot, for example, duplicate the interventionist "export-push" strategies that gave rise to the East Asian miracle. Current WTO rules forbid some of the necessary national policies.

Africa's policy-makers also face serious structural barriers. There is a legacy of shallow markets and high transport costs because of the way the continent was divided and infrastructure built. It can still be easier, for example, to export goods to Europe than to neighbouring countries in Africa.

Africa is also afflicted, as I have already mentioned, with a wide-spread weakness of governance systems and institutions which prevents the success of many Asian countries being easily replicated.

While most countries, including Singapore, rank towards the bottom of global corruption rankings, the position is reversed in Africa. Institutions are often brittle and trust in the ruling elites weak.

But there are lessons in the successes and failures we are studying not just for Africa, but for Asia and for every continent.

We see the importance of effective institutions that provide checks and balances as well as credible accountability mechanisms that ensure benefits are spread equitably. These include a free press and strong civic society.

We need as well a clear commitment to human rights and the rule of law. As I pointed out a decade ago, some leaders view human rights as a rich country's luxury. Others can treat them as an imposition, if not a plot. This is demeaning to their citizens.

Only when a government is grounded in the rule of law – fairly and consistently applied to leaders as well as their citizens - can society rest on a solid foundation. Only when the rights of all, including minorities are respected, do we have the long-term basis for stability and prosperity.

Democracy and inclusive governments are also important for the sustainable health of all societies. Democracy also means protecting the rights and interests of the minorities.

We need broad agreement on policies even in transition so the first three years of any Government are not wasted in reversing the policies of its successor, only for the remaining time to be spent campaigning for re-election.,

Fortunately, and despite some glaring set-backs, the last couple of years have already seen some remarkable improvements in the quality of African governance. We need to see these improvements continue

We need more progress, too, on regional integration. In Africa, the limitations of small market size are very real, particularly for the large number of landlocked countries.

The economies of scale and improved regional infrastructure which Africa needs to compete successfully in global markets can only be achieved by increased political and economic co-operation.

As Asia has shown, such action leads to wider benefits. As a very wise man once said here in Singapore, we should think less about begging our neighbour and focus more on how we prosper together.

To achieve and sustain higher growth levels, Africa needs to devise balanced economic policies that create jobs, lift the barriers on entrepreneurship and help attract foreign direct investment. There must be dramatic improvements in infrastructure and greater investment in education at all levels and for girls and boys.

These are major challenges in which Africa must take the lead. But they can be overcome much more rapidly and successfully with support from partners outside the continent.

And here, of course, Asia is already playing a substantial role through its commercial engagement in Africa. Exports and economic growth are being boosted and new opportunities provided for countries otherwise neglected by investors and traditional donors. Asian investments are also helping to diversify African economies and increase local processing of exports.

Asian finance as well is enabling African countries to address infrastructure deficits, lower the cost of doing business, and facilitate trade. Cheaper goods and services from Asian firms have yielded substantial welfare gains for African consumers. Lastly, Asian FDI has created a springboard for generating jobs in manufacturing, mining and construction.

But much more is possible – and necessary. Asia's growing economic and political power can help Africa overcome many of the blockages that have constrained its development for decades.

I also believe that Asia has not just the means to help Africa but both a responsibility and vital interest in doing so. A prosperous and successful Africa will provide new opportunities for trade and an increasingly powerful supportive voice for joint goals in the world.

So to return to the questions I posed at the beginning of this speech, I believe that Asia can help Africa in three ways:

- By ensuring a mutually beneficial partnership,
- By sharing valuable experience and building much-needed capacity,
- By supporting African priorities on the world stage.

I say mutually beneficial partnerships because we have to recognise that Asia, and particularly China's, growing engagement in Africa has become a controversial topic.

There are a number of legitimate concerns. For instance, Asia's trade with, and investment in, Africa is not necessarily converted into growth and poverty reduction across the continent.

It is also clear that Africans beyond elite circles are not benefiting sufficiently from the revenues and partnerships around the ongoing extraction of natural resources. The non-transparent nature of many deals have also helped undermine, deliberately or unwittingly, political accountability in Africa and risk fuelling corruption and instability.

There are also considerable trade imbalances between Africa and Asia. African exports to Asia are dominated by low-value raw materials, such as unrefined oil, minerals and timber, while processed goods, especially in agriculture, face both tariff and non-tariff barriers. Asia's investment and loans also raise concerns about debt sustainability, risk-sharing and cost recovery.

Finally, Asia's growing interest in African land has led to accusations of land-grabbing. It has pushed the FAO, the World Bank, UNCTAD and African governments to formulate a new code of conduct for land purchases which should lead to an international protocol later this year.

All these concerns show why African and Asian policy-makers need to work together to improve their relationship by focusing on common goals and devising better policy responses.

The main challenge is to manage the partnership in a way that converts Asia's growing engagement into tangible benefits for Africa's citizens through sustainable economic growth and poverty reduction.

This requires a determination in Africa to improving governance which should be supported through technical assistance and capacity building. It requires as well more responsible and transparent investment from Africa's Asian partners.

We need to build as well on the long history of South-South cooperation to complement and reinforce global development efforts.

You must champion the needs of the world's poorest, many of whom are in Africa. Their voice should be amplified in institutions such as the UN, the World Bank and the IMF. We need you to lead increased efforts to achieve the Millennium Development Goals.

Africa also desperately needs access to Asian experience and knowledge to extend prosperity and revitalize agriculture while struggling with the worst impacts of climate change.

But Asian countries can, and should, go further.

To do so they must not only continue to champion Africa's cause in areas like global governance, international trade or climate change, but must also recognize the competitive challenge they themselves pose to Africa. It is time, for example, to re-examine policies which inhibit the potential export of African products into your markets.

I accept this is a difficult balance to strike but it is one we need to get right. Asia has been reaping benefits from its relationship with Africa, including greater market access, for years. It now has a responsibility to help Africa along the path of development it has itself trodden so well.

Ladies and Gentlemen, it is easy to get lost in a fog of despondency, to focus on what needs to be done rather than the progress already made.

I want to end on a positive note by saying that I believe we are on the right track.

It has only been ten years since the Economist magazine depicted Africa as "the hopeless continent".

This bleak assessment has not held true. On the contrary, Africa has now become "the hopeful continent", a place where hope outweighs threats.

This remarkable transformation owes a great deal to the growing engagement of Asian countries.

They were among the first to see Africa as a place of opportunities rather than problems, bringing with them significant chances for hundreds of millions of Africans.

It is in all our interest that these chances are seized. It is in all our interests that we see prosperity spread, human rights respected, conflicts resolved.

All countries, wherever they are, need to be built on solid foundations – on the three essential pillars of peace and security, economic and social development and good governance based on the rule of law and respect for human rights.

For there can be no security without development, no development without security and no society will long remain prosperous without respect for the rule of law and human rights.

The remarkable achievements of countries like Singapore can provide both help and guidance as we rise to this challenge.

Thank you very much.

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