

Welcome Address by Olutoyin Oyelade, President/CEO Casa Foundation for International Development (CFID) at the Friends of Africa Conference, Sheraton Toronto, 8th October, 2011

Your Excellencies,  
All protocols observed.

### **The Challenge**

I feel highly honoured to welcome you to the Friends of Africa Conference, 2011.

For some time now, various groups across the world in the non-profit and for-profit sectors have continued to agonize over the state of Africa. Various solutions have been offered by stakeholders over the years to address the recurring challenges of absence of democracy, lack of accountability, absence of long term planning, lack of infrastructure and as some say, a lack of will or ability to tackle the aforementioned issues. Africa punches way below her weight in the global economy despite her size and talented, resourceful human capital. There are several postulations as to why this is so, these postulations continue to grow. A most compelling one is that Africa's problems stem from the weakness of democratic institutions or its lack thereof. This school of thought suggests that democracy is negotiated in Africa, rotated amongst various ethnic groups to maintain tribal loyalties while other academics cite the over-centralization of power and the nationalization of production and means of distribution within our economies as Africa's bane. This school postulate that it is typical for governments to control allocation of resources and to be the largest employer of labour leading to a culture of nepotism, corruption, mismanagement and a lack of accountability.

This dire picture of the African continent is beamed daily in international media outlets and discussion fora. The question is 'Can Africa re-invent itself, rise above these challenges and take its rightful place in the comity of Nations? Or is our situation as hopeless as it is being portrayed?

### **The Opportunity**

Our answer to this at Casa Foundation (CFID) is No! Africa's case is not hopeless. We believe that despite the many challenges of Africa, we are a resilient, committed and diligent people. The goal of Casa Foundation is to harness these qualities and bridge the gap in education, healthcare delivery, entrepreneurship and other support programs. We facilitate collaborations between African leaders (in the Public/Private sectors) and Canadian infrastructure providers. Through Roundtable discussions, planned debates and informal meetings the relevant authorities in these sectors are brought together to discuss and proffer solutions to challenges in the real sector of the economy. Development Finance Institutions (DFIs) also support our Poverty Alleviation and family Support initiatives by funding some of the Projects we recommend. In the GTA, we hold strategic sessions and seminars to identify entrepreneurs, emerging leaders with the aim to develop their business initiatives and ideas/ mentor and support them in the pursuit of their dreams.

There are several positive stories already emerging; Zambia and Ghana are already reaping benefits of a smooth democratic transition and stable governments, these countries and a few others continue to believe and hope for the best and seek to make a living even in tough times. Others are making giant strides in infrastructure development particularly in the Energy sector- Angola, Sudan and Uganda's

“emergency power solutions “have been very impactful because of the scale of delivery and the delivery schedules of such projects. Similarly, Nigeria is making attempts to make a statement of intention in the energy sector by developing a gas masterplan to harness her huge gas reserves; this amongst other plans across other sectors of that economy and the rapid growth of this emerging market makes an interesting debate.

Nigeria is the most populous country in Africa, and seventh most populous country in the world listed among the "Next Eleven" economies to watch in the “frontier markets”. According to the International Monetary Fund (IMF), Nigeria is one of the fastest growing Economies in the world with a growth projection of 9% in 2008 and 8.3% in 2009 and a respectable 8% growth in 2011 despite the economic turmoil in the world. The projection for 2011 is still being maintained. These projections may be jeopardised in the absence of sound management strategies, policies, skills/ competencies and the required funding.

### **A Major Threat**

Funding remains a major obstacle to infrastructural development and the emancipation of African nations, some financial analysts and enterpreneurs call this phenomenon the “infrastructure deficit” of Africa.

In the 2010 World Bank report on African Development, the following were the main highlights that clearly depict the state and rate of Infrastructure Development:

- Only 5% of Africa’s hydro power has been tapped (the potentials are huge)

- Only 1 in 3 Africans has access to all season roads

- Only 5% of African farmland is irrigated

- Only 1 in 4 Africans has access to electricity

- More than 30 out of the 53 African Nations experience chronic Power shortages.

- African infrastructure services are twice as expensive as elsewhere –including other ancillary services –hotels, transport, accommodation, etc most of which actually require rehabilitation.

- The implication of all these is a direct cut of 2% on annual GDP growth.

As part of the measures to address these issues in Nigeria, the country set up the Infrastructure Finance Office where specialised infrastructure development companies are expected to access cheaper and long term funding for developmental purposes. Several African nations today have state-run development banks in addition the regional Development Finance Institutions (DFIs) like the African Development Bank (ADB), African Export/Import Bank (AFREXIM), Urban Development Bank (UBD) and the like. It is heart warming to hear of the \$1.5b EU loan for power projects accessed by the Federal Government of Nigeria recently, asides other Infrastructure development loans granted by DFIs and Multilateral institutions directly to banks, but despite these few beacons of light, there is still significant work to be done if the ‘funding gap’ challenge is to be addressed. Other sources of robust, sustainable revenues must be developed besides of oil in Nigeria and there is in fact no better time than now to diversify the revenue base of Nigeria. It is imperative that Nigeria starts to build a reserve for the "rainy" day as the world economies remain in turmoil, funding becomes more precarious. Nigeria maybe

considered too risky by foreign investors, FDI will steadily reduce as investors diversify their business risks, invest in their home countries and existing lines of credit which fall due lines may not be renewed. There is a need to be alert and prepared with alternative courses of action when these scenarios arise.

### **How can we move forward?**

Through the development/ encouragement of other non- oil export. Growing world demand for exports from Asian countries is an indication of the opportunities for Nigeria in the area of commodity export. This was the bedrock of the economy in the 60s.

- Developing policies that are strategically important to economic growth? How is supply constraints addressed? What policies stimulate and sustain the Growth of SMEs (Small Businesses in Central Canada (2 regions) account for more than 60% of the entire economy. Within the GTA, 85% of Total businesses are SMEs driving growth, creating job opportunities and generating revenues through taxes. Of course this is driven by policy and Funding made available.
- As Government is addressing the energy crisis, other questions need to be answered. Can we incentivise small businesses and IPPs to bridge the gaps in Distribution? Is there a strategic government policy to promote the growth of Independent Power projects across all states? The story of ESKOM in South Africa is a case in study-A total of 50,000 megawatts to date and exploiting all sources (solar, Wind, hydro) to meet requirements not only in SA but other countries.
- Take a look at success stories in Nigeria; the revolution in the Telecoms sector in Nigeria and limited successes of the banking sector. How can this feat be replicated across other critical sectors? Energy, Tourism, Agriculture and other services.
- How well is the government policy on Small and Medium Enterprises (SME) funding implemented? Do we create other funds that can be easily accessed for these SMEs to grow?
- What are the structures and systems in place to manage this? Are there tax incentives targeted to relieve funders of this market segment and provide some moratorium for stability?
- Are there timelines, within which the developmental goals are to be met?
- According to Bureau of Statistics (BOS 2009) 20% of imports into the African region land in Nigerian ports. Is the country able to generate the expected revenue from this? What measurement tools are in place?

These are some of the questions that a few countries in the continent are already finding answers to- Angola; Uganda- 'Emergency Power Solution targeted" 5,000 megawatts within its first phase. This was executed using emergency power plants which evolved into IPPs. With a \$5b infrastructure development fund from the China Development bank, Angola seems to be leading the cohort of African nations in Development in the Energy and Construction Sector. As a matter of fact 95% of African nations have received financial aid from China in the last 15 years –including South Africa. China also currently executes about 50% of infrastructural projects across the continent, 30% of which is funded by the African Development Bank (ADB). China is the single largest investor in Africa, as of now it owns over 20% of the Standard Bank Group, the largest banking group in Africa. Is this strategic? The China Africa trade relationship is booming as well as mutually beneficial or so we say. So Nigeria needs to start asking

the question of whether we are strategically on track with the relationship with the Chinese? Are we reaching out to other countries (I guess that has been answered by recent activities of NIPC in Canada and the US and other investment prospecting trips undertaken by Government officials).

### **Conclusion**

In concluding, expectations are very high at this time of unprecedented growth in Nigeria. For those in the diaspora, the examples seen in most parts of the developed world remain a veritable source of Inspiration while for those at home, some efforts are being made by the various tiers of government to better the lives of the citizenry. It is our hope that some of the strategies for growth in the power and tourism sectors which will be shared by the Excellencies present here today will generate very robust discussions and that some of our discussants may form active groups or constitute Think-tanks on developmental issues in Africa and that these groups will work with other stakeholders to advice government and government parastatals on burning issues vis-a-vis moving our great continent forward. From the Oil sands to the mineral resources, precious metals and treasures, Nigeria (and indeed Africa) has what it takes to set its own realistic agenda for development with the hope of transforming Africa into a respected economic power in the near future.

Being great is not a 100 meter dash as we all say; it takes a journey of dedicated, knowledgeable, committed people that are painstaking in their persistence to make changes to better the lot of the people. Karl Maier (2000) in his book: This House Has Fallen: Midnight in Nigeria painted a depressing picture of the Nigerian state, a chunk of chaos destined to implode and leaders with no clue managing the blind. **In this hall today are those people who can change this picture and make significant contributions by asking the right questions and by supporting those in governance with their wealth of knowledge and expertise to deliver the future that Nigeria requires.**

Our mantra at CASA foundation for Africa is not "Yes we can" - It is that '**We can and We will**'. Ladies and Gentlemen, we invite you to support our vision with your time and resources so that we can live in the Nigeria and indeed Africa of our dreams again.

I must mention our Sponsors and the small Businesses that have supported this Conference. MSPStream, Cyberdon , CASA Consult Limited.  
Thank you for your attention.

Olutoyin Oyelade  
Convener, Friends of Africa Roundtable