

OPENING REMARKS TO THE OTTAWA FORUM - May 9, 2013

NATURAL RESOURCE GOVERNANCE FOR AFRICA'S DEVELOPMENT

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-Good morning everyone and welcome to the Ottawa Forum and to the beautiful city of Ottawa. I want to thank you all for coming, and especially our distinguished speakers, many of whom have come long way to be at this two day conference.

-As President of the North-South Institute, I am honoured to be your official host.

-Before the formalities that I have been asked to deal with, I would like to say a few things about the significance of this meeting.

-It comes at an opportune time, in the sense that "Governing Natural Resources for Africa's Development" is emerging as one of the planet's defining development challenges.

-Suddenly Africa is becoming the center of attraction for many of the world's fastest growing economies and for many of its most opportunistic investors, Canada included.

-The unprecedented growth in the size of the global middle class, much of it in China, India, Brazil and other rapidly emerging economies is accelerating the demand for natural resources – and Africa has them in abundance, with relatively little exploited to date.

-Growth of many of Africa's economies has over the past couple of decades accelerated as a result, and thanks to increased investment has been sustained at amongst the highest levels on the planet.

-Some 23 African economies have broken away from the pack, emulating the "Asian tigers", at least in terms of improved trade balances and growth.

-The prevailing narrative about Africa has changed from one of a lost cause distinguished by stagnant economic growth, entrenched poverty, disease, chronic failures of governance, and war, to one of a hopeful continent, "Africa Rising (The Economist 2011) and "Emerging Africa" (Radelet 2010).

-Yet when Africa's economic growth is examined more closely – high growth rates notwithstanding – there is no room for complacency.

-The picture is much more nuanced.

-Although poverty in absolute terms has declined on the continent – and this is an enormous accomplishment – social indicators reveal that in spite of the high GDP growth, sub-Saharan Africa remains by far the world’s most impoverished area.

-Thirty three of the world’s low-income economies are in Africa and the region is furthest from achieving the targets of the Millennium Development Goals.

-Some 400 million Africans live in extreme poverty – almost half the continent’s population.

-Recent droughts and the global financial crisis have made things worse.

-Moreover, with the exception of Uganda and Ethiopia, those countries where GDP has been high have seen income inequality, as measured by the Gini Coefficient, widen.

-What this suggests then is that governments need to be paying more attention to the quality of their economic growth and ensuring that financial resources mobilized through natural resource exploitation are both optimum in volume and are spent to support broad-based development.

-This means investments that create jobs for the world’s youngest population, that add local value, and reverse the unfortunate trend of de-industrialization – not industrialization – that has taken place on the continent over the past three decades (Page, Brookings 2012).

-This Forum, through its focus on how best to govern natural resource exploitation in Africa, seeks to contribute to that objective – namely ensuring that investments, both private and public, in natural resources contributes to a broad-based development of the continent, thereby closing the growing income inequalities, contributing to social cohesion, and ensuring a stable environment for both local and foreign investors, Canadians included.

-The agenda of next month’s G8 meeting in the UK also highlights the importance of this forum with the G8 seeking to establish a common set of transparency and accountability standards for their investors, and ultimately beyond, especially in the area of extractives.

-I believe that with the speakers we have brought together here, including senior policy makers from a number of key African governments, from the African Union and UNECA, the World Bank, the OECD, the African Capacity Building Foundation, The Natural Resource Charter, Transparency International, the EITI, the extractive sector itself, academic experts in the field, and key policy makers in the Canadian government, we have the elements to produce meaningful conclusions about how best to move forward on this important agenda.

-Natural resources are a vital source of economic health and well-being both for host countries and economies home to foreign investors, such as Canada, IF they are developed in a responsible way.

-If not, they can be the source of what many of us who have worked in resource rich developing countries in Africa have experienced as a “resource curse” rather than the blessing they ought to be.

Thank you for your attention and I look forward to the next two days of presentation and discussion.