

## Speech

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### **Remarks by: MCC CEO Daniel W. Yohannes at the 2011 AGOA Forum**

Thank you, Ambassador Storella, for the kind introduction.

As a proud American and a proud son of Africa, I am delighted to represent the U.S. Government's Millennium Challenge Corporation at this tenth gathering of the AGOA Forum.

This is a timely moment to come together to discuss expanding trade, which is so critical to reducing poverty.

I especially want to thank the Government of Zambia for hosting this event.

This country has been called Africa's best-kept secret! In so many ways, Zambia represents the promise of Africa—with almost half a century of peace, two decades of multiparty democracy, 11 consecutive years of growth, and a bold vision for the future. As some of you may know, most of MCC's compact countries are in Africa... and projects in those nations receive two-thirds of our funds.

And now, we are excited to be developing a compact with Zambia to address their constraints to economic growth through investments in clean water, sanitation services, and sustainable tourism.

I want to thank Ambassador Storella for his support during this compact development process. We are hopeful that a compact can be approved, and greater progress can be achieved.

Supporting African development through MCC means a lot to me.

Yes, we face real challenges. But if Africans seize the moment...and if we can make use of tools like MCC and AGOA...I am confident that, together, we can build a prosperous future in Africa, and help achieve the dreams of this great continent.

The moment is ripe.

Let me outline just a few of the signs that Africa's economies are poised for dramatic growth.

During the last decade, six of the world's ten fastest growing economies were in Sub-Saharan Africa.

And over the next five years, predictions suggest that the average African economy will outpace its Asian counterpart. McKinsey, a leading global consulting firm, reported that Africa's collective GDP is now 1.6 trillion dollars. By 2020, it could be 2.6 trillion dollars.

The number of households with discretionary income is projected to rise by 50 percent over the next ten years.

Meanwhile, foreign direct investment surged from 9 billion dollars in 2000 to 62 billion dollars in 2008—which is almost as large as the flow into China, when measured relative to GDP.

In fact, many sectors in sub-Saharan Africa have the potential for significant growth in the years ahead, including agriculture, consumer products, and telecommunications.

No wonder McKinsey refers to African countries as “Lions on the Move.”

And yet, we can do more.

This journey is just beginning. There is still too much poverty, conflict, struggle, and wasted potential.

In order for Africans to realize their dreams, African governments must take ownership, assume responsibility, and be accountable for their development and prosperity.

That means doing everything possible to create sustainable environments for growth that will open up opportunities for investment and trade.

We know that for Africa to develop, it has to participate more fully in the global marketplace.

Indeed, one of the reasons that Africa has lagged behind is because it has not developed its capacity to trade, within the continent or with the wider world.

Consider that intra-African trade accounts for only 10 percent of total exports.

Or that, on the World Bank's “Ease of Doing Business” indicators, 15 of the 20 least business-friendly economies are in Africa.

Only 1 in 4 Africans has access to electricity. And, only about 30 percent of sub-Saharan African roads are paved.

Together, these barriers hinder the opportunities for Africans to exchange goods, services and ideas with each other and the wider world.

This majestic continent is richly endowed with resources and a large working-age population.

Imagine how much could be achieved if we could unleash Africa's true potential?

But for that to happen, we can no longer accept the kind of barriers I've just described.

That is why I am so proud to be part of an organization that takes a bold, new approach to development assistance.

MCC's singular focus is reducing poverty through long-term economic growth. We promote this goal through accountable partnerships with poor but well-governed countries, who share our values of democratic governance, investing in people, and economic freedom because we've found that such countries are also committed to replacing aid with investment from the private sector. The aim of MCC assistance today is to replace aid dependency with commerce, innovation, and trade.

And in this approach, MCC shares much in common with AGOA.

Both are dynamic U.S. Government tools, focused on promoting good governance and on creating incentives for long-lasting growth.

Both are committed to raising incomes and to creating new opportunities to help Africans escape poverty.

And both represent the strong partnership between the United States and Africa.

By eliminating import duties for nearly 6,500 products, AGOA created new possibilities for African businesses and entrepreneurs—recognizing that the private sector, not the government, is the most dynamic engine of growth.

AGOA has achieved some important results. Last year, imports to the United States under AGOA grew by 31 percent. Compared to AGOA's first year in 2001, they grew by 438 percent. Even without oil and mineral-related products, we have made progress. We saw an 18 percent increase last year in non-energy, non-mineral imports.

But, sadly, that is not enough. We need to work even harder to reach AGOA's full potential.

Part of this responsibility falls on Africa's governments and Africa's entrepreneurs.

We all want to see Africa's commercial class continue to grow and thrive... reaching across national boundaries in Africa... and spreading around the world.

To Africa's entrepreneurs, I say: Now is your time.

Seize this moment and the possibilities around you to contribute to a new prosperity in your countries and on your continent.

MCC will do its part.

We know that trade-capacity building is essential, which is why we are working with African partners to remove constraints to economic growth, tackle corruption, and improve poor transportation within and between countries...all of which are crippling Africa's competitiveness.

First, MCC works to create reliable infrastructure needed to move products to markets.

Benin, for example, used part of its MCC investment to modernize its port—including construction of a new container terminal that is expected to generate up to 30 million dollars in new revenues each year.

Mali—whose only major airport has one of the shortest and oldest runways in West Africa—is using part of its investment to rehabilitate and extend the runway, build a new terminal, and improve the airport facility, so they can increase high-value freight and passenger traffic.

Tanzania is using part of its MCC investment to upgrade and enlarge several key roads, including one that connects the Tanzanian seaport of Tanga with Horohoro on the Kenyan border, where it links with the Kenyan road network that connects to the major Kenyan port of Mombasa.

As I said when I visited Tanzania last year, this road will open new routes to commerce and community development, generate economic productivity, and improve access to local health clinics, markets and schools.

Second, MCC requires our partners to proactively pursue policy reforms that help create an environment conducive to private sector-led economic growth.

This means cracking down on corruption. This also means finding ways to fully integrate gender, because we can only achieve economic prosperity when men and women are equal champions of development. More and more, our partner countries are initiating reforms that aim to create sustainable sectors and institutions.

In Malawi, as part of a 350 million dollar compact signed earlier this year, the government agreed to implement a strong reform program for the country's power sector. This will help place Malawi's energy industry on a sustainable path to growth.

Another example comes from our compact in Ghana. With the technical support of a professor from Iowa State University, Ghana passed a law that cleared the way for developing a commercial seed industry and strengthening the government's regulatory role. Today, the country is primed for a green revolution. Local farmers can now buy seeds that were bred specifically to thrive in their fields. That means better yields, higher incomes, and a stronger agriculture industry.

And in Cape Verde—which was one of the first countries to complete an MCC compact—the government is deeply engaged in water sector reform to improve access, service and sustainability. This model behavior both strengthens its case for a second compact and serves as an example to other countries.

Third, a top MCC priority is to help African partners engage the private sector.

Private sector resources enhance sustainability, increase efficiency, build capacity, and minimize risk in partner countries in Africa and beyond. By helping developing countries forge these partnerships, we can ensure that economic growth is sustained long after MCC funding ends.

This model of mature economic partnership has promise beyond MCC.

I am proud to say it is a core part of President Obama's global development policy...and his Partnership for Growth Initiative.

The President launched this new initiative earlier this year, and chose four countries to partner in the effort to increase trade and economic growth. I am very happy to say that Ghana and Tanzania are among that first group. These are MCC Compact countries that are taking steps necessary to pave the way for economic growth. Our work with Ghana and Tanzania and many others has shown that by motivating the right policies, building infrastructure, and deepening capacity and opportunity for private sector-led trade and investment, MCC is helping Africans say to the world: We are open for business.

But while the United States is here to assist through MCC and AGOA, the destiny of this continent lies with Africans themselves.

We cannot succeed unless you, our African partners, help unlock the power of Africa's people to eliminate poverty and create a better future for generations to come.

The opportunities are real. An African Renaissance is now at hand, as Liberia's president, Ellen Johnson Sirleaf, said: "It is embedded within the honest and seeking minds of the young, the professionals, the activists, the believers in our continent. Difficulties remain, no doubt; trouble spots abound...but we have reached the threshold and there is no turning back...."

The President is right. There is no turning back.

So let us move forward together, and work as one to help this continent overcome its challenges...and create a future of opportunity and prosperity that the people of Africa want and deserve.

Thank you, and God bless you.