

U.S. DEPARTMENT OF THE TREASURY

Press Center



Remarks by Treasury Secretary Jacob J. Lew at the U.S. - Africa Business Forum

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NEW YORK - I want to thank Secretary Pritzker and Mayor Bloomberg for inviting me to join you today. I recall well the first U.S.-Africa Business Forum two years ago, and the ambition put forth to engage the private sector in support of Africa's growth. While Africa and the world have faced many challenges over the last two years, private sector investment and partnerships continue to be a bright spot, increasingly driving growth on the continent and around the world. So, thank you to our panelists, and everyone here today, for all that you are bringing to this critically-important work.

Earlier discussions have touched on the importance of trade, investment, regional integration, and economic diversification. In this session, we want to discuss some of the investments necessary to maintain and support private sector-led growth so that Africa can fully reach its potential in the 21st century. Africa's future economic success is important to the Obama Administration. To that end, I am fortunate to have made four trips to the continent over the course of the President's tenure, including two as Treasury Secretary.

And while continued government investment is, of course, important, the private sector is stepping in as well.

Across the world, economic stability is a consistent requirement to supporting strong economic growth. Africa has made tremendous progress in this regard. Though there have been setbacks in some countries, as there have been in many parts of the world. However, the continent is in a stronger economic position than it was 20 years ago, as it continues to develop a growing, modern workforce with the skills and training necessary to move its economy forward. In fact, some countries in Africa were able to weather the turmoil of the global financial crisis better than others because of the steps taken to implement strong fiscal policies, to reduce debt levels, and to establish the foundation for sustained growth.

The next steps will be no less challenging. To build on that foundation and secure a future of long-term, sustainable growth, African countries must continue to make progress on improving the environment for private investment. It will mean streamlining processes, clarifying regulations, and reducing corruption.

Longer-term growth, regional integration and well-designed infrastructure investment are at the top of the list of hurdles. Both are consistently cited in Millennium Challenge Corporation analysis of growth challenges on the continent—including in Ghana, Côte d'Ivoire, Liberia, Senegal, and Mozambique. The region has a huge backlog of underinvestment in transportation, energy, communications, and public services.

African economies are also confronting a dramatic shift in the makeup of their communities. The continent not only faces a growing population, but also one that is more urban. In fact, half of all Africans are projected to live in cities by 2030. Moreover, 10 to 12 million Africans are entering the workforce annually. A large working-age population and growing urban centers can pay large dividends, but only if these economies can create jobs and provide services for these new workers and their families. Systems of support, built for another economy, can easily be overwhelmed. Without critical investments in these communities, the migrant crisis we are seeing today could be but a hint of even bigger challenges to come.

Given the vast needs and limited public resources available, African leaders will need to plan carefully and prioritize those investments that will yield the highest returns.

That will mean electricity generation that is cost effective—and climate friendly—to power Africa's businesses and light its homes. Through Power Africa, the United States is committed to working with private partners, bilateral counterparts, and the World Bank and African Development Bank to increase electricity generation and deepen access across the continent.

In fact, during my most recent visit to South Africa in my current role, I was pleased to meet members of the Power Africa team, as well as some of our critical U.S. and African corporate partners. They are helping to realize a shared vision of an electric Africa, and it was an opportunity for me to hear about the progress, and the work still to be done.

Investments are also needed in transportation to link African countries together and to better and more efficiently access global markets. This also includes construction of feeder roads to help bring Africa's food to tables across the continent while limiting spoilage and supporting livelihoods outside of urban areas. Through important programs like Feed the Future and its multilateral component—the Global Agriculture and Food Security Program (GAFSP), the United States is working to connect small farms to larger markets, creating new value chains, and often in partnership with the private sector.

In the 21st century, infrastructure includes communication and connectivity that allows businesses to operate in real time, households and schools to reach beyond their local areas, and governments to more effectively deliver public services. Communications technology is a sector in which many African countries have truly moved forward. Mobile technology is ubiquitous and increasingly applied across a range of sectors from personal banking to providing market information for small farmers.

We must not forget the human side of investment. When we last met in 2014, the ravages of Ebola were spreading at a rapid pace. In addition to the tragic human costs, this outbreak led to border shutdowns and disruptions in trade and travel that affected businesses across the continent. There was no starker reminder that investments in healthcare systems and preparedness are also vital to business prosperity, economic growth, and ensuring that the next generation of workers is healthy and productive.

A healthy population is critical to a healthy economy. The United States is the world's largest donor to global health—from supporting efforts to reduce maternal mortality and improve child nutrition to combatting pandemic disease, we work hand-in-hand with African governments and people to provide a healthy future for all Africans. We continue to prioritize tackling the scourge of HIV and AIDS through the President's Emergency Plan for AIDS Relief (PEPFAR), which is saving millions of lives in Africa through treatment, prevention and care. While at the State Department, I am proud to have played a role in advancing global health, having led a team tasked with building sustainable healthcare systems. And today, Treasury is actively working with the rest of the U.S. government on this important mission, using our analytical and assistance tools to improve the efficiency and financial sustainability of the counter-HIV efforts—and, in partnership with development banks, seeking multilateral efforts to further disease prevention and eradication.

The global community collectively embraced the Sustainable Development Goals as the benchmark we are all striving toward. The Third International Conference on Financing for Development held in Addis Ababa in July of last year galvanized countries around the financing and policies needed to make progress on the path toward sustainable development. In Addis, we confirmed the importance of three streams of finance—official development assistance (ODA), domestic resources, and private investment. All three streams are critical, and

official development assistance in particular has a role in helping countries to build the capacity and investment climates to catalyze the other two flows. And no region of the world was more vocal than Africa about the urgent need to improve domestic resource mobilization, coupled with smart public expenditure, for the benefit of its citizens.

The World Bank and other development banks have taken on the challenge of Addis. They are making reforms to how they work in order to stretch their balance sheets, so they can do more with their existing resources to meet the demand of countries throughout the continent. They are also redoubling efforts to help strengthen governance and institutions to provide the rules-based, transparent, and predictable environment private investors seek. Through the use of innovative financing mechanisms and structures like the World Bank's Global Infrastructure Facility, the development banks are also helping to reduce risk and crowd in the private sector to help finance large and complex infrastructure deals. Finally, the development banks are also providing critical finance for regional public goods in Africa, such as those related to climate, refugees, health security, and regional market development.

Before turning to our distinguished panel, I want to thank you again for the opportunity to participate. The leaders of Africa today face the difficult challenge of boosting economic opportunities for this and the next generation. But you do not meet this challenge alone. The private sector leaders here are a strong indication of the support you have and the opportunity we all see in Africa. I also want to be clear that the United States stands beside you. Together with my colleagues, we will continue to work in partnership with you to make African prosperity a reality for future generations.

Thank you very much.

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