

OCTOBER 2019 EDITION



## Launch of 100,000 SME's for 1 Million Jobs by 2021 Campaign

The African Union Development Agency-NEPAD, on the margins of the 74th session of the United Nations General Assembly launched the '100,000 SME's for 1 million Jobs by 2021' campaign at the AU Permanent Observer Mission.

As part of its integrated approach to development in Africa, the African Union Development Agency-NEPAD places special emphasis on harnessing Africa's youthful demographic dividend in line with the African Union Commission Chairperson's '1 million by 2021 Initiative.' The initiative aims to provide concrete opportunities for 1 million young people by the year 2021, in the areas of Education, Employment, Entrepreneurship and Engagement.

Introducing the African Union Development Agency-NEPAD (AUDA-NEPAD), Dr Ibrahim Mayaki, the Chief Executive Officer said, AUDA-NEPAD was created through the African Union reforms led by President Paul Kagame, to implement the decisions of the African Union. "Today, therefore we are here to implement the target of reaching the creation of 1 million jobs by 2021," Dr Mayaki remarked.

The African population has witnessed a boom, with a population growth rate of 3% per annum. It is expected to continue to rise and reach 362 million young people (aged 15 to 24) by 2050. "Therefore," as Dr Mayaki, said, "The youth populations need to find their space by building their entrepreneurial capacity."

H.E Amira El Fadil, African Union Commissioner of Social Affairs highlighted the fact that Small and medium-sized enterprises (SMEs) are one of the means by which young women and men can have jobs on the continent and thus curb unnecessary migration.

"The work starts here today, with AUDA-NEPAD's launch of the 100,000 SME's by 2021 for young Africans," said H.E Sarah Mbi Enow Anyang, Commissioner of Human Resources, Science and Technology at the African Union. She added that, "This is the hope we are giving back to young Africans, [noting that] while challenges remain, the ease of conducting business across the continent is steadily growing."

H.E Josefa Sacko, African Union Commissioner of Rural Economy and Agriculture acknowledged that since the 100,000 SME's by 2021 initiative is demand driven, she definitely buys into it as she is a firm believer in taking action for solutions.

# Rethinking Development in Africa



The Columbia University School of International and Public Affairs hosted an address by Dr Ibrahim Mayaki, CEO of the African Union Development Agency-NEPAD on “Rethinking Development in Africa” in New York on 27 September.

Dr Mayaki’s address covered the following areas: Africa’s transitions versus policies; governance versus policies; global uncertainties versus Africa’s uncertainties, and; reflections on rethinking development.

Dr Mayaki posed the question as to whether it is still prudent to continue to view ‘development’ in traditional paradigms, considering that ‘development’ itself requires new thinking in order for real transformation to take place, given the present conditions.



The campaign that was launched on the margins of the United Nations General Assembly on 26 September in New York, aims to leverage strategic partnerships, build ecosystems of efficiencies and test new ideas to move the needle on youth development. AUDA-NEPAD aims to contribute towards decent employment for Africa’s youth by supporting sustainable youth owned SME’s especially for young women.

More specifically, AUDA-NEPAD seeks to contribute to the African Union Commission campaign by focusing on building the capacity of young entrepreneurs, engaging various stakeholders to avail sustainable financial mechanisms including the establishment of regional guarantees funds for youth and women led SMEs.

AUDA-NEPAD recognises that SME finance is pivotal to the success of the Agency’s approach, by building the business skills set of young SME’s to enhance their formal business approaches in order to increase their access to finance. Also important to this is the networking that AUDA-NEPAD will facilitate to ensure regional partnerships are developed amongst young SME’s for regional trade, based on the opportunities that will be unlocked by the African Continental Free Trade Area. ■

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The CEO stated that the critical transitions that are taking place on the continent include demographic, technological, natural systems, climate change, governance systems as well as human development transitions. He alluded that none of these transitions can be dealt with independently, and moreover, the transitions make it difficult for youths in the development space, who already predominantly have a negative perception on the delivery of policymakers. Therefore, policymakers need to understand these transitions fully and prepare adequately.

Dr Mayaki's address also showed that power relations have changed fundamentally, meaning governance systems are inadequate, which cannot be changed in a top down manner. Therefore, the inadequacy of governance systems makes power irrelevant, as it has been shown recently in several countries on the continent. There is therefore a shift in power from centralised power to more local governance systems and local communities.

However, Dr Mayaki went on to state, "Governance could strengthen its credibility with renewed and innovative forms of governance as is the case of a country such as Botswana, which has inclusivity as a strong trait in its governance system. Inclusivity is therefore an absolute and essential component in rethinking development unlike was the case years ago."

Dr Mayaki went on to add that, "Inclusivity means that public policies can be reviewed and governance systems can be questioned."

With regards global uncertainties and Africa's uncertainties, it was observed that aid, which was a strong component in Africa's development agendas, is now disappearing, with the role of the multilateral system being questioned. In addition, an agenda on global sustainable development that must be applied by all countries shows that Africa is lagging behind.

However, Africa is now looking at its own regional and internal markets through the African Continental Free Trade Area, meaning that even at the current time of global uncertainty, a great opportunity for Africa exists. The fragmentation of African countries necessitates that the continent implements regional solutions for national challenges, and the strengthening of regional and internal markets to restore credibility of national governments.

Some of Africa's uncertainties include the fact that in the next eight years or so, most of the incumbent African presidents will no longer be here, paving the way for new leaders who will emerge out of democratic processes. Therefore, the youth will have a stronger role to play in the continent's new political administrations. However, the uncertainty is whether the new leaders will emerge through sound democratic foundations or through populist solutions, or even whether they will emerge out of an increased level of conflicting scenarios.

"The picture is not very clear," Dr Mayaki noted. "Nonetheless, it is a given that most youths will choose leaders that seek to address their needs."

In concluding, Dr Mayaki reflected on rethinking development, stating that the best way to include youths in Africa's development framework, Agenda 2063, is to let them be a part of its design and implementation.

A change of paradigm is there needed in the co-production of public policies. Africa will need to reinvent its governance systems with the empowering of local communities and implementation of regional solutions. In addition, the way people identify with development policy, is the extent to which they feel that their dignity is being upheld. Moreover, rethinking development also means rethinking justice systems.

Belinda Archibong, Assistant Professor of Economics at Columbia University, a discussant at the address, commented that Africa does not really need to develop on aid, but more on trade. She also noted that another critical area is in the closure of the youth participation gap in governance systems.

Akbar Noman, Adjunct Associate Professor of International and Public Affairs at Columbia University, also a discussant said, "The importance of the transitions highlighted by Dr Mayaki, especially the one on demographics, projecting what will be needed in the labour force and its nexus with climate change, is important in answering the question on the generation of employment." ■

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# ‘Our Door of Return’ African Diaspora Economic Forum



Hon Eric L. Adams, Borough President of Brooklyn, New York City.

This year 2019 is significant as it marks 400 years since the first documented ship anchored the shores of America with chained slaves. Since they left through the Door of No Return, there is a mobilisation of African Americans to connect with Africa, through the Door of Our Return. Collaboration with the Diaspora in private sector, government, civil society is key in mobilising and sharing knowledge, expertise, technologies and economic resources to support the achievement of the sustainable development goals in Africa as articulated in the African Union Agenda 2063.

The African Union Development

Agency-NEPAD in partnership with the Brooklyn Borough, New York hosted its inaugural Diaspora Economic Dialogue on 26 September.

Hon Eric L. Adams, Borough President of Brooklyn, New York City. Former Democratic State Senator in the New York Senate, the first African American Borough President, opened the inaugural forum by declaring that, "The conversation we are having is more than just economics. It is about filling the gap that needs healing by overcoming self-hate. We need to stand together to overcome wrong thinking. We need to turn

Africa into The Africa We Want."

Dr Ibrahim Mayaki, CEO of the African Union Development Agency-NEPAD, gave a background on the origins of pan-Africanism, which has its roots in America and framed the founding of pan-African institutions including the Organisation of African Unity. "This forum then, with the diaspora in America, is therefore very much needed in the regional integration agenda that we are driving on the African continent."

"Do we want to shape our destiny according to global forces, or do we want to shape our destiny according to The Africa We Want? We need to meditate deeply and collectively. The Door of Our return is a new common agenda through which we must reflect deeply and present ourselves to the world in a radically different manner," Dr Mayaki said.

The diaspora has a critical role to play in national development. As such, globally, most governments make conscious efforts to incorporate diaspora groups as development agents and to mobilise cash and in-kind resources towards national development agendas. Africans outside the Continent have an estimated spending power of 4 trillion dollars. This means there is massive potential to leverage this capacity to facilitate collaboration and exchanges to contribute to Africa's economic development.

In her address, Ambassador Arikana Chihombori, the Quo African Union Ambassador to the USA stressed that, "Africa will move quickly through the



new vehicle of the African Continental Free Trade Area, which will give the Continent true economic independence, in which the diaspora will find more opportunities for investment as well.”

“After 400 years, we need to come out of enslavement with wealth,” was the message delivered by Rev Dennis Dillon, Economic Empowerment Activist, Co- Chair, Door of Our Return Foundation & Board member, Greater Harlem Chamber of Commerce. He added that “The Door of Our Return is all about Africans in America relinking with Africans on the African continent, joining forces with the African Union and African Union Development Agency-NEPAD to journey together towards The Africa We Want. It is time for us to have an economic revolution that begins now.”

Mr John Hope Bryant Founder, Chairman and Chief Executive Officer, Bryant Group Ventures, made a call for the doing away with of financial illiteracy that is a challenge for most people, declaring that financial literacy is needed in Africa at scale.

The objective of this intercontinental dialogue is to build a credible platform to stimulate partnerships and business networks to accelerate and support sustainable development and global partnership processes.

In closing, Dr Zienzi Dillon, Goodwill Ambassador for the African Union Development and Chief Executive

Officer of Carmel Global Capital, reiterated that unity is key in turning the tide towards economic self-sustenance.

The African Union Development Agency-NEPAD attaches the greatest significance to the effective participation of the diaspora in Africa’s development and considers this Diaspora Economic Dialogue as a critical and vital element of the Agency’s global engagement strategy. Through opportunities presented by dialogue platforms like the Diaspora Economic Dialogue initiative, and effective collaboration with governments and people of different regions of the world in which Diaspora populations are located, opportunities can be unlocked to mainstream Diaspora participation in the development agenda. ■

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# Taking Africa a step closer to meeting its true agricultural potential

Agriculture in Africa has yet to achieve its full potential for a variety of reasons. Food security, together with adequate nutrition, is a matter of life or death at one end of the market, while good agricultural practices are necessities at the other. Whether it's food in abundance or eco-friendly food production – partnerships in agriculture are now more important than ever.

Union Development Agency, is to bring together the stakeholders necessary to make private sector investment effective. Grow Africa incubates and supports platforms and business models that enable those stakeholders to work together. This is done through the signing of term sheets, which are legal agreements signed between two or more parties summarising the principle terms of a proposed



Recognising the value that can be created through collaboration and partnerships in all agricultural projects to achieve sustainability for the agricultural sector, Grow Africa works to facilitate collaboration between governments, international and domestic agriculture companies, and smallholder farmers in order to lower the risk and cost of investing in agriculture, and improve the speed of return to all stakeholders. The broader Grow Africa network includes farmer, civil society, development, and research organisations.

The aim of Grow Africa, a programme of the African

investment by a company in a specific country. It is developed for the purpose of setting out the terms of proposed investments to facilitate the required approvals from the government as well as other parties to the agreement.

The term sheets are a result of Grow Africa's Country Agribusiness Partnership Framework (CAP-F), which responds to the Agenda 2063 agribusiness ambitions to (i) increase the share of indigenous private sector contribution to the continent's GDP to not less than 50%; (ii) achieve a threshold of at least 90% of agricultural cash crops produced on the

continent to be processed locally and the Malabo Declaration commitment to enhance investment finance in Agriculture, boosting intra African trade, ending hunger and halving poverty by 2025. The identification of investments in priority value chains, to achieve compelling commercial and development returns has necessitated the establishment of agribusiness partnerships around the prioritised value chains.

CAP-F was launched in 2017 and the first set of term sheets were signed in September 2019 during the 2019 African Green Revolution Forum (AGRF) and will result in a total of over \$200,000,000 of new investment in Malawi, Uganda, Eswatini, Mozambique, Nigeria and Côte d'Ivoire by 2023. The investments will connect farmers with sustainable commercial supply chains and will lead to the creation of over 10 000 new jobs.

The signing companies are Dangote Farms Limited (Nigeria – Tomato value chain), Press Agriculture Limited (Malawi – Dairy, Macadamia and Soya value chains), Pearl Dairies Limited (Uganda – Dairy value chain) and IFresh Limited (Mozambique & Eswatini – Horticulture value chain). The Term Sheets were also signed by the Governments of the respective countries committing to support the investments through policy formulation and enforcement as well as the provision of public infrastructure as appropriate. Development partners have also committed to provide resources for capacity building and technical assistance to support out grower schemes and other value chain actors.

It is clear that the transformation of the African agricultural sector needs a combination of effort and support by both the private and public sector, and these term sheets takes the continent a step closer to meeting its true agricultural potential. ■

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# Promotion of International Cooperation to Combat Illicit Financial Flows

“We shall not rest until illicit financial flows are reduced!” H.E. Quartey Thomas Kwesi, the Deputy Chairperson of the African Union Commission pledged in New York at a high level forum. The theme of the forum was “Promotion of International Cooperation to Combat Illicit Financial Flows and Strengthen Good Practices on Assets Recovery and Return to Foster Sustainable Development,” at which the African Union Development Agency-NEPAD and African Peer Review Mechanism urged world leaders to curb illicit financial flows at the 74<sup>th</sup> United Nations General Assembly.



The negative impact of illicit financial flows on the ability of countries to achieve their national developmental priorities has been the subject of international discussion in recent times. It is said that countries lose substantial resources through different sources of illicit financial flows such as corruption, crime and illicit commercial activities. The report of the AU/ECA High Level Panel on Illicit Financial Flows from Africa, which was chaired by the former South African President, Thabo Mbeki, found that illicit commercial activities account for 65% of IFFs from Africa while criminal activities and corruption account for 30% and 5%, respectively. These are facilitated in part by the existence of tax

havens and secrecy jurisdictions that facilitate the existence and operation of disguised corporations, anonymous trust accounts and fake charitable foundations.

The report of the Mbeki Panel indicates that illicit activities that are intended to hide wealth, evade/avoid tax and customs duties include: avoiding tax (base erosion and profit sharing); abusive transfer pricing; trade mispricing; mis-invoicing of services and intangibles; unequal contracts, and; tax inversion. Given this backdrop, the high-level event in New York brought out the need for strengthened international cooperation to redress the situation. Princess Gloria Akobundu, National Coordinator and Chief Executive Officer of AUDA-NEPAD Nigeria emphasised that, "The global contribution of strategies will assist to eradicate illicit financial flows, and to enhance attainment of the Sustainable Development Goals, ensuring the return of stolen assets."

Speaking specifically on the African context, the President of Nigeria, H.E Muhammadu Buhari called for unity among African countries to demand unconditional repatriation of assets stolen from the continent, stating that his country has lost 157.5 billion dollars to illicit financial flows in nine years. President Buhari commended the role played by the African Union Development Agency-NEPAD in supporting efforts to combat illicit financial flows. "The New Partnership for African Development (NEPAD) must be supported to play a critical role in securing the cooperation of African countries and their international counterparts," he said.

By some estimates, illicit flows from Africa alone are as much as US\$50 billion per annum, which is approximately double the Official Development Assistance the continent receives from development partners.

H.E President Sahle-Work Zewde of Ethiopia pointed out that innovative solutions are needed to tackle illicit financial flows in the spirit of partnership and shared responsibility. The President of Ethiopia

added that above all, most countries are in need of good governance.

The President of Zambia, H.E Edgar Lungu highlighted the need for harmonisation of legal and institutional frameworks across the continent in order to improve coordination among different jurisdictions, in order to effectively combat illicit financial flows and recover assets.

The socio-economic cost of corruption and illicit financial flows are massive and continues to stunt the development of all affected countries. Besides draining foreign exchange reserves, reducing domestic resource mobilisation, preventing the flow of foreign direct investment, exacerbating insecurity and worsening poverty and economic inequality, IFFs also undermine the rule of law, stifle trade and worsen macro-economic conditions in the affected countries.

"Let us not forget that illicit financial flows started with colonialism, which contributes to the current situation which sees about 75% of illicit financial flows coming from Africa's extractive industries," Dr Ibrahim Mayaki, AUDA-NEPAD's Chief Executive Officer reminded delegates. "We need to invest more in human and institutional capacity to perform at optimum levels in order to stem illicit financial flows and foster sustainable development for the Africa we want," the CEO said.

The high-level forum on the "Promotion of International Cooperation to Combat Illicit Financial Flows and Strengthen Good Practices on Assets Recovery and Return to Foster Sustainable Development," was hosted by Nigeria and co-hosted by the governments of Norway, Ethiopia, Zambia and South Africa. It was organised by AUDA-NEPAD and the African Peer Review Mechanism, in collaboration with the Economic and Financial Crime Commission of Nigeria. ■

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