

2016 KOAFEC Ministerial Conference

October 24-27 2016, Seoul Korea

Joint Declaration

The Minister of Strategy and Finance of the Republic of Korea, Ministers of Finance and other key Ministries representing African countries, the President of the African Development Bank (hereinafter the “AfDB”), representatives of Panafrican institutions and Regional Economic Communities, Chief Executive Officers from both the African and Korean private sector met in Seoul from October 24-27, 2016, for the 5th Korea-Africa Economic Cooperation Ministerial Conference (hereinafter the "KOAFEC Ministerial Conference"). The KOAFEC Ministerial Conference was co-organized by the Ministry of Strategy and Finance, The Export-Import Bank of Korea and the African Development Bank.

Participants from Africa and Korea (hereinto referred to as "the Parties") agree that since its inception in 2006, the KOAFEC Ministerial Conference has contributed to strengthening Korea-Africa economic ties through joint programming and cooperation in 6 priority areas including infrastructure, information communications and technology, human resources, sharing development experiences, agricultural development and green growth. This collaboration has been implemented through a diverse range of bilateral and multi-lateral channels using instruments such as grants, concessional loans, public and private sector project finance, technical assistance and capacity building.

Under the theme of *Africa's agricultural transformation through industrialization and inclusive finance*, the Parties agree to strengthen their friendship and cooperative partnership for Africa's economic development. For the first time ever, the KOAFEC Ministerial Conference held a Public Private Partnership Forum which is a solid recognition by all Parties of the importance of private sector involvement in financing Africa's development. This is consistent with the Sustainable

Development Goals, Africa's Agenda 2063, the African Development Bank group High Five strategic priorities, Regional Member country development plans and Korea's development plans.

The Parties have agreed as follows:

I . Korea-Africa Economic Cooperation

1. The Parties recognize that Africa has shown robust growth and remained resilient despite the sluggish global economy. The Parties expect that with its growth-friendly demographics, abundant natural resources, and renewable energy potential, Africa can become the fastest growing continent globally.
2. The Parties recognize that Korea achieved economic growth by focusing on capacity building and smart specialization. Through agricultural innovation and investment in education and healthcare, Korea has built the capacity of its human resources. Korea has also nurtured key industrial sectors by adopting new technologies and supporting corporate Research & Development activities,
3. Subsequently, based on the demands and circumstances of each country, Korea will extend its support by providing the foundation for appropriate technologies, skills transfer and capacity building. This support will improve agricultural productivity and manufacturing capacities as well as increase access to inclusive finance. At the core of this, the Parties recognize that expanding healthcare services and strengthening primary and secondary education are vital elements for skilled and well equipped human resources. To this end, Korea will accompany countries to strengthen their higher education systems, which will in turn stimulate innovative investments, and foster the development of new industries.

4. The Parties agree that addressing food insecurity and promoting inclusive finance modalities in partnership with the private sector, are the key to poverty reduction and sustainable growth of Africa. Also, the Parties recognize that agricultural mechanization, plant breeding, and technological development – including the use of mobile telephone solutions are important to inclusive growth and Africa’s development.
5. The Parties acknowledge that Korea’s expertise and know-how in agriculture can facilitate the development of effective strategies for Africa’s agricultural transformation. Korea has established “Saemaul Undong Centers” in African countries through the KOAFEC Trust Fund and other official development aid (ODA) programs. At the same time, Korea is sharing its experience by carrying out important multi-sectoral activities involving sustainable water management, forest preservation and rural based renewable energy solutions.
6. Recognizing that agricultural transformation has a significant impact on Africa’s job creation and income levels, the Parties call for stronger mutual partnership between Korea and Africa to meet the challenges in Africa’s agricultural sector. Furthermore, the Parties agree that Korea’s development experience can contribute to Africa’s economic transformation, addressing income inequality and improving people’s livelihood. The Parties agree that the vulnerabilities and specificities of Small Island Developing States (SIDS) will be taken under consideration in view that SIDS do not share the same characteristics of states from mainland Africa.
7. In realizing their mutual objectives, the Parties further agree on the importance of promoting gender sensitive approaches in development and supporting the most vulnerable. This is in line with the Korean Government’s initiative of development cooperation stemming from Korea’s unique development experiences, to promote better life for adolescents and girls;

promoting health and education; and advancing innovations in science and technology, as important building blocks for Africa's growth.

8. The Parties particularly welcome the AfDB's High-5s priorities (hereinafter "the High-5s") and agree that the African Development Bank groups High-5s are aligned with KOAFEC's six priority areas. Therefore, the Parties are committed to strengthening their partnership in transforming Africa's agriculture; promoting access to energy; accelerating industrialization; deepening Africa's integration and improving the quality of life of Africans.

II. Key Areas of Cooperation

II-1. *"Transforming Agriculture"*

9. Given the contribution of agriculture to African economies, the Parties agree to boost Africa's agricultural productivity through scaling up the integration of African raw materials into the global value chains. Africa's agriculture should not be associated as barely a means of survival but rather, as a business. The Parties further recognize that agricultural transformation is an important means of promoting inclusive growth on the continent by stimulating employment, boosting income and investment and subsequently helping achieve better living standards for Africans engaged in agricultural activities.
10. Korea will provide both technical and financial assistance as well as knowledge sharing to African countries. In addition, Korea will continue to transfer its Saemaul Undong (New Village Movement), adopting a flexible approach tailored to the needs of each country.
11. The AfDB is also committed to remain at the forefront of Africa's agro-industrialization

and agriculture finance. Through its “Feed Africa” Strategy, the AfDB further recognizes that agriculture can make a sizeable impact in African economies only when its production and distribution chains are substantially developed, its links to markets reinforced, and its transition to business-oriented activities accelerated.

12. In addition, the Parties agree that to bring about agricultural transformation on the continent, agricultural value chains must be enhanced, agribusiness enterprises promoted, agricultural mechanization among farmers modernized, removing constraints to accessing land and finance removed, agricultural infrastructure developed, youth and women empowered, climate-smart agriculture supported, strong and efficient institutions encouraged, and intra-African agricultural trade boosted.

II -2. *“Enhancing Africa’s Energy”*

13. The Parties recognize that energy is a strategic factor for the modernization and transformation of African economies. The Parties agreed that low access to electricity is one of the biggest obstacles to its economic growth and undermines its industrial revolution. They recognized that, if fully harnessed, Africa’s untapped energy potential can address its vast energy needs and generate non-negligible foreign exchange revenues through energy exports.
14. The Parties will cooperate on multiple fronts to ensure Africa’s access to energy namely through building infrastructure for power generation, transmission and distribution. This is an area of comparative advantage for Korea and it stands ready to assist African countries build their capacity to respond to climate change and embrace renewable energy.
15. In addition, the AfDB, through its “Light up and Power Africa” Strategy, will work with

its various partners to help its Regional Member Countries (RMCs) exploit their different energy sources, improve their energy regulation and pricing systems, and find an optimal mix of conventional and renewable energy, with the overarching objective of ensuring universal access to affordable, reliable and modern energy services by 2025. This shall be consistent with the National Development Plans of the concerned countries.

II-3. *“Accelerating Industrialization”*

16. The Parties recognize that Africa’s industrialization deficit hinders the continent’s sustainable economic growth, undermines its entrepreneurial initiatives, and impedes its fight against food insecurity and extreme poverty. The Parties further agree that Africa can no longer afford to remain a primary commodity exporter, at the bottom of global value chains, nor rely on food imports with volatile prices to feed its ever-growing population.
17. The Parties acknowledge that industrialization can create economic benefits such as productivity improvement and job creation. For Africa’s effective industrialization, it is important to enhance its transport infrastructure, solve logistical problems and drive private sector innovation, all outcomes that can be achieved through the use of Korea’s growth experience.
18. Cognizant of the pivotal role of industrialization for Africa’s development, the Parties conclude that there is an urgent need to accelerate the pace of industrialization and therefore reduce the continent’s dependency on exports of commodities.
19. Specifically, the African Development Bank, in line with its “Industrialize Africa” agenda, reaffirms its commitment to scale up agro-industrialization projects through the creation of mechanization programs and agro-processing zones and corridors, the coordination and

financing of agriculture infrastructure projects at national and regional levels, and the support to the development of warehouse receipts systems.

II -4. *“Integrate Africa”*

20. The Parties acknowledge that integration maximizes Africa’s growth potential and contributes to the development of industries that match with each country’s comparative advantages and strengths. The Parties also recognized that integration is key to improving competitiveness of Africa’s industries, as well as broadening and strengthening the quality of its economic growth.
21. In addition, the Parties agree that, by defragmenting existing Africa’s markets, creating new and larger ones, and enabling new opportunities for growth, regional economic integration can provide a cushion against external trade shocks, stimulate industrialization, promote more diversified economies and enhance movements of people and investment flows.
22. The Parties will cooperate for better governance by constructing social overhead capital, improving public administration utilizing ICT and strengthening institutional capacity through Korea’s growth experience.
23. The Parties acknowledge that improving regional economic integration in Africa will require concerted efforts, considerable financial resources, and strong political will from African governments, but that these are indeed necessary to address supply-side constraints, reduce Africa’s infrastructural gap and improve countries’ trade logistics, and eliminate trade barriers. The Parties are committed to scaling up their interventions to address structural challenges to a strong intra-African cooperation.

II-5. *“Improving Quality of Life”*

24. The Parties recognize that despite the unprecedented economic growth achieved in Africa over the last two decades, the quality of life of most Africans has not improved as expected. Millions of people on the continent still live in extreme poverty, without access to clean water, affordable energy and adequate health services.
25. The Parties affirm the necessity of promoting pro-poor and inclusive growth on the continent by creating secure jobs that provide sufficient incomes to meet basic needs and save for future generations, by expanding educational opportunities and by creating sound living environment to ensure improved quality life for people.
26. Convinced that effective cooperation in science, technology, innovation and higher education will contribute to improved quality of life, Korea will leverage its strengths in ICT, science and technology through the establishment of advanced academic institutions and training programs, delivery of vocational skills and ICT education to cultivate a skilled workforce for greater industrial growth. Also, Korea will cooperate with Africa on distributing water supply and sewage system and build more medical facilities, to improve the lives of Africans and reduce the prevalence of water borne diseases.

III. Moving Forward

The Parties conclude that the 5th KOAFEC Ministerial Conference has provided a forum to enhance the cooperation between Korea and Africa. The conference has also promoted collaboration between the public and private sectors and has created the impetus for further investments in Africa. The Parties are further committed to developing synergies and generating

new effective public-private partnerships for development, which are crucial to achieving the objectives of the Joint Declaration.

The Parties pledge to actively cooperate on the strategic direction of the High 5s to create an enabling environment by enhancing policy and legal frameworks to attract more private sector investment, including Korean investment into the African markets, improving access to financial services and increasing support to economic and social infrastructure.

Based on the outcomes of the 5th KOAFEC Ministerial Conference, the Parties adopted the Joint Declaration.

In order to materialize the objectives set out in the Joint Declaration Korea will offer a financial package worth USD 5 billion to support Africa's development. This consists of: 1) USD 4 billion private infrastructure financing from the Export-Import Bank of Korea, 2) USD 1 billion of concessional loans from the Economic Development Cooperation Fund (EDCF), and 3) USD 20 million grants for technical assistance and capacity building through the KOAFEC Trust Fund and Knowledge Sharing Program (KSP). In the longer term, Korea aims to increase its financial package worth up to USD 10 billion to build a solid and sustainable partnership between Korea and Africa.

The Parties take note that the next KOAFEC Ministerial Conference will be held in Busan, Korea, in 2018. The Conference will be held alongside the sidelines of the AfDB Group Annual Meetings which will be hosted by the Government of Korea.