Africa's Turn?

The Promise and Reality of the Global Economy's "Final Frontier"

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THE INSTITUTE FOR BUSINESS IN THE GLOBAL CONTEXT

Institute for Business in the Global Context
The Fletcher School, Tufts University
160 Packard Avenue, Cabot 404
Medford, MA 02155 USA

For more information, please contact:
Dorothy Orszulak, *Director of Corporate Relations*
dorothy.orszulak@tufts.edu
+1.617.627.3665

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Introduction

Africa has always been a continent rich with vivid imagery. One of the most prominent news stories about Africa in 2012 had to do with a skillfully made video by a California-based non-profit organization, Invisible Children, to raise awareness about the crimes of a Ugandan warlord, Joseph Kony. It sought to persuade people in the West, the American youth especially, to lobby their governments to do more to bring him to justice. The Nigerian-American writer Teju Cole wrote a searing and widely discussed critique of the video picking apart its rhetoric and imagery, which he saw as profoundly patronizing, smacking of a "we have to save them because they can't save themselves" attitude that he argued has been endemic in the West's engagement with Africa.[1] Dambisa Moyo, the Zairian born economist and author, recently wrote that the aid and charity approach the West has taken to Africa for so long has failed because it severs the link between African citizens and their governments, who respond to the needs of foreign donors rather than to domestic taxpayers.[2] The Finance minister of Nigeria, Ngozi Okonjo-Iweala, offers a simple piece of advice for those who want to help Africa: do business here.[3]

We have arrived at a new moment in the global conversation about Africa, a conversation that is being reshaped by articulate African voices. Images of Africa as a basket case stricken by famine and conflict are being repudiated and replaced by ones of economic growth and opportunity. According to the McKinsey Global Institute, real GDP for the continent as a whole rose 4.9 percent every year between 2000 and 2008, more than double the pace of GDP growth in the 1980s and 1990s.[4] Following up on several years of largely positive coverage of Africa by business analysts and the media, *The Economist* magazine published its March special report on "Aspiring Africa," declaring it the world's fastest growing continent.[5] The high level of interest in the continent is particularly relevant given that the news out of the global economy is far from cheerful: the United States coping with slow growth and an anemic job market, Europe in an existential crisis, Japan going on two "lost decades" and even the emerging market darlings, China, India and Brazil in a state of deceleration.

On the 25th and 26th of October, 2012, The Institute for Business in the Global Context at Tufts University's Fletcher School hosted *Africa's Turn?: The Promise and Reality of the Global Economy's Final Frontier*, an international conference intended to capture this unique moment in the continent's history and interrogate some of the trends that have led to widespread optimism about its prospects. This report summarizes some of the main ideas and themes that emerged from the discussions during the conference, linking them to the broader conversation about Africa's increasingly promising prospects.

Several lessons stood out which we shall examine in greater detail in this report.

One lesson is the need for clarity when talking about the emergence of Africa as a major emerging market, separating its

regions and countries based on the 'quality' of their growth. The quality of growth in many of Africa's fastest-growing economies has been rather poor as it is being driven by the extraction and export of natural resources and raw materials. The problem with an extraction-oriented model is that it has historically had (especially in countries that start out from a low base) poor correlation with equitable human development and the growth of a diverse private sector. This is a phenomenon referred to in the economic literature as the 'Dutch disease.' That said, this is not an assessment that is accurate for all of Africa, and it is increasingly becoming less true for many countries. Countries such as South Africa, Namibia, Botswana, and Egypt have significantly diversified economies that are seeing growth across sectors. The growth stories of others, such as Nigeria and Angola, while still dominated by the export of natural resources, are slowly moving toward greater diversification.

The second key lesson from the conference, one that flows from the previous one, is the need to move beyond crude, reductionist ways of talking about Africa. It is a continent with 55 countries and over a billion people. Having a meaningful conversation about the complex economic and political realities of the continent requires moving beyond simplistic units of analysis. McKinsey Global Institute published a report in which it distinguishes between four groups of African countries based on their level of economic diversification and exports per capita.[6] We will examine this and some of the other frameworks in the second chapter of this report and emphasize why they are necessary for having a sophisticated conversation about this complex region.

The third lesson from almost every session of the conference is the imperative to improve the quality of governance across the region. Only thoughtful leadership and rule-based institutions can ensure that in return for all that Africa is offering the rest of the world it gets access to the keys to long lasting economic success. We shall also look at some promising pan-African governance initiatives that promise to institutionalize greater transparency and accountability. The third chapter concludes with some interesting insights from the conference on what the appropriate nature and role of the State should be in guiding Africa's economies—whether they must adopt the model of the East Asian Developmental States or just focus on getting the basics right.

A fourth lesson highlights the implications for private enterprise and investment in bringing innovative solutions to the vast challenges of unrealized development across the continent. Ranging from large multinational enterprises such as GE and Hitachi, to entrepreneurs—both private and social—as well as philanthropic foundations, such as the MasterCard Foundation and the Bill and Melinda Gates Foundation, multiple actors have stepped into Africa to target unmet need in areas ranging from infrastructure to education and gender issues. Given the relatively spotty record of colonial and post-colonial intervention, poor governance and top-down aid-led initiatives, the increased interest of entrepreneurial and private sector actors brings renewed energy and creativity to problems that have been compounded over centuries. Moreover, the youthful demographics, the spread of wireless technologies as an enabling platform, the potential for broad based growth, the rapid urbanization as well as the ability to supply natural resources and food to an increasingly needy world give ample motivation for such interest.

The conference also raised some thought-provoking questions which scholars and business leaders with an interest in Africa ought to think about going forward. Take the much heralded Chinese engagement with Africa over the last couple of decades that has received so much scrutiny of late. Deborah Brautigam, professor at Johns Hopkins University, and an expert on economic development in Africa, pointed out how difficult it is to draw concrete conclusions about this phenomenon. There simply isn't enough good quality data to understand the effects that Chinese imports, for instance, are having on Africa's nascent manufacturing base. This lacuna affects not just policymakers and academics but investors as well, as lack of information increases risks and conceals opportunities. In this regard, investing in the improvement of local capacity for collecting and producing quality statistical data, a valuable public good, might prove to be a hugely worthwhile effort for international development agencies given the multiplier effects this could have.

The issue of questionable data about Africa is, of course, a critical one to address more broadly if there is to be any meaningful evaluation of Africa's potential and the barriers to its growth. On the one hand, some scholars have gone to great lengths to document and create broad-based indicators of development based on analyses of multiple variables that indicate the quality of the human condition. To consider one such example: it is argued that rates of ownership in consumer durables, housing quality, and health and education, suggest that consumption in sub-Saharan Africa has been growing more than three times faster than what GDP measures suggest, according to Alwyn Young of the London School of Economics. On the other hand, Shanta Devarajan, the World Bank's Chief Economist for Africa, refers to "Africa's statistical tragedy" as does Morten Jerven, of Simon Fraser University, in his new book, *Poor Numbers: How We Are Misled by African Development Statistics and What to Do about It*. Both experts point to the gross mis-measurement of African economies.[7]

A final important question that is open to debate is what competition between regional heavyweights such as Nigeria and South Africa means for the continent's prospects going forward. With many expecting Nigeria to soon eclipse South Africa as the region's preeminent economic power within the next decade, the story of this competition could be one that shapes our understanding of the continent in the decades to come.

The remainder of this report is organized by four chapters. The first chapter discusses the rise of Africa and puts the recent surge of interest in the continent among businesses, investors and policymakers in context. The second chapter makes the point that it is not meaningful to speak of "Africa" as one entity and outlines many different segmentations of Africa. Depending on how one approaches the opportunities and challenges in the continent, it is important to look at it through the appropriate set of lenses. The third chapter focuses on the contextual challenges and discusses the role of governance. The fourth chapter explores the crucial role that private enterprise, investment and innovation can play in promoting development in Africa. The concluding section offers an overview of actions that should be taken by decision-makers across business, politics, thought leadership, academia and civil society.

The report closes with two essays, prizewinners in a contest to outline scenarios for Africa in 2022 as examples of how tomorrow's leaders and doers are imagining the future of the continent. They are inspiring, idealistic and clear-eyed about the path ahead. They point a way for today's leaders to follow. To quote from one of the essays:

Many of Africa's economies have emerged—and now "Africa" needs to return to a purely geographic frame of reference. Since the 2000s, some African countries have become global players on their own terms. The longer we lump them all together the faster we ignore the serious challenges as well as the exciting opportunities ahead.

This is one visualization of Africa in 2022, among many that came up before and during the conference. The conference featured many of the underlying drivers that will steer towards or away from this future and give us specific ideas to act on today. Going back in time, the human history began in Africa. This central role of the African experience may yet come to pass again: it is not inconceivable that a vital future for humanity critically depends on a vital future for Africa. Therefore, when we address the question, “Is it Africa’s turn?”, we are also asking whether the planet itself is preparing to turn the corner. ◆

Chapter 1
Are African Lions One-Trick Ponies?

The price of oil rose from $20 a barrel in 1999 to $145 in 2008. Africa, which has plenty of the black gold, saw its economy grow by leaps and bounds during the same period. Six of the ten fastest growing countries in the world between 2000 and 2010 were African.[8] The fastest of them all was oil and diamond rich Angola.[9] So a reasonable question to ask would be how much of this growth is a result of a cyclical rise in global demand for primary commodities. Is talk of this being 'Africa's turn' a red herring?

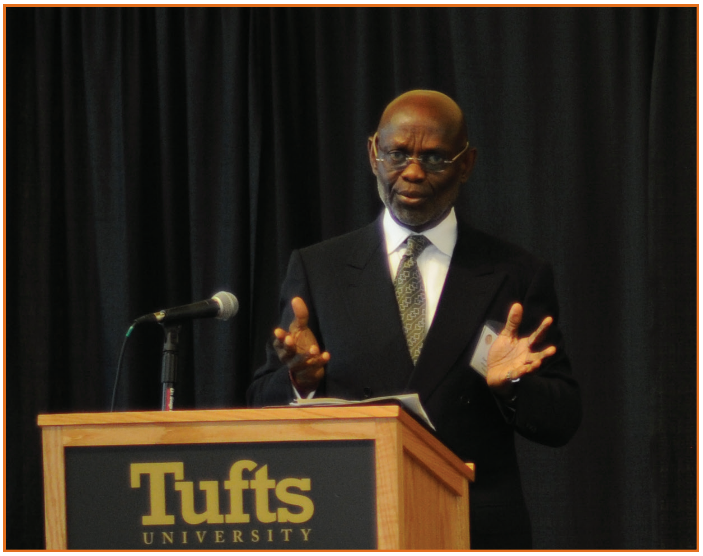
McKinsey Global Institute estimates[10] that natural resources accounted for only 24 percent of Africa's GDP growth between 2000 and 2008. Countries with significant resource exports did not grow faster than countries without.[11] Perhaps the most persuasive statistic that indicates a secular change in Africa's fortunes is its growth in labor productivity. After declining by 0.5 and 0.2 percentage points in the 1980s and 1990s respectively, the continent's labor productivity grew by 2.7% between 2000 and 2008.[12]

In the words of Kwesi Botchwey, Ghana's former Minister of Finance and keynote speaker for the *Africa's Turn?* conference, "this time there really is reason to believe that Africa's time has come." Joseph Kitamirike, CEO of the Ugandan Securities Exchange, listed three important drivers of this phenomenon—the winding down of most armed conflicts in the region, democratic elections becoming the norm rather than the exception, and finally, macroeconomic stability that has created the foundation for microeconomic growth. Mr. Kitamirike made the astute observation that the Arab Spring ought to more accurately be called an African Spring as the countries in which democracy has been successfully established are all African nations. This, he opined, is a reflection of a continent-wide social transformation that has accompanied rising economic expectations.

Empirical evidence lends much credence to Mr. Kitamirike's argument. The average number of deadly conflicts which resulted in more than 1000 deaths a year declined from 4.8 in the 1990s to 2.6 in the 2000s.[13] For the continent as a whole, inflation fell from an average of 22% in the 1990s to 8% after 2000. Budget deficits fell from 4.6 to 1.98 percent of GDP.[14]

Steven Radelet, former Chief Economist of USAID, echoed Mr. Kitamirike's sentiments while characterizing the ongoing transformation of Africa's political landscape as a move away from 'big man' politics of patrimonialism towards rule-based institutions and democratic elections. This, combined with economic reforms that opened domestic economies to foreign investment and improved microeconomic conditions for business through the removal of stifling regulations, has been crucial to Africa's growth story.

Despite these optimistic assessments of Africa's prospects, it's worth remembering that Africa's share of the $3 trillion global trade in goods and services, for 2010, was only 3%—a figure that has been steadily diminishing for decades.[15] A staggering 80% percent of the continent's export earnings come from primary, mostly unprocessed commodities.[16] Kingsley Moghalu, Deputy Governor of the Central Bank of Nigeria, minced no words when he stated, "if you think that Africa is on the cusp of some economic breakthrough, I hate to burst your bubble," going on to make the case that Africa, a continent of over a billion people, still remains a marginal player in globalization. He identified four reasons why Africa has suddenly become prominent on the radars of international investors and analysts: the global financial crisis, the Eurozone recession, slowing down of the BRICs, and political instability in North Africa. These external factors have been responsible for focusing attention on opportunities in Sub-Saharan Africa, not necessarily because there has been a rapid rise in the competitiveness of the region. For Mr. Moghalu, key to the sustenance of Africa's growth would be to convert the comparative advantages it enjoys in the production and export of natural resources into competitive advantages in manufacturing, agri-business, and services.



Kwesi Botchwey former Minister of Finance, Republic of Ghana

What does all this mean for policymakers and business leaders with an interest in Africa? Substantial opportunity exists for the growth of a thriving and diversified private sector, but investing in infrastructure and human capital is the key to unlocking this potential. Of the $72 billion currently being spent on new infrastructure in Africa every year, private financing accounts for 13 percent, up from 7 percent in 2000.[17] McKinsey Global Institute estimates[18] that an additional $46 billion needs to be spent on infrastructure, and an increasing part of this will have to come from the private sector. Africa's combined consumer spending is expected to expand from $860 billion in 2008 to $1.4 trillion in 2020 if real GDP continues to grow at its current rate.[19]

For investors, industries such as consumer goods, telecom, and banking present the greatest opportunities going forward.

In order for Africa to truly realize its vast potential in areas outside of extraction of natural resources, such as agribusiness, protectionism and other discriminatory measures that hurt African exporters, both by developed countries and by large, fast growing developing countries, need to be curbed. This would mean, among other things, moving forward on some of the issues that remain unresolved in the Doha Development Agenda such as reducing the level of trade distorting subsidies that cotton growers in the United States receive: something that African cotton growing countries like Benin, Burkina Faso, Chad, and Mali have been asking for years.[20]

Robust intra-African trade can provide powerful incentives for economic diversification but this currently accounts for a mere 10 percent of the region's total exports. Compare this to the ASEAN region where intra-regional trade accounts for 60% of total exports.[21] The reasons for this include the lack of connecting infrastructure, and insufficient resource and production complementarities between countries. UNCTAD estimates that an investment of $32 billion to improve the main intra-African road network alone could generate around $250 billion in additional trade over a 15 year period.[22]

For the African growth story to be more than the "one-trick" resources story, its leaders have to prioritize the diversification of their economies. Natural resource extraction offers immediate benefits and poses little pressure to undertake messy structural reform, but this growth path will always be fickle, beholden to unpredictable external factors and unlikely to translate into tangible improvements in the lives of most Africans. How to make this transition requires an understanding of the many Africas within the continent and their unique situations. We turn to this question in the next chapter. ◆

Chapter 2

How to Make Sense of the Many "Africas"

In her TED Talk, titled 'The Danger of a Single Story,' the Nigerian novelist Chimamanda Adichie talks about her experience moving to the United States to attend university when she was 19.[23] She remembers her well-meaning American roommate being surprised at the ease with which she spoke English, and puzzled, when in response to a request for traditional 'tribal music' Ms. Adichie produced her tape of Mariah Carey. Later, her creative writing professor assessed her attempt at writing a novel to be not 'authentically African' as her characters were all middle-class Nigerians whose concerns weren't all that different from his own. Before she arrived in the US, Ms. Adichie says she never consciously identified as being 'African,' and yet, people turned to her to ask her opinion whenever any part of that vast continent came up in conversation, despite the fact that she knew very little about, say, a place like Namibia. For Ms. Adichie, these anecdotes reveal how images of Africa have been shaped by a single, powerful story of Africa as an undifferentiated, pre-modern place mired in conflict and famine. While it is true that grave problems persist in many parts of Africa, the tragedy is that the public conversation is dominated by just these stories.

Stories and metaphors are powerful because they provide mental frameworks that help us grapple with unfamiliar realities in ways that are easy to relate to. This is not only true for literature but for the social sciences as well. In economics, for instance, models help us understand complex phenomena by removing all extraneous detail and focusing on a few variables. The danger, as Ms. Adichie points out, is when fidelity to established ways of thinking prevents us from understanding how new realities are inadequately described by old models.

It is for this reason that we must move beyond talking about Africa in simplistic, all-encompassing terms. The economic growth of its regions and countries constitute not one but many narratives and models of social, political and economic phenomena. This section will explore some of the new frameworks that have been proposed to think about and analyze Africa's rise and the forthcoming challenges.

Steven Radelet, former Chief Economist of USAID, spoke at the conference building on his proposal for a segmentation framework that divided the countries of Sub-Saharan Africa into three groups. The first consists of a group of 14 oil exporters that includes countries like Nigeria and Angola. The second is a group of 17 economically diversified, politically stable countries including Ghana and Botswana. The final group encompasses all the other countries not included in either of the first two groups. The focus on differentiating oil export driven countries from more diversified ones is common among many different frameworks that have been proposed to grapple with what is transpiring in Africa right now.

Along similar lines, McKinsey Global Institute has proposed a four quadrant metric that groups countries based on the level of diversification of their economies and their exports per capita.[24] These four groups consist of oil exporters, diversified economies, transition economies, and pre-transition economies.

The oil exporters include the three largest oil and gas producers on the continent, namely, Algeria, Angola, and Nigeria, which combined earned $1 trillion from petroleum exports between 2000 and 2008.[25] On average, only one third of their GDP consists of value added by manufacturing and services. Crucial to their continued progress is investing the wealth from commodity exports into improvements in infrastructure and education, without which they will leave themselves open to the risk of volatility in commodity prices.

Diversified economies consist of Africa's four most advanced economies—Egypt, Morocco, South Africa, and Tunisia. On average, 70 percent of their GDP growth in the last decade came from services.[26] In order to compete with countries like India and China in attracting high-value industries, these economies must invest in improving education to create a high-skilled workforce and the necessary infrastructure. It is interesting to note that with the exception of South Africa, all the other countries in this group now face the uncertainty that accompanies the disequilibrium that has been brought about by the Arab Spring. In other words, there is a new sub-segmentation that has emerged due to the events of recent years. It is also a reminder of the risks that are inherent in any attempt to categorize Africa.

Transition economies include Ghana, Kenya, and Senegal. These countries are rapidly increasing the share of manufactured goods they export, though agriculture and natural resources presently account for two-thirds of exports. Huge potential exists in these markets for the expansion of consumer facing industries such as retail, telecom, and banking. Regulatory structures need to be reformed and significant investments need to be made, especially in infrastructure for these countries to compete with other low cost economies and attract manufacturing industries.

Pre-transition economies are low-income countries with GDP per capita of less than $353 but are growing rapidly. These include the Democratic Republic of the Congo (DRC), Ethiopia, and Mali. Political instability remains a huge challenge in these economies as the recent conflicts in the DRC and Mali have shown.

To consider yet another attempt at segmentation, Goldman Sachs recently classified African countries based on political stability and how fast countries are growing in commodities, household consumption, and infrastructure.[27] The four categories emphasized by Goldman Sachs are Thriving, Driving, Striving and Surviving. South Africa, Gabon and Angola have been classified as “Thriving”: South Africa for its highly diversified economy, good infrastructure, and mature consumer market, Gabon for its strong oil reserves and its young, literate population, and Angola for its vast portfolio of mineral resources, despite the fact that it is yet to resolve a number of lingering political issues.

“Driving” countries, which include Algeria, Nigeria, Ghana, and Uganda, are the ones expected to power much of Africa’s growth over the next decade by virtue of their favorable demographics, large resource base, and huge potential for agricultural production. “Striving” countries are presently not growing as fast as some of the countries in the first two categories. Assuming they remain politically stable, they too can be expected to experience economic development as a result of the continent’s overall growth. Countries included in this category include Sudan, Niger, Mali, Ethiopia, and Egypt. The last group, of “Surviving” countries, has precarious growth prospects owing to lack of political stability and poor access to coastal sea routes. Included here are the DRC, Central African Republic, Chad, and Somalia, among others.

Finally, to consider yet another approach, *The Economist* in its special March 2, 2013 report “Aspiring Africa” offers a political segmentation of the continent in terms of democracies, authoritarian regimes, and hybrids. To quote from the report:

At the end of the cold war only three African countries (out of 53 at the time) had democracies; since then the number has risen to 25, of varying shades, and many more countries hold imperfect but worthwhile elections (22 in 2012 alone). Only four out of now 55 countries—Eritrea, Swaziland, Libya, and Somalia—lack a multi-party constitution, and the last two will get one soon.

These frameworks are important because they allow us to discern the unique challenges and opportunities of the different countries viewed through different sets of lenses. No single insight is uniformly true for the continent as a whole. Some regions have the right mix of resources and institutions to propel them towards economic stardom, while others will continue to be dependent on international assistance to meet their basic needs. To the extent that the fastest-growing countries are dependent on extraction and natural resources, while the ones with economic diversification or truly democratic political systems are few and far between, these segmentations indicate that it is not meaningful to speak of “Africa’s” turn, but to speak of individual segments and ask whether they are turning or not. Michael Fairbanks, co-founder of the SEVEN fund, succinctly captured this sentiment when he said “Africa won’t grow, but parts of it will.” ◆

Chapter 3
The Need for Good Governance

Despite its riches in talent and resources, why is there so much conflict and poverty in Africa? This is the question Mohamed (Mo) Ibrahim, Sudanese born billionaire and founder of Celtel International, wrestled with at the latter part of a remarkable career spent building one of the fastest growing telecoms businesses in the world.[28] The answer, he concluded, was a lack of good governance. Without rule of law, effective administration of natural resources, a thriving private sector, and a robust civil society, Africa's economic development would remain stunted.

In order to further these goals Mr. Ibrahim set up the Mo Ibrahim Foundation, which produces an annual index that rates the performance of African governments based on a number of metrics that measure how successful these governments have been in improving the quality of life of its citizens. In addition, the foundation awards the Ibrahim Prize for Excellence in Leadership that carries a monetary reward of $5 million to ensure that Africa's best leaders do not recede from public life for want of resources once they leave office.

One of the greatest reasons for optimism about Africa's future prospects in Mr. Ibrahim's view is that positive stories about successful examples of African leadership are spreading throughout the continent. Technology has aided this process, which gave millions of Africans access to cell phones. A more privileged subset had access to other forms of modern communications and media, including the Internet, television, and newspapers. All these transformations gave citizens across a wide swath of African countries the information they need to reject bad governance and demand accountability. Mr. Ibrahim sees these changes as harkening the end of the era of the supposedly benign dictator.

This echoes a widely felt need for transparency, accountability, and rule based institutions, throughout the continent. The New Partnership for Africa's Development (NEPAD) represents a bold new step in this direction. Launched by the African Union in 2001, it seeks to provide vision and policy expertise on improving economic integration among its members. Through a peer review mechanism, it encourages harmonization and conformity to an agreed set of governance standards, institutionalizing a spirit of self-monitoring in governance outcomes. By 2011, 31 countries had signed up to be part of this initiative while 14 have already undergone peer review processes, and are undertaking reforms based on the recommendations they received.[29] The Extractive Industries Transparency Initiative (EITI) is another endeavor that holds great promise. Launched by former British Prime Minister Tony Blair in 2002, it is an international partnership of governments, civil society, and the private sector, that applies stringent standards of verification and publication of payments and revenues from oil, gas, and mining ventures. Twenty-one resource-rich African nations have signed up so far. Nigeria, Central African Republic, Tanzania, Zambia, Ghana, and Liberia are among those fully compliant with its stringent reporting requirements.

Ian Solomon, United States Executive Director, World Bank Group; **Laila Macharia**, Founder, Scion Real; **Anamitra Deb**, Senior Manager, Inclusive Markets Practice, Monitor Deloitte; **Patrick Bitature**, Founder and Chairman, Simba Group

Given that much of the demand for these resources is coming from China, it's no surprise that the question of the applicability of its 'State Capitalism' model to the African context came up during the conference. Posed with this question on whether African states need to take a more active role in framing industrial policy to nurture 'national champions,' panelists at *Africa's Turn?* were skeptical. Kingsley Moghalu, Deputy Governor of the Central Bank of Nigeria described the situation in Nigeria as being closer to Russia's experience with oligarchic capitalism. For Mr. Moghalu, the appropriate role of the state was to ensure the sanctity of property rights, foster innovation, and create greater access to capital.

Reid E. Whitlock, President of the African School of Finance and Banking in Kigali, Rawanda, stressed that the state can in some cases play a very useful role in guiding the development of an economy. For example, in a landlocked country like Rwanda, transitioning to a knowledge based economy is vital. The state, therefore, has to create incentives for a "myopic population to think long-term on education" in order to improve competitiveness.

While this sort of strategic direction provided by strong leadership can drive long term growth, Leonce Ndikumana, Professor of Economics at the University of Massachusetts Amherst, pointed out the hazard of leaders who sought to "personalize development," taking on responsibilities in an arbitrary fashion without developing the kind of rule based institutional framework necessary to ensure the long term sustainability of growth.

A theme all interlocutors at the conference could agree on was the need for concerted leadership in ensuring that lack of infrastructure is overcome with the necessary investments. While it is true that many African countries have substantially reformed regulatory regimes to make their microeconomic environments more conducive to business, much remains to be done in this regard, especially when it comes to fostering regional trade within the continent. The rationale for doing so is overwhelming: countries that showed substantial improvements in their regulations governing credit, labor, businesses, and trade policy saw, on average, 2.1 percent greater growth in real GDP than non-reformers for 2000-08 compared to the previous decade.[30]

The right attitude to adopt to the question of Africa's prospects for this century is one of cautious optimism, said Ian Solomon, United States Executive Director of the World Bank Group. He concluded the last session of *Africa's Turn?* with a memorable and forthright bit of rhetorical flourish: "No one is going to give Africa its turn, it has to take it." ◆

Chapter 4

Private Enterprise, Investment, and Innovation as Catalysts for Development

Mimi Alemayehou, Executive Vice President, Overseas Private Investment Corporation; **Jay Ireland**, President and Chief Executive Officer, GE Africa

Mimi Alemayehou, Executive Vice President of the U.S. Overseas Private Investment Corporation, who moderated the panel discussion “Private Sector as a Catalyst for Development,” reminded the audience that seven of the 10 fastest growing economies in the world are currently in Africa. While external public sector agencies, such as the U.S. Agency for International Development, have long been one of the biggest players in development, Wendy Peter Abt, Deputy Assistant Administrator of the Bureau for Economic Growth, Education and Environment at the U.S. Agency for International Development, confirmed that it is no longer the “only game in town.” Private sector organizations and investors are playing an increasingly influential role alongside governments; “we need to engage financial flows in development problems,” said Abt.

Minoru Tsukada, President, Hitachi Research Institute

A good example of such a private sector player is GE Africa. At the conference, Jay Ireland, President and CEO of GE Africa, explained GE’s approach to the continent. “It’s a combination that’s not just private capital itself, or private industry, and not just governments driving it or ECAs (export credit agencies) or whatever,” Ireland said. “It’s a combination of working together to drive change.”

Infrastructure will be one of the biggest drivers for economic growth because small entrepreneurs—for example, farmers—will otherwise be limited in their access to larger markets. Up to 40 percent of agriculture products end up rotting in transit, being held up at ports, railway terminals, borders or other transit points. The vital role of infrastructure was also underscored by Minoru Tsukada, President of Hitachi Research Institute, as he described Hitachi’s extensive role in the sector in Africa.

Mouhamadou Niang, Manager, Industries & Services Division, Private Sector Department, African Development Bank

“You really cannot be productive if you don’t have access to electricity, if you can’t get your goods to market, if your employees cannot come to work because there’s a traffic jam or there’s a flood on the road,” said Mouhamadou Niang of the African Development Bank. As much as 50 percent of the bank’s lending is in infrastructure projects, said Niang.

Ian Solomon, United States Executive Director of World Bank Group, emphasized how the changes need to come from the countries themselves. “None of us can make any government or any country actually improve its business or regulatory environment,” Solomon said. “It’s going to come from the public and private leaders … to make their countries and investment climate more attractive. We can push them for years… It doesn’t work without the leadership on the ground.”

Niang seconded that point, observing that money hasn’t flowed naturally to Africa for a variety of reasons, including governance problems and inefficiency. He pointed out the example of Senegal,

Ian Solomon, United States Executive Director, World Bank Group; **Laila Macharia**, Founder, Scion Real; **Anamitra Deb**, Senior Manager, Inclusive Markets Practice, Monitor Deloitte; **Ann Cotton**, Executive Director, Camfed International; **Patrick Bitature**, Founder and Chairman, Simba Group

which has had problems with electricity and power cuts for 10 years now. But in principle, it shouldn't take more than five years for a government to plan, design, build, and put into operation a power generation plant. Regulatory frameworks—things like taxation, competitive and transparent bidding, concessions—need to be changed, along with capital requirements.

"Any country that is run properly in terms of governance, in terms of openness and transparency, should be able to resolve its electricity supply issues in a period of 10 years. It just makes sense," Niang said.

Other panels during the conference examined how regional issues are affecting the investment climate, the key emerging African markets, and the international influences shaping Africa's business landscape.

The final panel of the conference brought the discussion down to three core questions:

1. "What innovation can we look for from the private sector? What creative solutions will help close some of the major gaps in infrastructure, capital markets, business models and funding, talent and human resources?

2. Where are the opportunities to invest in Africa?

3. Where do you see Africa 10 years from now?"

In addition to Ian Solomon of the World Bank, the panel featured Patrick Bitature, founder and Chairman of the Simba Group, an East African conglomerate, Ann Cotton, Executive Director of Camfed International, an anti-poverty/anti-HIV-AIDS organization, Anamitra Deb, Senior Manager at consultancy Monitor Deloitte, and Laila Macharia, founder of Scion Real, an East-African based investment firm.

Bitature stressed the importance of peace and security as a precondition for growth. He said Uganda was an excellent example, emphasizing that the Lonely Planet travel guide had named the Ugandan capital, Kampala, as one of Africa's safest cities. He said governments need to think proactively about how to garner the trust of private investors. "It's been lack of trust in the past, how to make private sector more friendly. It's a mindset: the government has been the enemy within for too long," Bitature said. He also stressed the idea that "government plays a pivotal role in development. We have to get governments invested in playing their role."

Macharia followed Bitature's comments by stating that African investors and entrepreneurs have typically managed risk by staying small. Now there is a situation where larger investors from outside of Africa are looking for opportunities, and the challenge is to bridge the gap between both worlds. She said that "individual Africans are already succeeding in the private sector, and the way people have managed risk in the past has been small. Most talk has been about the average middle tier business owner, not large corporations. The challenge is bridging those two worlds."

Investment in human capital, especially urban youth, young women and girls, remains a critical gap to fill. Cotton said that there has to be "heavy investing in education, if we are to prevent the next generation from being born into poverty." Macharia also spoke about investment in urban youth, that "the young population who missed the window of education are unskilled but able bodied, and are waiting for something to do. One way to solve this is with the building industry, which will absorb unskilled workers, and employ all the way up to high level architects."

On the question posed about where investment should take place in Africa, Anamitra Deb said the opportunity to invest in Africa was "everywhere," particularly in agriculture, food security (especially in rural Africa), urbanization, property, and Wifi. He stressed the idea that "less development does not equal less demand for products. There is not enough impact investing capital and designing fund models, there are too many one size fits all focusing on large deals in agriculture, infrastructure, or health and energy. We haven't started with the businesses on the ground to see what they need."

On the future of Africa, there is no lack of innovation and ideas by African leaders according to Macharia. "We have to work at change every day, building momentum. Ten years from now we'll be better off, but there's a values battle going on in Africa," she remarked, in reference to progressive leadership voices that are contending the more traditional voices in Africa. She reiterated, "The continent should not underestimate the work needed to make development a reality." ◆

Conclusion

The Implications for Action

It is important for leaders in business, policy, academia, and civil society to consider the following areas of action:

1. Distinguish between fast growth and "quality" growth and help close the gap.

As several of the conference participants urged us to note, "Africa is not only a resource story." However, resource-rich countries have grown very fast. Apart from Botswana, it is difficult to find other resource-rich countries that have managed to diversify and to invest and benefit from their resources. The fast growth has been driven by new resource discoveries and increasing global demand, especially from China.

While extraction based economies in Africa have contributed to the bulk of the fast growth out of Africa, the emphasis of policy makers, businesses, and social innovators should be to help diversify the many economies in Africa to ensure sustained growth and a spreading of the economic benefits to the majority of the populations. Focusing on the top line growth statistics is not enough. Also, it is important that we are critical of the statistics out of Africa; organizations need to invest in better measurement of the present reality and of the impact of their interventions.

Finally, a note on globalization and its role in Africa's growth: Globalization brings fragile opportunities to Africa, with no guarantee of success. There are great risks, but also great gains from globalization. African governments must become better in negotiating and dealing with the challenges and speed of globalization. In addition, a special potential that Africa has to leverage is to export its culture, values, and ideas to the rest of the world.

2. It is futile to speak of "Africa" as a single unit; take a more segmented approach.

It is more useful to apply alternative lenses and allocate energy and resources to specific segments. The highest payoff will come from the diversified economies. For investors, businesses, or policymakers, these segments should be identified by applying a combination of the segmentations presented earlier—and resources needed to be over-allocated in these segments.

It is also important to consider regional organizations in addition to individual national entities as the units of focus. In fact, a project-based approach is a practical way forward for achieving meaningful economic integration within regions. An economic project whose benefits accrue not only to the region, but also to the State present opportunities for deeper engagement by individual governments. For example, the Economic Community of West African States (ECOWAS) energy pipeline project has improved access to gas supplies in member countries and fostered greater integration in the region. Key areas that still require strengthening include manufacturing, agro-industry, infrastructure development, labor mobility and governance across the regional bodies of the East African Community (EAC), ECOWAS, and the Southern African Development Community (SADC).

3. Fast growth alone is not the endgame, promote good governance and better institutions as the keys to sustaining growth and yielding quality growth.

In the absence of the context keeping up with economic growth, the growth itself will stall. One of the most important lessons we have learned is that the absence of conflict is a precondition for growth, as are macroeconomic stability and strong institutions. Yet, there have been different strategies. One strategy does not fit all parts of Africa. But once there is a strategy, it needs to be implemented in a consistent and transparent way, understood by the public and private sector. A critical question is whether democracy is an impediment, or an ingredient, to growth. Because accountability and transparency are required for democracy, across Sub-Saharan Africa, most countries that have shifted towards democracy have seen success; but the causality is unclear, and counter arguments can be made. For example, Ghanaian economics led to an economic shift first, and later democracy followed. In either scenario, the two developments mutually reinforce each other and ought to be pursued in parallel.

Michael Fairbanks' summary of seven factors of economic growth is a handy tool for anyone attempting to keep an eye on the parallel fronts: 1) basic factors, such as sunshine, rivers, and raw materials; 2) man-made goods and infrastructure such as roads, bridges, and trucks; and 3) financial capital. These three factors can produce basic comparative advantages. But for a nation to be truly competitive, the following factors are much more important: 4) knowledge; 5) skills; 6) ideas; 7) culture. To this we add an eighth 8) good governance. Filling these voids can be the genesis of a broad based set of innovations and an "industrial revolution" that touches all facets of life across the continent.

4. The history of action in Africa is one led by top-down actors; it is time to blend top-down with bottom/market-up and shift the balance in favor of the latter.

Examples of top-down from the past include colonial powers, authoritarian governments, international players, such as aid agencies or the emerging super-powers. Bottom-up initiatives have been either in the form of political insurgencies or sub-scale business and social enterprises. There is now a critical mass of motivators for private and social initiative to lead from the market up and to leverage emerging technologies, international relationships (e.g. with China, India, Brazil) and infrastructure. In the future, these market-led actors should play a bolder role. Moreover, they should also consider their role as furthering more than their private interests; they should engage in filling institutional voids and meeting the many unmet needs across their own value chains. “Contextual intelligence” will be essential among the leaders of such enterprises to win in Africa and to sustain such wins over the longer term.

In general, entrepreneurial enterprises should consider building on platform innovations that can stimulate business and development broadly. Examples include, mobile banking and microfinance. But it must be stressed that there is no one platform that is going to transform Africa. Also, it is not enough to have a good idea or an innovation that solves the problem for a microcosm; it must scale up to meet the size of the problems to be addressed. There are several strategic options for scaling up ideas: one is to set up “replicate and grow possibilities”: take innovations that existed somewhere else and transplant them, while adapting them to local contexts. Another pathway to scale is the formalization of informal systems, which entails creating networks around existing “informal workarounds.” A third is to give people simple, cheap and easily distributed tools and skills to solve their own problems.

Conversely, African governments must also adopt more of a “business orientation.” They need greater leverage in order to ensure that their populations get the best deal in negotiating with the rest of the world. In this sense, the increased South-South presence in Africa has been a boon and should continue to be encouraged, as long as it is done without becoming captive to any of the international actors. Mr. Botchwey gave an example of such negotiating courage during his tenure in government in Ghana. He spoke about negotiating an agreement with the Chinese to build infrastructure for natural gas reserves that had been discovered. At the time the gas was being flared off, with tremendous amounts wasted daily. Initially, the Chinese wanted to complete the pipeline project that would safely transport the gas to where it could be processed with Chinese workers. Mr. Botchwey recommended they hire as many skilled workers from Ghana first before bringing in Chinese workers.

While bold leadership, and at times, even “big men” can push a country towards development, as Professor Ndikumana warns, the entrenched interested of rulers can block growth. Specifically, “Many leaders failed because they personalized development. You cannot develop your country on your own.” Instead, policies should evolve over time, and should create a sustainable framework that successive leaders may implement. This is how successful businesses sustain themselves and continue to serve their markets through successive generations of executives.

Donor agencies can also play a crucial role by adapting to the new realities. Donors have to be intentional and deliberate about how they engage young people in particular. To quote, Reeta Roy, President of the MasterCard Foundation, “We need to walk our own talk.” And we need to build pathways to employment and to engagement. It is important to listen to the needs of the communities and their leaders. Often, donors have to seek permission and partnership. To quote Ms. Roy, “We have great resources and technology, but it is the people at the ground level with the insight and the know-how, who know how to apply these resources.” ◆

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Additional Resources

Conference Website

IBGC asks conference speakers:
Do you believe this is indeed "Africa's Turn"?

What major challenges does Africa face in reaching its growth potential?

How possible is it for African countries to become middle-income economies in the next decade?
A video montage series in collaboration with conference media partner Fair Observer

Can U.S. Companies 'get' Africa?
by Bhaskar Chakravorti
CNN Global Public Square

Africa in 2012—Beta Steps Forward
by Samuel Ollunga
Conference media partner Fair Observer

The Fletcher School's Future of Africa Essay Contest

"Imagine you are writing an article for The Economist in the year 2022. Paint a picture of Africa and its place in the world."

What follows are the two first place essays.

Africa's Turn

by Amy Calfas

Tufts University, Class of 2013

Few scholars have envisioned a day in which African security and economic prosperity were no longer dependent on a constant flow of blue helmets and aid packages. While exceptionally belated, the day has finally arrived in which African private investment has finally surpassed aid exchanges. Today, it is impossible to ignore the continent's newly radiant economic complexion, and more astoundingly so when one considers the obstacles that hindered the African economy from solidifying its hold on the international marketplace in the first place: a global recession, donor budget cuts, and the adverse affects of climate change to name a few.

Just ten years ago, I had the pleasure of assisting the planning team for the 2012 US-Africa Business Conference, the United States State Department's highest-level event with sub-Saharan Africa. An extension of the Africa Growth and Opportunity Act (AGOA), the forum hosted six hundred participants, including top US and African government officials, private sector leaders, and civil society representatives, and strived to expand physical infrastructure to make Africa "ready for trade." At the time, investors clearly recognized that the continent was on the precipice of change, but it was also painstakingly clear that Africa had a long way to go. Ghana, one of the continent's key economic powerhouses, was investing in its green energy portfolio, particularly its solar capabilities. Meanwhile, Zambian officials sought investors to finance their endeavor to turn the Lusaka airport into a dynamic regional hub with the ultimate aim of maximizing regional integration. The resolve for change was tangible.

Over the course of the subsequent decade, Africa did what nobody thought was possible. While the rest of the global economy cowered during the recession, Africa remained the only developing region that demonstrated a dramatic increase in economic growth, trade, and foreign direct investment. What is perhaps even more impressive is the fact that it maintained a steady growth trajectory even after its major donors experienced serious budget cuts, at which point it was steadily forced to expand grassroots business networks to replace the neo-colonial aid structures on which it had once been dependent.

Now home to the world's fastest growing economies, Africa boasts the global economy's highest foreign investment rates. Its path to success, however, is incredibly unique when compared to growth periods of other developing regions such as Latin America or Asia. Essentially, the continent has leapfrogged past periods of industry development that most budding industrial economies impatiently withstood, instead free riding off of pre-existing technologies and adapting them for its own unique needs.

Take its telecom technologies, such as its mobile agriculture apps and mobile banking programs. Kenya's M-Pesa mobile banking program, an exemplary model of Africa's expanding communications infrastructure, now hosts millions of cell phones. The mobile banking trend also thrives in Somalia, once considered a failed state, as it has begun to realize the liquidity of its highly developed banking and finance systems. Mobile apps are now employed for everything from conflict mapping to the regulation of local agricultural production. Likewise, communications infrastructure financiers have invested in powerful undersea fiber-optic cables from Durban to Accra, which have brought Internet capabilities to even the most rural communities. By providing a sense of autonomy to previously unconnected youth, the proliferation of new technology systems has electrified a new generation of entrepreneurs by endowing them with the tools necessary to interact within the globalized realm.

The rise of a new class of motivated young elites and female entrepreneurs is another extraordinary African phenomenon. Small businesses have exploded and markets have gained liquidity, contributing to the doubling of discretionary income and consumer spending and a remarkable entrepreneurial boom. Most importantly, rapid urbanization and the rise of the middle class in countries such as Ethiopia have produced a new generation of problem-solvers with a stake in their own nations. While unemployment still plagues Africa's urban capitals, entrepreneurship has been a driving force of economic growth and is a direct response to many problems of the past, from capital formation to social inclusion. The fact that the world's largest population of youth has begun to mobilize out of city slums and into improvised office buildings is, if anything, a major win itself. To that end, regional institutions, led by the East African Community (EAC) and African Union, have extended the vibrancy of African markets by fortifying cross-border trade relations between grassroots businesses on the continent. Efforts to increase economy of scale and reduce trade and transportation costs have yielded dramatic results.

Yet while the growth of its physical and human infrastructure has been exceptional, the most praiseworthy deliverable of Africa's economic boom is its growing commodities and agriculture markets, providing its largest export revenue. Though it has always had potential in Africa, the agriculture industry did not thrive until governments were pressured by necessity—global food insecurity—and until improved political stability and democratization contributed to business-friendly regulatory infrastructures. Agricultural growth has radically transformed the African economic model as exports to "food-insecure" nations have increased returns to the land and have created a sustainable solution to unemployment. Progress regarding regulatory infrastructure has also helped African commodities markets. Infamously known for its "resource curse" following the legacy of King Leopold II's imperialist stronghold in the Congo and the 1990's "blood diamond" scare in Sierra Leone, Africa now sees the most export growth via its commodity markets. The increased transparency in these markets is truly cause for celebration. Following the Securities and Exchange Commission (SEC)'s Dodd-Frank legislation in 2010, multinationals on the U.S. stock markets are finally starting to be regulated. Major private sector players, led by Apple and Intel, have henceforth cleaned supply chains of conflict minerals found in common technologies, such as coltan and tungsten. Additionally, the Kimberly Process, a mechanism in place to monitor the world supply of rough diamonds, has improved its enforcement structures and supports development initiatives to decrease governments' reliance on minerals for national income. Together, these steps have improved Africa's largest industry, giving the international community fresh hope that the industry might increasingly promote human rights rather than perpetuate intractable internal conflicts.

Of course, the African economy still faces obstacles in the coming years. Neopatrimonial marketplaces and competitions for rent still threaten the internal political dynamics of the continent's resource-rich economies, such as Nigeria and the DRC, while China and the West continue to scavenge its remaining resources. Terrorist finance is still prominent in Western Africa, where Al Qaeda and its affiliates have taken strongholds over the Malian economy, and drug trafficking remains a primary artery of trade within international clandestine markets. Most importantly, future African governments will be forced to protect the growth made within their new economies as climate change begins to take its toll on the global South, whether by seeking additional funding or by simply adapting to the stress of agriculture-debilitating weather patterns.

Nevertheless, there is no denying that the vision of the continent we see today is practically unrecognizable when compared to the struggling continent that was once the focus of international aid missions. After decades of struggle, Africa has finally begun to find sustainable and local solutions to its own problems. Indeed, it is finally Africa's turn. ◆

Amy Calfas holds a Bachelor of Arts in International Relations from Tufts University, where she specialized in human security issues and conflict management in sub-Saharan Africa.

Amy Calfas, Tufts University
Charlie Warren, Council on Foreign Relations

“Africa” No More. Why It’s Time to Change the Conversation.

by Charlie Warren

Council on Foreign Relations

Kennedy Odhiambo hunches over the keyboard of his Mac laptop, clacking away code for a new app that claims to end traffic congestion once and for all. Kennedy doesn’t work for a Silicon Valley start up, and his target market does not necessarily include commuters entering the Bay Area of California. Though given his sleek office, you could be mistaken. Instead, Odhiambo is hard at work in one of the fastest growing tech hubs in the world—Nairobi, Kenya.

Over two decades ago, The Economist portrayed Africa as the “Hopeless Continent” rife with conflict, disease, and stagnation. Ten years later, it was nostra culpa. We heralded the rise of Africa as the “Hopeful Continent.” It had staggering growth rates, bustling cities, and even some emerging middle classes; the world had to take notice. However, as many of Africa’s 54 economies have matured over the last decade, the continent-wide focus has become unwieldy. “Africa” is no longer a useful framework for analyzing such an increasingly diverse set of economies. Indeed, at least sixty years since colonialism left its final scars on the continent and more than thirty years since structural adjustment programs ended, a new approach is long overdue. We need to describe Africa’s markets in a new way: distinct in their remaining challenges but—most importantly—powerful in their unique contributions to the global economy.

The emergence of many African economies has correlated with the growing strength of political institutions and the incremental improvements in security. Coups have declined steadily, from almost thirty attempted and successful coups during the first decade of the twenty-first century alone to fewer than fifteen since. In Guinea-Bisau, long the instability poster child, a coup hasn’t happened for years, though drug trafficking remains a serious challenge with global implications. Terrorism still exists. Yet it manifests itself in a handful of countries and has lost much of its contagion effect. Human trafficking has not ceased, though the UN Security Council Resolution passed in 2015 has hastened efforts to stop it. The HIV vaccine is still in the early stages of development, but new ARVs have ended concerns that many African civil servants, teachers, and most of all parents will never celebrate their fortieth birthdays. Ethnic patronage persists, yet thanks to new data sources we know it does so in increasingly nuanced ways. Resource distribution in Nigeria differs markedly from nearby Cameroon and so on. Such findings have led to unique policies to combat graft rather than the one-size-fits-all approach of “good governance.”

Nowhere is the fundamental shift away from “Africa” more apparent than in energy markets. During the 1990s and the first two decades of the 2000s, the conventional wisdom held that the entire continent was awash in resources but equally susceptible to plunder. International and local firms exploited hydrocarbon and mineral plays, often with great costs to local communities and the environment. China’s controversial oil-for-infrastructure loans could encourage growth but stifle other types of development and promote corruption. Yet today some countries have proven their ability to strengthen domestic energy access, upend global energy markets, and gain geopolitical clout in the process. Tanzania, Kenya, and Mozambique, which may have access to an incredible 250 trillion cubic feet in total gas reserves, have begun to transform the conversation about energy in Africa and, indeed, the world. No longer are resources booms always associated with the Dutch Disease or unsavory bilateral relations like those between Khartoum and Beijing. The governments of Kenya, Mozambique, and Tanzania have been able to manage their largely offshore resources effectively, boosting electricity access in rural areas and mitigating damage to the environment. Further, through LNG trade agreements with Asian economies, each country has joined global energy players such as Kazakhstan and Qatar in wielding greater geopolitical influence.

If energy markets have demonstrated the growing import of individual African economies, then the telecommunications industry embodies that trend even more. The early 2000s saw a mobile phone revolution everywhere from Nigeria, to Kenya, to Zimbabwe. Analysts described the steady uptick in cell phone subscriptions per person, while large private equity firms invested millions in telecom towers. Yet through the second decade of the 2000s, 0.2 percent of Africans had fixed broadband access. Certain African countries are now reversing the lack of connectivity and becoming ICT players with global reputations. Kenya, the birthplace of tech startups such as Ushahidi and incubators like iHub, is no longer just a proving ground. It has become an international destination of capital. Nairobi now attracts software companies from Europe and Asia in ways that make Silicon Valley CEOs envious. Meanwhile, coastal countries with access to seabed fiber optic cables have experienced another boon: increased transparency due to more government data online. Here, again, Kenya has become a model for how technology will expose corruption, not just in Africa, but also around the world.

Technology markets have burgeoned alongside sustained demographic trends. Africa's youth bulge has continued: almost 20 percent of the population is between 14 and 24 years old. In certain countries, the effects of this development have been largely positive for the local economy, a demographic dividend. Certain middle classes have grown as well. For instance, the retail market in South Africa—which Carrefour entered in 2018, following Walmart's acquisition of Massmart in 2012—has become profitable in a way that would make many finance ministers jealous. Rather than dependent on natural resources, some countries are experiencing retail-led growth. The markets are diverse: what appeals to the growing consumer base in Bujumbura may not in Addis or Lagos. Regional chains like Nakumatt are expanding across the continent, too. No longer are African middle classes a mere economic projection on paper; they are a reality in some cases.

Increases in human capital have paralleled many of these trends. Although many countries still lack sufficient public school systems, others have made notable improvements in higher education. Gone are the student riots against austerity that swept African universities during the 1980s and early 1990s. In fact, some historic African campuses are experiencing a renaissance. With the help of Mahmood Mamdani and others, Kampala's Makrere University has regained its international stature. Nigeria's Abubukar-Gates University—funded by Atiku Abubukar and the Gates Foundation, in partnership with the American University of Nigeria—has graduated thousands of students per year since its inception in 2017. More importantly, it has become a model for other parts of the world. Finally, whereas Africa has long been the fixation of economists from the African Development Bank, McKinsey, and the IMF, it now produces its own social scientists. Founded a decade ago by Princeton's Leonard Wantchekon, Benin's African School of Economics has become a leader in providing PhDs and MBAs to Africans in Africa. The next generation of African investors and economists are honing their skills right on the continent.

Many of Africa's economies have emerged—and now "Africa" needs to return to a purely geographic frame of reference. Since the 2000s, some African countries have become global players on their own terms. The longer we lump them all together the faster we ignore the serious challenges as well as the exciting opportunities ahead. Kennedy Odhiambo's new traffic app—Gereji, Swahili for "garage"—will be available on iTunes next month. ◆

Charlie Warren is a research associate at the Council on Foreign Relations (CFR). He focuses on energy issues and specializes in African politics. Charlie's work and internship experience include the CFR's Africa Program, the risk consultancy Ergo, and the National Democratic Institute in Nairobi. In addition to extensive travel in East Africa, Charlie's written work has appeared in the Royal African Society's African Arguments and ISN's Security Watch. He is a Phi Beta Kappa graduate of Bowdoin College and speaks Swahili.

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Contributors
The report was written by Nikhil Joseph, Master of Arts in Law & Diplomacy Candidate 2014, and Bhaskar Chakravorti, Senior Associate Dean of International Business and Finance, both of The Fletcher School.

Graphic Design
Clapp Design

Photographers
Matt Herbert, Kelvin Ma (Tufts University)