

THE
AMBASSADOR
PARTNERSHIP

1 June 2017

ANALYSING AFRICA – ARISING, CAPSIZING OR ENDLESSLY SURPRISING?



Greg Dorey was British Ambassador to Addis Ababa (covering Ethiopia, Djibouti, the African Union and UNECA) and Budapest. He also served abroad in Brussels (NATO), Hungary (again), Pakistan and Hong Kong. He has wide-ranging diplomatic, foreign/security policy, operational, finance, change management, administration, bilateral and multilateral skills experience. He had a previous career in the Ministry of Defence and experience of banking.



Andrew Henderson was Director of Trade and Investment for Southern Africa based in Johannesburg. Previously he was British Ambassador to Algeria and HM Consul General in Sao Paulo and Director of Trade & Investment for Brazil. Earlier postings included Saudi Arabia, Egypt, Angola and the United States. During his career in Diplomatic Service he covered most aspects of foreign policy work latterly focussing on trade and investment. He was Head of the Parliamentary Relations Department of the Foreign & Commonwealth Office during his final stint in London.

Africa's problems are ours, whether we like it or not. And its opportunities could be ours too. For better or worse, the Continent matters hugely to us. We want it to succeed, but more than that – we need it to do so, particularly in a post-Brexit world where the UK is looking to renew old trading relationships and forge new ones.

Views about Africa can be extremely simplistic. In 2000, The Economist front page condemned it as “The Hopeless Continent”. And yet by 2011 the narrative had become “Africa Rising”. Neither headline was wholly accurate and the truth lay somewhere in between. It was a lesson not to give way to despair or crazy optimism, but to study the evidence and to differentiate. As they say, nothing in Africa is ever quite as good nor as bad as it seems.

We had been there before. The fast African growth between the late 1950's and early 1970's gave way to disappointment and wars in the 1980's and 1990's. Then we were excited by impressive growth figures from about 2005 onwards, until the gloss came off in 2014 with falling commodity and oil prices. But perhaps the main problem is that we continue to generalise about Africa (and this article is culpable to

THE
AMBASSADOR
PARTNERSHIP

some extent) in a way which we don't for Asia or even Europe. It is misleading to generalise about North, South, East, West or Central Africa – and they are all very different from each other, even if the African Union's narrative implies more commonality than is currently the case.

Africa is, after all, a very big place. It is home to some 2000 languages, 54 countries and wildly varied topographies. Many different and conflicting developments can be happening there simultaneously, and are. There are problems of absolute poverty, mass migration, drugs, disease, international crime, conflict and terrorism which impinge directly on our interests, not only in Africa but globally. But these problems are not originating from or happening everywhere in Africa and some of the solutions lie there too. The UN Security Council, as it addresses the 70% of its agenda that consists of African issues, has come to realise that it cannot impose outcomes there (if it ever could) and that it needs active collaboration from African countries.

Unfortunately, Africa is home to some of the most unstable, poverty-stricken and fragile countries in the world, with 23 of the 25 poorest being located there. And this is extreme or absolute poverty, more intractable than that in Asia. Economic growth overall is insufficient to offset fast population growth in some countries and oil or mining bonanzas have not generally been used to address poverty coherently – in Angola, for instance. A case might be made that those countries which have discovered oil and gas have tended to be side-tracked as a result from what should be their core business of improving their people's lot. The curse of oil.

Africa also seems to have more than its fair share of incompetent or corrupt (sometimes both simultaneously) governments. As a result, places like the DRC and South Sudan have spiralled into violence, making the level of poverty even worse than before. But there are also glimmers of hope as in Somalia, where the attention and involvement of the international community offers some prospect that the country may yet emerge from decades of famine, war and unrealised potential. We must also recognise that Africa is in general a much less warlike place than it was in the past, with an effective end to overt conflict between nations, even if progress towards peace and stability is not exactly linear.

To deal with poverty and conflict, development assistance will therefore be needed in Africa for the foreseeable future, including humanitarian assistance, but its focus may need to change. African and Western leaders often say that they would prefer poverty alleviation to come through trade rather than aid, and that must be the right direction of travel – using development programmes which empower local people and promote economic growth and regional integration. The task is, however, enormous: Africa needs 18 million new jobs every year and is currently creating just 2 million for its overwhelmingly young population. There is a potential economic youth bonus to be realised here - 6/10 Africans are under 25 and better educated than former generations. But we are some way off target for achieving this and it is

THE
AMBASSADOR
PARTNERSHIP

unlikely to happen everywhere throughout the Continent. There is a risk of their political and economic disenfranchisement in too many countries as well – despite the extraordinary gains made in democratic rule in Africa since the 1980s, Africa’s democratic deficit still falls well short of the aspirations to which the Continent’s leadership pay tribute in African Union declarations and instruments.

Last year, sub-Saharan Africa’s growth rate overall was a disappointment, coming in even below that for the Eurozone. Nigeria and South Africa pulled overall growth down and will probably continue to do so. But this masks the fact that some of the fastest growing economies in the world are in that region. Cote d’Ivoire, Ethiopia, Ghana, Kenya, Rwanda and Tanzania all come into that category – it is especially encouraging to see Ghana back in the movers and shakers on the back of a democratic triumph and increasing oil and gas production (hopefully bucking the trends identified earlier in this article). And Ethiopia’s inclusion in the list, despite severe drought and the lack of oil, is remarkable. Predictions are that 24 African countries will enjoy compound annual growth rates of at least 5% by 2030.

Most economists agree Africa's population will double to two billion by 2050 (when it will be a quarter of the world’s population) and its growing middle class could offer significant commercial opportunities. One estimate has consumer spending reaching £1 trillion by 2020. There will be over 100 Africa cities of more than 1 million inhabitants by 2025. Yet we know very little about the economic value of the informal sector in Africa which is enormous. If ways can be found to bring more of this into the official economy it could be transformative (as would making better use of remittances from the African diaspora, which dwarf aid). At the very least, it means many of our economic assumptions are probably much more pessimistic than they ought to be. The EY Africa Attractiveness Survey has consistently found that those businesses who know Africa and are active there are strongly positive about the Continent. Whereas those who do not know the Continent are much less positive about the prospects for doing business there.

Africa is the last global region likely to undergo significant economic transformation, although it has led the way in terms of mobile money with the remarkable success of M-pesa in Kenya and now similar systems evolving elsewhere. China has recognised the economic potential of the Continent, as – to a lesser extent – have India and Turkey. Western countries are at risk of not taking it seriously as a major growth prospect until too late. The UK remains a very sizeable investor, but in terms of historic stock rather than because of current flows, and the trade figures are in general highly disappointing.

Britain’s high levels of development assistance and political engagement in Africa are a response both to a moral imperative and enlightened self-interest. But a consequence of Brexit is that the UK will need to push the commercial envelop beyond its current African comfort zones. New partnerships are certainly there to be had – but it will require more courage and patience than conservative business mind-sets are wont to exhibit. Tobias Ellwood’s speech to Chatham House in April

THE
AMBASSADOR
PARTNERSHIP

(<https://www.gov.uk/government/speeches/uk-foreign-policy-after-brexit-engaging-africa>) is a good start but it has to be backed up with a genuine commitment to the Continent and real action rather than just fine words in speeches.

Africa is not all rising. Neither is it all capsizing. And there are some surprising success stories and hopeful beacons. Our analysis must avoid the temptation to over-generalise and look below the clichés. There are certainly grounds for being much more optimistic than we tend to be, but let's not give up at the first piece of bad news. There are many good news stories in Africa too, but they tend not to sell newspapers.

For further information please contact:

Tracey Stewart

Business Development Manager

tracey.stewart@ambassadorllp.com