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At a time when the world is faced with unprecedented threats, this year’s World Economic Forum cannot be business as usual. It is time global leaders paid attention to Africa’s timeless philosophy, says Anver Versi

Ubuntu – Africa’s gift to a fractured world

If ever there was need for a Davos meeting, this is the time for it. The first World Economic Forum was held in 1971 but it was the precarious global situation that led to its expansion to include the world’s political leaders.

This year, the global situation seems to have come full circle and once again the world seems to be on the brink of something catastrophic unless wisdom, rather than hubris, can be brought to bear in decision-making.

That is why this year’s Davos forum will not be business as usual. The threats are very real, very urgent and affect everybody. We do need the world to come together to find a common solution before it is too late.

Timeless philosophy

All Africans share a belief in Ubuntu – a philosophy that says “I am because we are”, a quality of timeless human virtues, a universal bond that connects all of humanity, nature and the environment.

It is Ubuntu that has provided Africa with the resilience to overcome great odds, massive setbacks, incredible injustice and profound tragedies and still stand strong and unbowed.

It is this African quality that the world now desperately needs, far more than it needs Africa’s resources or its markets. Yet it is this quality, freely preferred, that has been ignored, shunned even in the belief that Africa cannot provide any sustenance for the soul. This is a mistake. Africa can heal a fractured world if given half the chance. All it asks for is a platform and some mutual respect.

Let us hope that during this very critical gathering, world leaders will pause long enough in their heated deliberations to give Africa the voice they need to hear.

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African Business’s Shoshana Kedem examines the coming year, with analysis of political and economic trends and predictions from some of the region’s top economists.

What lies ahead for Africa in 2020?

2019 was a year of cataclysmic political and economic change on the continent. Revolutions convulsed Algeria and Sudan, deposing long-time strongmen Omar al-Bashir and Abdelaziz Bouteflika in April. Public anger and discontent stretched to the southernmost reaches of the continent in September, as mobs looted foreign-owned stores in South Africa, while other citizens took to the streets to protest a spate of violent attacks against women. It was hardly ideal timing for embattled President Cyril Ramaphosa, who was forced to avert his gaze from the expensively hosted World Economic Forum.

Meanwhile, while the African Continental Free Trade Agreement (AfCFTA) received its final ratification from Gambia in April, Nigeria raised the drawbridge, closing its land borders to the movement of goods in an anti-smuggling crackdown that sent shockwaves through West Africa in October.

South Africa’s story
In South Africa, a year of hope turned into a frustrating continuation of economic and institutional inertia as Ramaphosa struggled to turn promises into reform. Growth continued to stall while unem-
Turning its back on the world

Meanwhile in West Africa, the closure of Nigeria’s land borders to the movement of goods has given rise to accusations that re-elected President Muhammadu Buhari is pursuing anti-trade policies. John Ashbourne, Capital Economics’ Africa economist, warns that the government moves only benefit a few industrialists and that they are having dramatic spillover effects on neighbouring countries such as Benin and Togo.

In August, Buhari ordered the central bank to stop providing foreign currency to food importers to spur domestic agricultural production. In October, he closed the country’s porous borders to all imported goods without warning, in an apparent bid to curb rampant smuggling and boost rice production. In November, the governor of the Central Bank of Nigeria, Godwin Emefiele, supported the move in the interests of boosting economic output. At the time of writing the closures were due to continue until the end of January.

“That’s one big political event that really has changed the fortunes of that whole part of the continent if not the continent as a whole,” Ashbourne says.

Robertson argues that such efforts to industrialise the economy through import substitution precede Buhari and that they are likely to continue beyond his tenure, which ends in 2023.

“I don’t think Buhari will change his views on this, and if Nigeria carries on with this Latin American approach, it is likely to produce less growth than if they chose an open more export orientated model,” he says.

Elsewhere in West Africa uncertainty over Côte d’Ivoire’s October elections is spooking investors, as an unpredictable outcome looms over President Alassane Ouattara’s pledge to run for a third term. Investors will be more relaxed about Francophone Africa’s other key market, Senegal, where the re-election of Macky Sall in February 2019 promised continuity for international oil companies, and sound oversight of the multi–billion hydrocarbons sector, which is expected to see first production in 2022.

The countries of the CFA franc zone will continue the trend of “investment led growth, good stories, and responsible policy making from the presidents,” in the year ahead, says Robertson.

However, the eight countries that use the West African CFA franc will be operating under a different monetary system. The currency will be renamed the eco, and although it will still be pegged to the euro, the countries in the bloc will no longer have to keep 50% of their reserves in the French Treasury.

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50%
French Treasury as financial ties to former colonial master Paris weaken.

**Stars of the East**

Meanwhile in East Africa a transport race is unfolding. Tanzania and Rwanda are making an aggressive push to depose Kenya as the regional transit hub. President John Magufuli of Tanzania is building a $2.5bn high-speed train line with the help of Rwanda in a bid to capture East Africa’s inland trade and drive it through the port of Dar es Salaam. The project, expected to be completed in 2022, will run from the western Tanzanian town of Isaka to the Rwandan capital Kigali, in direct competition with a rival route running from Mombasa just 500km up the coast. Tanzania’s line undercuts Kenya’s transit status and the “raison d’être” of its railway, says Aly-Khan Satchu, the CEO of Nairobi-based investment advisory firm Rich Management.

Compromising Kenya’s regional transit routes further is oil-rich Qatar, which is fronting the funds for Rwanda to build a gleaming international airport in Kigali, in return for a 60% stake in the project and a foothold in East Africa’s aspiring service hub.

“You can imagine the Qataris will build something really serious” that will represent “big competition for Kenya” whose airline lies in “dust”, says Satchu. Kenyan Airways posted record losses in 2019, as it flounders with pilot shortages and an industrial dispute.

“Kagame is more nimble,” says Satchu. “He’s quicker, and he makes optimal economic decisions much faster, and that’s his big advantage. I think Kenya is paying the price for that.”

In 2020, Ethiopia and Tanzania will continue to grow at 7.2% and 4.5% respectively, the IMF predicts. Their sophisticated economies will be tempered only by liquidity constraints and political contestation with impending elections in both countries. Ethiopia’s election is scheduled to take place by May, while Magufuli, whose protectionist policies have spooked investors and partners, plans to run for re-election in April.

Ethiopian prime minister Abiy Ahmed’s prospects for re-election are bright. The energetic, reform-minded leader has succeeded in sketching out a positive vision for Africa’s future, which resonates with youth. “Forget Ramaphosa, and (Zimbabwe’s President Emmerson) Mnangagwa, they’re yesterday’s dinosaurs. [Abiy] is the guy who is able to connect with people of the new generation, which is 99.5% of Africa,” Satchu says. That was confirmed with Abiy’s stunning Nobel Peace Prize win for his successful efforts in resolving a decades-long conflict with Eritrea. Yet ongoing political and ethnic tensions tied to his dramatic reforms could test Abiy, and the country, to the limit in 2020.

The IMF is poised to approve a landmark $3bn loan which could offset a liquidity crunch in the cash-strapped nation, and give it a great deal of momentum as Abiy seeks to keep ethnic nationalist
forces at bay, and win the election. Business reforms, including privatisations, remain on the cards.

“If the prime minister can hold it together, Ethiopia will be a star performer over the next two to three years,” says Satchu.

In Kenya, President Uhuru Kenyatta has overseen growth estimated at 5.6% in 2019 by the IMF and will hope to continue growing the economy in 2020. The IMF has praised the country’s progress, but warned in November of an outsized budget deficit and the need for further tax and expenditure reforms to help the country continue on its path.

North Africa’s industrial revolution
In North Africa, Morocco’s manufacturing sector is barrelling ahead as it continues to attract foreign direct investment. The sector contributes more than 20% to the country’s GDP, and employs 11% of the labour force. “It’s leading the second industrialisation wave in Africa,” says Robertson. “The question for me is do we see Tunisia and Egypt follow that?”

With Tunisia’s elections out of the way, and Egypt’s prospects buoyed by a stable and strong currency, which has seen inflation drop to 3.6%, international investors may be tempted to build new factories in the country. According to Robertson, this could harness Egypt’s 100m people into a manufacturing powerhouse that feeds into Europe. “That’s something I’m certainly going to be watching in 2020,” he says.

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Which countries will attract investors in 2020?

The key hubs for investment in 2020 are expected to be Morocco, Egypt, Ghana, Côte d’Ivoire, Namibia, Botswana, Rwanda, Ethiopia, and Kenya, predicts Rob Hersov, the CEO of investment platform Invest Africa. “Not South Africa until President Ramaphosa starts to send the Zuma, Gupta, Molefe mob to jail and shows he can fix Eskom and the SOE’s,” he adds.

Charlie Robertson, the global chief economist at Russian investment bank Renaissance Capital, says that with the continent’s two largest economies, South Africa and Nigeria growing on average about 1%-2% for the past five years, they’re just not producing the figures that will excite global investors.

So does he think we will see investor appetite in Africa pick up in 2020? “Not when South Africa is on the verge of recession. And not when Nigeria’s growth is as sluggish as 2-3%,” says Robertson. “In both cases, GDP has been growing below population growth now for the last four years. So people are getting poorer. That’s not the mark of an exciting continent that people want to pour money into.”

Down about debt
Africa’s two largest economies will continue to disappoint in 2020, with growth in Nigeria rising to just 2.5% and South Africa posting only 1.1%, according to the IMF. This, along with a more challenging external environment and continued disruption to oil production, means that Sub-Saharan Africa’s growth has been revised down to 3.2% in 2019 and 3.6% in 2020.

Growth is predicted to be slower in about two-thirds of the countries in the region. Africa’s fastest-growing economy, Ghana, is expected to fall from 7.5% in 2019 to 5.6% in 2020 in anticipation of erratic spending during the election cycle.

A major question for 2020 is how African countries will manage their debt. The IMF warns that while the continent’s debt load is stabilising, indebted countries could face headwinds as slowing global growth weighs on exports.

Seven African countries – including Mozambique, South Sudan and Zambia – are in debt distress, according to the IMF. Nine others, including Ethiopia, Ghana and Cameroon, are at high risk of debt creeping up to distressing levels.

In Kenya “the penny has dropped now that the debt is in amber territory,” says Satchu. “The Africa continent as a whole has got to get a bit more realistic about how they are going to manage their debt moving forward. We’re going to see some crises developing in the next 12 months.”

As governments look beyond 2020 they are also waking up to the reality of the
It’s hard to see into the future. For families on the edge of poverty, for businesses chasing the next investment round, for countries whose growth is slowing, the concerns of today can consume us. Yet to focus on our own feet is to miss the activity that is swelling around us in Africa: a new generation of innovative, connected and resourceful young people whose ingenuity and talent can reshape the continent.

Much of this potential lies at the intersection of the agri-food sector and the current technology revolution. Never has there been a more powerful moment in history – nor a more digitally-capable generation – to transform how we grow, transport, store, improve, sell and eat food. This new generation of agripreneurs can help deliver the jobs, prosperity and food security that are vital to Africa’s future.

These entrepreneurs can thrive where they find supportive ecosystems: where they are inspired to see the agri-food sector for all its potential; find the networks, skills and resources; and attract mentorship, investment and customers. With the right enabling environment, Africa’s next generation can drive transformative, tech-led, inclusive growth in the agri-food sector.

Yet such innovation ecosystems are still nascent across the continent. They are energised by the exponential potential of digital technologies and buoyed efforts of a handful of skillful organisations and governments, but also hampered by fragmentation, inefficiencies and inadequate funding. In researching our recent landscape report we heard from young Africans about the gaps they face, including the need for role models and stories to craft an inspiring new narrative about the sector, the opportunity to better connect the structures of support around agripreneurs, and the investment gap for transformational businesses seeking to scale.

That’s why we co-created an initiative called Generation Africa, alongside youth and partners, to strengthen the ecosystem for young agri-food entrepreneurs traveling the perilous journey from idea to scale. We’re working to inspire more entrepreneurs to enter the sector; enable more small, medium and micro enterprises to sustain steady growth; increase capital investment; create jobs throughout the value chain; and increase adoption of innovation and technology in the agri-food sector.

We’ve already gotten to work to support the dynamic young African agripreneurs we call “GoGettaz”. In 2019 we reached over 50 million people through an inspiration campaign and established an online platform engaging over 2,000 GoGettaz with opportunities and resources. We held a first GoGettaz Agripreneur Prize – showcasing inspiring finalists with businesses ranging from dairy alternatives made from insects, to preserves made of underused indigenous fruits, to affordable technologies for farmers – and awarding two $50,000 grand prizes for young agripreneurs alongside the prestigious Africa Food Prize. We established a high-level ambassadors group to advocate for young agripreneurs’ needs and a members group to better coordinate institutions’ initiatives.

In 2020, hosted by the African Green Revolution Forum (AGRF), we’ll expand these efforts in response to the needs and opportunities of a growing community of GoGettaz. We are building a coalition of committed partners and we welcome additional institutions to engage with us.

We are cultivating a movement to revolutionise entrepreneurship in Africa’s agri-food sector, led by the next generation. No single actor can do this alone; it will take new forms of partnership and ecosystem-building. The potential is tremendous to transform Africa’s villages and cities into prosperous, creative hotspots for food innovation. We want to be part of that future; don’t you?

Strive Masiyiwa Executive Chairman & Founder, Econet Group  
Dr Agnes Kalibata President, Alliance for a Green Revolution in Africa  
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**everywhere you go**
Mohamed Al Dashan, managing director of OXCON Frontier Markets & Fragile States Consulting, and a fellow at Chatham House and the Tahrir Institute for Middle East Policy, considers the realities of the 4IR in fragile and conflict states

Fragile states and the 4th industrial revolution

Forget humanoid robots and gene editing for a second.

In many corners of the world, the promise held by the Fourth Industrial Revolution (4IR) feels remote, ethereal; and nowhere is this truer than in fragile and conflict-affected states (FCAS). Not because the 4IR does not hold much promise for them; but because other priorities, such as peacebuilding and stabilisation, appear fundamentally more urgent and, erroneously, at odds with it. There is thus a pressing need to consider its impact, identifying how the 4IR can best serve fragile states, and likewise how to best address challenges in ways that would further their stability and support their country-specific priorities.

Yet existing research of the 4IR focuses largely on developed nations; when it tackles developing countries, research focuses on middle and upper-middle income nations. Fragile states, each with their unique mix of economic, security, and stability challenges, appear to be largely excluded from this analysis, either due to lack of data, or failure to understand the challenges that these countries face. Which makes analysing them even more crucial.

Fragility – including political, economic, environmental, security and societal fragility – is an African problem. The Fragile States Index lists 39 African countries among the planet’s 59 most fragile. For the World Bank, 19 out of 36 ‘fragile situations’ are African.

Yet some of the risks and opportunities of the 4IR, listed by Klaus Schwab in his 2018 tome, “Shaping the future of the fourth industrial revolution”, will sound eerily familiar to policymakers in fragile contexts. These include, among others, the risk of exacerbating income and wealth inequality within countries; the need for fresh approaches and social protection systems to cope with labour market disruptions; (re)designing skills development and employment models to boost labour productivity and creativity; ensuring the 4IR does not harm society’s vulnerable groups, including women and minority communities and cultures; and ensuring individual freedoms are maintained through these cataclysmic changes.

It is thus entirely possible to consider policies that would allow those countries to take advantage of this global developmental movement – beyond the obvious benefits of better telecommunications infrastructure or more affordable access to technology.

There, are already bright spots, of course, and sectors where fragile nations have proven adept at adopting, implementing, and deploying cutting edge technologies; Rwanda’s use of drones for medical deliveries to rural hospitals and – perhaps more interestingly for our purposes here – the accompanying regulatory framework, come to mind.

But even when we laud local 4IR success stories, we need to understand how underlying fragility could affect the often fragile equilibrium of FCAS. Somalia, for instance, has one of the most dynamic mobile money ecosystems, with 155m transactions taking place every month. But the sector is precariously poorly regulated, owing to weak state capacity. Largely untaxed, it represents a missed revenue opportunity for the state.

Take automation, for instance – of the most salient trends of today and tomorrow. Though promising productivity gains globally, developing countries with young populations will necessitate “additional productivity raising measures (...) to sustain their economic development”, according to a McKinsey flagship report on automation. Countries will no longer be able to rely on their low wages to be competitive or attract investment. But low-income countries, particularly those that have emerged from crises, specifically look upon such jobs as a means to (re)build a middle class, engine of growth and consumption. This will require specific interventions, mass-scale reskilling programmes, and social policies to ensure no one is left behind.

On the other hand, some technologies however seem to offer particularly well-suited solutions for fragile contexts. Suffering from a deficit of trust, they could benefit from the use of distributed ledgers (such as blockchain) to assist in tasks such as land titling. Kenya has already begun to implement this; other countries are likely to follow. Likewise, public ledgers are being used to track value chains, identifying the source of components and ensuring quality and origin; Ethiopia has recently begun to do that for its coffee bean production.

Concerns will remain, and we need to be collectively cognisant of new challenges that emerge. Rumours and misinformation, spreading like wildfire through messaging apps in the hands of not-yet-discerning users, can undermine elections and contribute to communitarian violence. Some countries have adopted ‘false news laws’ but there is the risk these can be use to surpress freedom of speech and jail critics.

So how can policymakers in FCAS prepare for the 4IR? By observing a cardinal rule of policy in fragile contexts: developing the twin goals of readiness and resilience. For this, decision makers will need to acknowledge that changes are numerous, fast, and overwhelming. There will be little room for slow policymaking that fails to appreciate that technology will impact every field of life. To succeed, they will need to partner with other stakeholders and will need to display transparency, openness, and collaboration with their populations. And they will need to acknowledge that they do not have all the answers.

There is no room for shying away from embracing the fourth industrial revolution. But there is certainly potential to mould its components to meet the needs of our countries, escaping fragility onto a sustainable development path. Some of the toughest challenges, however, may not be what we expect: in the words of former Liberian President Ellen Johnson-Sirleaf, identifying where she “failed maybe in dealing with the softer issues: values, attitudes, norms”. And these challenges will only be exacerbated by technology, especially for nations seeking to catch-up.
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He has been voted African of the Year and Most Influential African more times than any of his contemporaries. What makes Rwanda’s President Paul Kagame tick? Anver Versi went to find out.

An audience with Paul Kagame: Learning to win

I set off, from Mombasa, Kenya, for my interview with Rwanda’s President Paul Kagame just after Christmas. The traffic was a noisy confusion of heavy trucks, matatas and tuk tuks. Kigali, the Rwandan capital, was an astonishing study in contrast – not a pot hole in sight, painted and beautifully tended verges and although traffic was heavy due to the holiday season, road discipline was immaculate.

The city was festooned in fairy lights to celebrate the festive season. It was a lovely welcome and told me immediately a great deal about what the people of this small nation think of themselves and their value systems.

My meeting with the president was scheduled for after the end of Umuganda. On the last Saturday of each month, all able-bodied Rwandans, including the head of state, set out to clean and improve their neighbourhoods from 8am to 11am. Shops and business are closed during this period and traffic comes to a halt.

The result is a sparkling city, officially the cleanest in Africa and vying with Singapore as the cleanest in the world. Rwanda’s rise from the genocide of 1994 has indeed entered history as an example of a resilience that is nothing short of miraculous. The economy has also risen from the ashes of that period to become one of the fastest growing in the world over the past two decades.

The first factory to make smartphones from scratch in Africa was opened in October last year and given its reputation of zero corruption, there is a long line of investments in the pipeline.

While there is no doubt that the heroes and heroines of Rwanda’s extraordinary redemption are the Rwandese themselves, there can be no side-lining the figure who halted the genocide 25 years ago and has overseen the country’s remarkable transformation every step of the way: President Paul Kagame.

Over nearly four decades as editor of New African and African Business magazines, I have closely observed and followed the careers of a host of African leaders – many of them remarkable people – but Kagame seems to be cut from a totally different cloth.

He is a man of action rather than words; he believes in results rather than promises; he is pragmatic rather than idealistic; he eschews the trappings of power rather than cultivating them; he refuses to kow-tow to big powers and insists on being treated as an equal; he has been a fierce defender of not only Rwandan but also African rights and aspirations in international fora and he is proud to be an African and to celebrate the African genius in deeds and achievements rather than empty rhetoric.

The audience

Paul Kagame, dressed in simple civilian clothes, strides in briskly, has a firm handshake and gets down to business. He speaks softly, often pausing to emphasise a point. He has a quiet but sharp sense of humour often slipping in an ironic twist. I start by asking him whether the former colonial systems of governance, which most African countries have adopted lock, stock and barrel, are fit for purpose in dealing with the realities of post-independence Africa.

“Given our history,” he says, “it’s really up to Africans to try and make sense of this legacy and find out what parts of it fit their purpose to be able to obtain the transformation that we all want.”

“Transformation, development don’t just happen,” he argues. “They happen because first people want them to happen. Secondly it needs the understanding of the mechanics, the industrial set up to bring about this transformation.”

“The laws, the rules and regulations and the ways of doing
We still face serious barriers to having more young people enter positions of power and/or influence. Even when they exist, the entry points and processes for advancement that will attract talented and committed young people are sometimes not well structured.

– Mitoha Ondo'o Ayekaba

He is a man of action rather than words; he believes in results rather than promises; he is pragmatic rather than idealistic.
things during colonial times served a very different purpose and needed to change at independence. “This is why I always find a problem in people being made to just swallow wholesale things that they are told to do. These are not what they think they should be doing, or are about the overall circumstances and context, but rather because somebody who used to be the master during the colonial period, thinks this is the right thing to do – therefore, it’s what you must do!”

Here, while Kagame reflects the thinking of large sections of Africa’s well-educated youth and intellectuals, he also hits a sore point. We are all well aware of African countries that rigidly toe the line from their former colonial masters and are terrified of deviating even by an inch.

African self-confidence

Why is it, I ask, that so many African countries toe the line with systems and practices even when they don’t work despite the fact that countries like Rwanda and others outside the continent like Singapore and Malaysia have followed their own line and succeeded?

He puts it down to a lack of confidence, which means people talk but often come back to old habits and old models. It is no secret that Kagame has modelled Rwanda’s development very much along the lines of Singapore; in fact, Surbana Jurong, Singapore’s award-winning urban planning company produced the masterplan for Kigali’s redevelopment as a high-class global city.

He says he finds it difficult to account for why transformation has taken place in other places while many African countries have remained stagnant. Yet, in speeches made by many countries, “we tell anybody, our own people, others who ask us any time, every week, every month, every year, things that show we understand what is at stake, we understand what needs to be done.

“Yet, year in, year out we find we are back to where we have been. There is some good progress here and there but then we slip back. We keep going around. So, you are absolutely right it’s something that we need to re-examine about ourselves.”

He reminds me that those Asian countries that the world is now singing the praises for were also subjected to different pressures from different quarters but “they endured, they rallied; and it doesn’t mean they didn’t have differences among themselves but when it came to the stake that is theirs, they came together. They were able to put their differences aside. So why can’t it be the same with Africa”?

While Kagame has his admirers across the world for his leadership of a country in the most trying of circumstances, he also has his detractors who criticise him for some perceived deviation from the standard “textbook” handed down to developing countries.

“Even after the genocide and the remarkable turnaround in the country, there were those with vested interests who continued to criticise the new government. We still believe we have a bad name because we brought changes to our country that were intended to put us in a better place.

“We are not there yet. We still have a lot of work to do but I think that one can see the pathway to where we want to be, Even the young people who were born 20 years ago, 25 years ago when this country was just emerging from this tragedy, have a sense of where we are going.”

He articulates the thoughts and feelings of millions across the continent when he says: “It’s frustrating in the sense that Africa has almost everything: the people, the resources, but the resources remain buried somewhere for others to add value, to benefit more from and for African owners to remain stranded and begging, being beaten up for this, for that and screaming... and the story goes on and on.”

He is clearly referring to the resource wars in parts of Africa, the repressive regimes and the treatment of migrants as they flee the continent for what they believe are greener pastures abroad.

“We put ourselves there – we shouldn’t do that. It doesn’t make sense. And yet we know we can overcome this but I don’t know why we don’t do it as fast as we should.”

Fourth term?

During a forum in Doha, Qatar, Kagame responding to a question, said that when his current term expired in 2024, he was unlikely to seek a fourth. Was this statement set in stone, I ask, or would his decision be dictated by circumstances?

“The trouble with answering such questions is that we are dealing with a very complicated situation because it’s not one plus one equals two, nor is it black or white and that’s it,” he replies. “However, the moment you are asked such a question, if you don’t answer it, it is even worse.”

He goes on to explain that whatever response one gave about something in the future, circumstances could change – “the ground shifts, whether it’s your own making or not.” But that does not stop people expressing their thoughts or their wishes, “so I was expressing my thoughts, I am expressing my wish”.

Kagame’s extended tenure, which could see him remaining in office until 2034, has sharply divided opinions both in Africa as well as abroad. There are those who insist he should have stepped down when his second term expired in 2017 and those who say that the last thing Rwanda needs now is divisive politics and a no-holds barred grab for power. They point to Lee Kwan Yew’s three decades in power in Singapore during which he set the foundations for his country’s success.

When it comes to Kagame, even his strongest critics admit that he is immensely popular and that his track record, everything considered, shines very brightly in modern history. Perhaps, like Lee Kwan Yew, he is a one-off – the right man at the right time in the right situation. Time will tell and in any case, he has left the option open.

Regional tensions

The last year for the country was marred by a fraught relation-
Both countries would like to expel them, but as long as the RPF situation in the sub-region.

The defeated Interahamwe, the far-right Hutu paramilitary organisation that was largely responsible for the genocide, has based itself in parts of DRC and Uganda where they are seen as a highly dangerous, disruptive influence. Both countries would like to expel them, but as long as the RPF continues to rule in Rwanda, they cannot find a way back.

This partially explains the rather bizarre statement of the former premier of DRC, Adolphe Muzito, urging his government to wage war on Rwanda and even occupy and annex part of the country. Saying that, he insists that the relationship with the DRC and President Tshisekedi, who has visited Rwanda at least three times since he was elected President, are the best they’ve been in twenty years.

Getting heard

So where does Africa stand within the current global environment, including with regards climate change and the drift to authoritarian, right wing governments; what would his priorities be if there was such a position as president of Africa and he were it?

“I am not looking to be and I don’t want to be presumptuous on that. The first thing is to try as much as possible to bring Africa together.

“Because Africa remains fragmented, therefore that means there is no voice that can be called an African voice: it’s Rwanda, it’s South Africa, it’s Nigeria, it’s Senegal, it’s Ethiopia, it’s Kenya, Tanzania, separately. What that means is even the biggest countries of our continent, alone they are small.

The bigger entity we can be by coming together, the better we can represent ourselves as Africans and stop playing in the hands these people who divide us, and they divide us for a reason, because they want us to remain small. It is like if you want to eat something, you chop it into pieces. We need to create that thing that cannot be swallowed by anyone.

“Knowing how difficult it is, we cannot expect all the countries to come together into one bloc all of a sudden, but we can use different approaches and tactics, like the sub regional blocs. Even if three countries decide to say ‘please listen’ you are still increasing your chance of making an impact on the global scene and avoid being trampled by the heavyweights.

“We are not only seeking survival, we are also seeking partnership and this is how we are going to develop and put to good use the resources we have, to build and transform our countries. That would be my preoccupation.”

As our interview comes to a close, I ask him about Rwanda’s sponsorship of the English Premier League (EPL) team Arsenal’s kit with the logo: Visit Rwanda. It has caused a considerable stir because this kind of bold advertising strategy is rarely associated with African countries.

Nevertheless, since EPL matches are televised worldwide and Arsenal has tens of millions of fans globally, Rwanda has thrust itself right to the forefront of possible destinations to visit: has the investment been worth it?

“Critics are very lucky, they are not accountable” he says with a smile. “I am accountable and the investment we made with Arsenal has produced good results. We are seeing an increase in numbers of visits. I think we probably gained not less than five times what we were spending, absolutely.”

The deal has been so good, Kagame tells me, that a similar one is being finalised with Paris Saint-Germain, probably the most famous football club in France. Rwanda expected somewhere near 17m visitors this year and the numbers should go up when the new airport, in which Qatar Airways has taken a 60% stake, is completed.

And did he have any advice to the new manager? “The players have to change, they have got to bring in new players. The owners also have to be looked at, because they are stuck in the past. I still love Arsenal, they have DNA of the good game, but in the end you are not just playing for the sake of playing you are playing also to win.” It is this winning mentality that Kagame seems to have engendered throughout Rwanda.
Only 6.6% of CEOs are women.

Not good enough.

Gender is still a barrier to progress in the business world and beyond. But it shouldn’t be. So at Standard Chartered, we’ll have women in at least 30% of our senior roles by 2020. And we’re just getting started. See how we’re tackling gender inequality at sc.com/hereforgood

Because we’re not here for good enough.
We’re Standard Chartered, and we’re Here for good.

Here for good
Fifty years ago, the World Economic Forum was founded on the notion that corporations not only have a duty to their shareholders, but they are also responsible to all of their stakeholders – including society at large.

In 1973, the Forum published the Davos Manifesto, a groundbreaking statement of principles that provided a roadmap for companies to put that idea into practice. Although those principles are timeless, the world has changed dramatically in the half-century since their publication. Today’s global companies are agents of unprecedented change, playing a greater role than ever before in shaping the political, social and cultural forces that are transforming the world.

This fourth industrial revolution profoundly affects the way we live and work. To reflect the momentous transition taking place, the World Economic Forum’s 50th annual meeting will build on the original manifesto – introducing a new statement on what it means for business to serve the world in the 21st century.

Under the title, “The Universal Purpose of a Company in the Fourth Industrial Revolution”, the manifesto declares that: “The purpose of a company is to engage all its stakeholders in shared and sustained value creation. In creating such value, a company serves not only its shareholders, but all its stakeholders – employees, customers, suppliers, local communities and society at large. The best way to understand and harmonize the divergent interests of all stakeholders is through a shared commitment to policies and decisions that strengthen the long-term prosperity of a company.”

The World Economic Forum’s initiatives over the last 50 years have improved the lives of millions of people. They demonstrate that embracing stakeholder responsibility, in all its forms, is the foundation for a more cohesive, inclusive and sustainable world.

A personal journey
On a personal level, I am struck by the coincidence in the timing of the original manifesto with the clash between President Nyerere of Tanzania and President Kenyatta of Kenya. A fundamental breakdown in perspectives about the role of capitalism in...
Davos Manifesto 2020

It is clear that we have now moved beyond shareholder capitalism to enter the age of “stakeholder capitalism”, a model that the World Economic Forum has embraced since the early 1970s. Business metrics will have to change, and all business leaders should have already developed a mindset based on environmental, social and governance (ESG) criteria – standards that make it possible to measure the sustainability and social impact of an investment in a company. These standards now need to be included in financial statements and annual reports. This is important for a number of reasons:

One, most corporations in Africa are family businesses. Stakeholder capitalism has been a way for life for generations. Take for example the history of Forum member Mahesh Patel and the half a century old Export Trading Group from Tanzania and Kenya that is now a major global contender commodity trader.

Second, Africa went through a period of jobless growth as part of the aftermath of the Washington Consensus. With the benefit of hindsight, unbridled private sector led growth has not been a panacea in Africa. Focus on leveraging Africa’s natural resources fuelled significant high-level corruption and unaccounted for substantive illicit financial leakages that the continent is still grappling with.

Third, the fourth industrial revolution is stirring up unprecedented opportunities and challenges. On the one hand, Africa continues to lead the “mobile first” agenda globally. On the other hand, human rights violations in global supply chains have also resulted in initiatives such as the Forum’s Global Battery Alliance examining among others the use of child labour in the supply chain for minerals critical to fourth industrial revolution technologies.

Role of the Forum in Africa
Some significant milestones from the last 25 years of the World Economic Forum’s work in Africa demonstrate the power of global business for societal good and continue to be relevant for the Davos Manifesto 2020:

- Grow Africa
- Africa Strategic Infrastructure Initiative (and SDIP)
- Health Systems Leapfrogging Initiative
- Africa Peacebuilding Platform
- Africa Growth Platform

In 2019 the Forum signed up the South African and Rwandan governments as affiliate centres for its Centre for the Fourth Industrial Revolution Network. Another milestone was the launch of the Leadership, Ethics and Values Initiative (LEVI) by the Forum’s Africa Regional Strategy Group under the co-chairmanship of Winnie Byanyima and Frannie Leautier.

Africa youth rising
With the youth rising trend that Greta Thunberg has been spearheading globally, we are excited that at Davos 2020 we will showcase two African youth ambassadors, namely South African youth climate activist Ayakha Melithafa and Zambian Women Deliver youth champion Natasha Mwansa. Youth speaking truth to power is real and they are demanding action now: today’s leaders cannot bankrupt their future. We have been warned. Let us play our part.

Why does this personal account matter?
It is clear that we have now moved beyond shareholder capitalism to enter the age of “stakeholder capitalism”, a model that the World Economic Forum has...
Unlimited has been awarded BRAND OF THE YEAR 2019 - 2020 TELECOMMUNICATIONS - MOBILE NIGERIA Presented at Kensington Palace, London 14 November 2019
Dr Adesola Adeduntan, CEO of First Bank of Nigeria, sees massive scope for growth for the banking industry in Nigeria, as he relates in this interview with African Business

Towards sustainable finance

I meet Dr Adesola Adeduntan in Edinburgh where he has been invited to give a keynote address at the Edinburgh School of Business to speak about the role of financial institutions to drive financial inclusion. As one lands in Edinburgh, you are greeted by billboards from different investment funds underlining their credentials in investing in a responsible and sustainable manner and how environmental, social and governance (ESG) considerations underpin their activities.

With economists and politicians questioning capitalism and the Western liberal model, today the emphasis is very much on stakeholder capitalism whereby the growth and prosperity is more equally attributed. Sustainable investment has become de rigueur in the corporate jargon of 2019.

Dr Adeduntan, a veteran in the Nigerian banking and corporate world, is at ease with whatever is thrown at him. In his answers, both during our meeting and also during the various talks he gives that day – at the Business School but also at a law firm talking about the Nigerian opportunity and the future of banking on the continent – his main message is the importance of doing good if you are to succeed in Nigeria and indeed Africa.

First Bank is the oldest bank in the country, not to say the continent. Last year it celebrated its 125th anniversary, and for Adeduntan longevity is a telling sign: not only does it prove the Bank’s resilience but it shows that it has the right structures, in terms of governance, and right model, with the country’s development at its core.

First Bank is the biggest bank in Nigeria in terms of assets and branch network, and the second biggest in terms of tier one capital. However, like investment trends prior success is never a guarantee of future glory. And it is the future that Adeduntan wants to focus on: how do you seize the opportunity that the country’s unbanked population presents – financial inclusion has increased from the low 20s to approx. 40% in Nigeria over the past 7 years and is expected to double to mid-80s within the next 5 years. For him financial deepening is when financial inclusion starts playing an important role in economic development. It’s about layering additional products on the current agency banking network, services such as micro-credit, micro-insurance and micro-pension, providing value-added services whilst at the same time increasing the savings rate, critical to drive investment rates and one factor behind Asia’s rapid growth.

Last year saw a boom in venture capital investment into Nigeria with $400m being invested in a number of fintechs during the month of November alone. Is he worried that these fintech players are going to take the majority share of the pie when it comes to servicing the unbanked? He says that’ll only be the case if the banks do not manage to reinvent themselves. In Edinburgh, he actually spent a number of hours visiting tech hubs around the university in the city and speaking to fintech companies.

The bank, according to Adeduntan has a number of partnerships with fintech as well as its own Digital Laboratory, developing new solutions for the bank. Like many senior bankers, he firmly believes that the “legacy banks” will still continue to play a very central role, especially in this part of the world where banks are quite dominant and they have significant buying power. And given the role that banks play, in terms of settlement and deposits, he sees many of these new players as partners they can work with, even if in some cases they will be competitors.

Scope for growth

Adeduntan sees massive scope for growth for the banking sector in Nigeria. He points out that none of the country’s top banks make it in the Top 10 Banks in Africa despite Nigeria being the continent’s largest economy. Coupled with the signing of the African
Continental Free Trade Agreement, he feels we are entering a very interesting period for the banking sector, not only in Nigeria but Africa in general.

Does he expect further consolidation? “Within certain thresholds,” he answers. “Anything that would allow the strengthening of the entire banking sector, knowing how the Central Bank Governor thinks, I am sure he would be positive about it.”

We move on to the regulator and the role of the Central Bank. Does he find that it is too interventionist, dictating how much banks should lend, where it should place its assets? As you would expect, he won’t be drawn into criticising his regulator, with whom he says he, and other bank CEOs, have a strong relationship. But he will say that the role of a central bank in the development of an emerging economy is clearly different from the role of a central bank in a developed economy.

“It is not unusual that the central bank intervenes in critical sectors allied to the loan to deposit ratio. It’s about economic growth; it’s about development; it’s about channelling credit in sectors that are very important for the national economy. Let us take agriculture – again, we are one of the biggest lenders into that sector. We found the Central Bank intervention in some of those critical sectors extremely useful and not just for us as a bank, but for the country as a whole.

“Again, when you look at intervention in agriculture, you have to put it in the context of the size of the population. Nigeria as a country, we are 200m people today. Like I’ve always said to many people, the business of feeding 200m people is a strategic business. Everything that is being done to ensure that at least we are self-sufficient in food production is strategically important. We find Central Bank intervention in those areas quite useful and of national importance.”

Like most Nigerian businessmen investing in the country, he is quite optimistic about the future. He appeared excited with the economic advisory council the president has put in place, credible business leaders and economists he says. And despite reports that the government is not economy-minded he thinks that it is a pro-business government.

Contributing to development

It is nearly 10 in the evening when we finish our talk, his day having started at 7.30am. We go back to sustainability and the role of financial services to make sure they are lending to institutions that are ethical about their business and operating in a sustainable manner. He says that the journey has started even if it is still early days.

“But ultimately,” he says, “this is where we are headed. The Nigerian Sustainable Banking Principles speak to this particular question. I think it’s evident from the points that I’ve made today, you can say that First Bank is a bank that is happy to forego a few basis points in terms of its net margins if that means it is contributing to development in a more ethical and sustainable way. We’ve always made a point that profitability is very important for us at FirstBank but economic growth and national development is equally very important and speaks to the sustainability question.”
Standard Chartered is optimistic about the opportunities for growth in 2020 and beyond as it moves into a future-ready space, embracing sustainable finance and digital banking alongside other profitable enterprise.

Sunil Kaushal, regional CEO Africa and Middle East for Standard Chartered says the company remains focused on its unique strengths while exploring new initiatives.

Africa is very much on the horizon for Standard Chartered in 2020. Regional CEO Sunil Kaushal talks to Dianna Games about prospects for growth on the continent, the potential benefits of China’s Belt and Road Initiative, and its digital and sustainability strategies.

‘A more resilient kind of growth is taking root in Africa’

“We have made significant investments in exciting transformative initiatives while also becoming agile in capturing attractive opportunities in markets like Nigeria and Kenya, which remain the largest markets for us in Africa.”

Sunil Kaushal, Regional CEO Africa & Middle East for Standard Chartered

Benefits of Belt and Road

Globally, trade tensions between China and the US could add to downside risks to global growth in 2021, he says, and a slowdown in China is expected to continue. However, he notes that even at a slower pace, the Asian giant will be still be growing at more than double the average rate of any advanced economy.

The bank is heavily invested in China’s Belt and Road Initiative (BRI), which aimed to leverage investments of more than $20bn in infrastructure development up to 2020. Kaushal says a commonly held misconception is that the initiative is exclusively Chinese-led and funded. In fact, international commercial banks are heavily involved in structuring financing and providing services for major BRI projects across the world.

Standard Chartered is one of them. Its footprint spans 70% of the BRI’s markets, which allows it to facilitate trade, capital and investment flows across these markets, and it is well-placed to connect African companies to the renminbi (RMB) and its growth belt.

For many emerging markets, the BRI provides a unique opportunity to improve competitiveness, attract foreign investment, enable economic diversification, upgrade their physical infrastructure, enhance trade flows and increase fiscal revenues, he says. Chinese trade with countries along the BRI corridors is growing fast; it exceeded $6 trillion between 2014 and 2019.

The bank has organised Africa and Middle East roadshows to promote the benefits of the initiative in order to cement existing partnerships and forge new opportunities across its footprint.

Making the bank ‘future ready’

Standard Chartered is moving quickly in the digital space to capitalise on new trends and opportunities and become “future ready”.

It has already rolled out full-service, cost-efficient digital banks in nine markets across Africa and digitised small ticket wealth management products (general insurance and mutual funds) in Kenya, Ghana and Nigeria. The bank has also launched online mutual funds in Nigeria and Kenya, providing a mobile-first, self-directed mutual fund channel for customers.

There are plans to adapt and replicate these capabilities across the bank’s regional network.

Kaushal admits that traditional banks cannot match the pace of fintech innovation, and the latter are challenged to meet regulatory compliance measures that come with financial services.

“A partnership between banks and fintechs is a win-win situation,” he says, citing the bank’s launch of SC Ventures. A fully owned subsidiary of the bank, it has a $100m innovation investment fund.
to back fintech companies with potential. One example is Ripple, which connects banks and payment providers via RippleNet.

“We are also working closely with technology companies to speed up our tech transformation and to find and use the best ideas that are out there.”

“We are working with the bank’s eXelerator innovation lab, which was inaugurated in Singapore in 2016, with labs now in London and Hong Kong. In 2019, the first innovation lab in Africa was launched in Kenya to collaborate with fintech organisations on the continent.”

The bank is also supporting women’s access to tech through its Standard Chartered Women in Technology incubator, which now has a presence in Kenya, Nigeria, the UAE and Pakistan.

**Sustainability strategy**

The bank is also strongly focused on issues of sustainability and social development in its product and financing priorities.

Sustainable finance has become a fast-growing area of business, driven by a mix of community awareness and public policy reforms.

Sustainable debt issuance is expected to have reached a record high of $350bn in 2019, with the issuance of sustainability-linked loans approaching $35bn in late 2019.

In 2019, the bank launched its Sustainability Bond focused on emerging markets, which will finance projects that are aligned to the UN’s Sustainable Development Goals (SDGs).

“In keeping with our commitment, we have developed an organisation-wide sustainable finance strategy, further incorporating sustainability into the bank’s financing decisions and identifying new sustainable financing opportunities for the clients.”

In partnership with donors such as the World Bank, Standard Chartered has mobilised more than $5bn in blended finance to tackle social development problems in Africa and Asia, such as food security and job creation, and address low carbon energy issues in the Middle East.

The bank has also issued the world’s first blue bond, on behalf of the Seychelles, which raised $15m from impact investors to develop its blue economy.

“Driven by the fact that finance touches every aspect of the economic cycle, there are huge opportunities for banks to shift more of their balance sheets into sustainable projects to support economic and social development for the future wellbeing of the planet,” says Kaushal.
BUA Group is playing a major role in reducing Nigeria’s imports of goods and raw materials by producing them in the country, creating jobs and wealth in the process. Its founder and chairman explains how the company is helping to boost domestic production capacity.

‘Nigeria has no business in importing food’
When Nigeria's minister of industry, trade and investment, Niyi Adebayo, toured major sugar sites across the country last December, he was accompanied by two of the country's foremost private sector players: Aliko Dangote of the Dangote Group and Abdulsamad Rabiu of the BUA Group.

These two industrialists, both born in Kano, in the northwest, have become the face of Nigeria's drive to lessen its import bill by investing in production facilities in sectors ranging from oil and gas to cement.

The minister was assessing progress in the Nigeria Sugar Master Plan (NSMP), which aims to make the country self-sufficient in sugar production by 2023, thereby saving the country some $56m in foreign exchange and turning it into a net exporter of the commodity. Since NSMP was implemented in 2013 around N57bn ($243m) has been invested in the sugar sector.

In Kwara State, in Nigeria's middle belt, the BUA Group is developing a sugar plantation and a new refinery that will have the capacity to process 14,000 tonnes of cane per day when it comes into production later this year. This will allow it to produce 200,000 tonnes of refined sugar, 20,000 litres of ethanol and 35 MW of electricity annually.

"The plant is made up of about 20,000 hectares and we have invested over $250m," Rabiu tells African Business. "It is quite good; we will be creating over 10,000 jobs and we will be saving the country hundreds of millions of dollars just by producing sugar in our plantations. That should have happened a long time ago."

Supporting backward integration policy

Though the BUA Group was originally established in 1988 as a commodity trader – importing rice, edible oil, flour, iron and steel – the company moved into production to complement the government's "backward integration policy", which encourages manufacturers to source local raw materials rather than import foreign goods. Introduced for cement in 2003, the policy has often led to blanket import bans on foodstuffs like sugar, wheat flour, fish, milk, palm oil, pork, beef and poultry.

President Muhammadu Buhari recently directed the Central Bank of Nigeria to block food importers' requests for foreign currency, a continuation of an earlier policy that aims to boost domestic agriculture and reduce imports on foodstuffs like rice.

"In Africa, some countries are dependent on importing 60–70% of what they eat. I think that is not acceptable. It doesn't make sense."

Nigeria has since managed to reduce rice imports by 90%, something which Rabiu says was made possible through "commitment and leadership".

"We don’t have any business importing food," he says. "In Africa, some countries are dependent on importing 60–70% of what they eat. I think that is not acceptable. It doesn't make sense.

"But this needs the private sector and the government to come together to do whatever it takes to ensure that we are in a position to feed ourselves. To me, agriculture is key. We have everything that it takes to be able to do all of that. That is number one."

Cement market

Another of the BUA Group’s key products is cement. Nigeria has a thriving cement market, which is controlled by four large players: BUA Group, Dangote Group, Sokoto Cement and the French company Lafarge.

Although the Dangote Group dominates, accounting for 93% of the entire industry’s profits in 2017, the BUA Group has made significant investments in the sector and continues to expand – particularly in the north of Nigeria.

In October 2019, the BUA Group announced a merger of its two cement subsidiaries, the Cement Company of Northern Nigeria and the Obu Cement Company, in a bid to become the country’s second largest cement producer by volume by 2020. The deal was concluded in January as BUA Cement listed on the Nigerian Stock Exchange with a market capitalisation of N1.2 trillion ($3.3bn).

Rabiu believes that it’s important to strategically position his cement factories in order to be successful. While the Dangote Group has large operations in the south, owning a major plant outside Lagos for example, the BUA Group is the main producer in the north–western region.

“I have a plant in Sokoto, nobody can compete with me in the north–western part of the country because I am the only one there,” he says. “I am the biggest cement producer in the region. The closest plant, competition–wise, to my plant in Sokoto is about 900km away. So, how do you get it cheaper or closer or easier than myself?”

Securing a regular supply of limestone, a key component of cement, is also important. Nigeria has had to import limestone due to the lack of infrastructural capacity despite being a mineral–rich nation, but BUA sources all of its supplies from its own mines near to its refineries.

“We have the mineral resources, we just need to harness them,” Rabiu says.

To counter the lack of domestic production, the BUA Group has invested over $2bn into its cement business over the last four years, which has helped to boost the company’s output.

“In January 2019 we commissioned a new line which produces 3m tonnes of cement, which pushed our total up to 8m tonnes,” he says. “And with that we have become the second largest cement producer in Nigeria. Maybe in two years we will be looking at 13m tonnes because we are setting up two new lines of 3m tonnes and 2m tonnes respectively."

Domestic production barriers

As the BUA Group continues to invest in improving Nigeria’s domestic production capacity, the conglomerate faces a familiar set of problems. It is cheaper to import a tonne of cement from China to Nigeria costing $25 to $30 than to take that same cement from Lagos to some parts of Nigeria, which costs $60–$70, Rabiu says.

He blames the price increase on a lack of infrastructure. “Without infrastructure, there is nothing you can do,” he says. “You need roads, you need ports, you need the airports, you need all of those things. So, infrastructure is key because without it, there is nothing you can do.”

The added cost of doing business in Nigeria means that domestic products often struggle to compete with cheaper imports, particularly from China. This prevents domestic manufacturing from flourishing as the goods have a price disadvantage when sold on the market.

Ensuring the private sector can compete is an area of concern for the Nigerian government, and is the main reason behind the country’s hesitance to sign the African Continental Free Trade Agreement.

“We have to be careful, because if I am producing something in Nigeria and spending all this money in terms of capital and the cement is coming into Benin Republic from China and then China turns back the cement into Nigeria, how does that help me?” he says. “They will flood the market. It would kill my business. AfCFTA should benefit only goods and services produced in Africa by Africans for Africans, or in the case of imported goods, only those for which significant value has been added on the continent.”
As global trade tensions mount, the World Economic Forum is pursuing a range of practical initiatives to boost trade in Africa. David Thomas reports

Making the case for trade

After years of wrangling, the outlook for trade in Africa received a major fillip in March 2018 with the signing of the African Continental Free Trade Agreement (AfCFTA), an ambitious plan that aims to expand regional trade by 54% through removing tariffs on 90% of goods traded across the continent. The agreement was further strengthened in July 2019 when Nigeria, the continent’s largest economy and one of the last major holdouts, finally agreed to join.

On a continent long used to the inconveniences of border delays and overly officious customs staff, the signing of the AfCFTA has been greeted as a major sign that the continent is ready to embrace a future of free trade and more flexible borders, in contrast to the broader trade tensions on display elsewhere in the world.

Sean Doherty, head of trade and investment at the World Economic Forum, says the agreement is useful for catalysing political and business support around an often-controversial topic.

“Leaders have limited numbers of hours so they want to focus on things that are moving forwards. In big multinational trade deals there’s value in the text but a fair amount comes from it being a focusing device – people say, this is important and let’s make sure it happens. It focuses attention on what needs to be done. The CFTA is quite a big deal, there’s still quite a long way to go in terms of it having a concrete impact, but it’s definitely positive in getting to a deal.”

For the World Economic Forum, the pro-trade sentiment expressed in the deal offers a useful backdrop as it pursues a range of nuts-and-bolts initiatives to boost trade in Africa and beyond. As well as encouraging broader dialogue around trade issues, Doherty’s team works on policy recommendations and the implementation of specific initiatives where consensus can be found. The hard slog of technical work may be less glamorous than the signing of major agreements, but is often crucial to sustaining their wider impact. One such area is trade facilitation – in short, making it easier for countries to allow goods to cross borders and get through customs.

“With a number of partners we set up the Global Alliance for Trade Facilitation, and this supports countries in making trade facilitation reforms. It’s reasonably active in Africa – we have projects ongoing in Kenya, Ghana, Morocco, Nigeria and Zambia. In Zambia they are looking at customs broker licensing systems and trying to make things easier so that companies have an easier time working with customs brokers and it [all] becomes less bureaucratic. In Ghana and Kenya it’s more to do with advanced rulings for customs, so you know how much you’re going to pay before goods arrive rather than waiting.”

Other initiatives focus on allowing customs to predict the likely cargoes of long-term importers and exporters, saving time on unnecessary inspections and speeding up traffic-choked border posts. Investment facilitation is also a key part of WEF’s work on the continent, allowing would-be investors to connect easily with target companies and the wider ecosystem of subcontractors and support businesses.

“In Ghana we’re looking at what it can do to make sure it’s both easier for outsiders to invest and to help the chances of that investment being sustainable, with knock-on effects in terms of jobs and environmental spinoffs. We’re not a traditional development implementation agency, we span the policy development area and the making-impact area. There are discussions happening about investment facilitation at the World Trade Organisation [WTO]. What we’re doing is taking these ideas, going to Ghana and talking to local businesses and government and seeing which ones are relevant.”

Working on these smaller-scale initiatives helps to provide the glue for the wider agreements at the multinational level, says Doherty.

“It’s useful to Ghana but also useful for broader global policy development in getting a good sense of what is practically useful in developing countries, so that agreements reached globally are relevant for African economies. That provides weight and momentum for these agreements.”

Focus on e-commerce

WEF is hoping to build on this encouraging work with a new focus on e-commerce, another controversial topic being widely discussed at WTO level, which will prove relevant to Africa’s future as retail and technology grow in importance, but which is often mired in thorny discussions around taxation.

“There has been some reluctance in some quarters to bind countries too tightly because of fears of what will happen in the long term around tax policy for digital trade. And that’s why it’s important these issues are put on the table and thought through in advance, to reassure people.”

In an era when trade scepticism is growing amid ongoing tensions between China and the US, Doherty says that such multilateral discussions and agreements have a crucial role to play.

“Partly it helps to overcome vested interests. In most trade deals there will be a big gain for large numbers of people but there will be one or two who are worse off as a result. So of course you need to find ways to compensate them but there can be political
Policymakers need to make the case for trade not only via headline-grabbing initiatives but also through the hard work of proving that implementation actually benefits the lives of citizens. Without this, US-China tensions could presage a wider retreat from free trade. “I think we will find a way through this. There’s an important challenge we have to overcome which is providing a positive narrative that a large group of people can buy into. Perhaps in the last decade more people have become disconnected and thought, it’s not going to really help me, [reduce] social inequality or help the environment. We need to have much clearer evidence for how trade can do that, and change the way trade works to make sure it does deliver on those objectives.”
National Aviation Services (NAS) is the fastest growing aviation services provider in emerging markets. In the following interview, Group CEO Hassan El-Houry gives his views on the state of the aviation industry in Africa and outlines the company’s plans for growth on the continent.

“We are witnessing a paradigm shift in Africa’s aviation sector”

How was 2019 for you as a group in Africa, and where are you seeing growth and opportunities across the continent?

The world-renowned Economist magazine once dubbed Africa the “hopeless continent”. In 2019, in a stark contrast, they published a cover that read “The new scramble for Africa”. National Aviation Services (NAS) was fortunate to have discovered the opportunity in Africa’s aviation sector about 10 years ago and since then we have been heavily investing across the continent. Some markets are more immediate whilst others are investments for medium to long term.

In 2019, we are proud to have broken ground in Liberia, acquired a full ground handling licence in Nigeria, launched operations in Mozambique, and opened new lounges in Morocco and Egypt. Of course, our existing operations in Uganda, Côte d’Ivoire, Tanzania and others continually benefit from investments in technology, training and new equipment.

We are only present in about 13 countries in Africa. There are 54 countries in the continent and so we truly believe that we have a long way to go. While there is room for growth geographically, we are also looking more at airport technologies and training. These are two key sub-sectors of aviation where we see opportunity to partner with governments and service providers to improve the state of the industry.

We’ve just seen the South African government bail out SAA. At the same time Tanzania, Uganda and Ghana are talking about launching national airlines. How is the aviation sector faring, and what can be done to accelerate growth?

We are witnessing a paradigm shift in Africa’s aviation sector. A decade ago, most governments viewed aviation as a luxury through which to tax the wealthy. Today, decision makers and the populace at large accept that aviation is an engine of economic growth and prosperity throughout the continent as it supports many sectors, including tourism, agriculture, education, healthcare and so on. Aviation in Africa has created 7m jobs and $80bn in economic activity.

Greater investment and growth will come if all countries in Africa sign the Open Skies treaty

The demand for air travel is expected to double in the next two decades and the potential of the aviation sector in Africa is immense. The International Air Transport Association (IATA) projects that the African continent will become one of the fastest growing aviation regions within the next 20 years, with an average annual expansion rate of almost 5%. Broadly speaking, aviation in Africa is doing quite well.

As a result, many governments including Uganda and Tanzania, have launched national carriers. In my view, a national carrier is not a necessary prerequisite for a thriving aviation sector. Ghana, Uganda, and Tanzania (to name a few) had very dynamic aviation sectors before launching a national carrier.

My view is that such an undertaking requires careful review and the government in question should ask itself three questions:

First, what are we trying to achieve? Make sure the goals are clearly defined.

Secondly, has the business plan been prepared by professionals and have we reviewed it thoroughly? Have we done a proper sensitivity analysis and various scenario reviews?

Finally, and perhaps most importantly, it is essential to ensure that launching a national carrier does not detract from the dynamism and growth of the existing market. Will any benefits be given to the national carrier that may discourage other airlines from flying to the country’s airports?

In order to accelerate growth, I would propose three actions: proper governance, deregulation to encourage open skies and reduced taxes.

You’ve called for more deregulation to encourage greater investment. Can you elaborate on this?

When we talk about deregulation, we are specifically referring to laws that do not serve the safety and security of the aviation sector, but rather are archaic and outdated laws that were once viewed as essential but are no longer relevant in today’s environment. Such laws hinder foreign investment. For example, in Malawi it is illegal for a foreign airline or private investor to own more than 49% of the national airline. This prevented Ethiopian from purchasing more than a 49% stake in Malawian airlines.

We believe that greater investment and growth will come if all countries in Africa sign the Single African Air Transport Market (SAATM) agreement, more commonly referred to as the Open Skies treaty.
Open Skies treaty for a more single, unified air transport market in Africa. Until today, only 28 have signed on with some continental heavyweights like Senegal and Tanzania missing.

Regulators are responsible to enforce civil aviation policy, while operators are meant to handle the running of airports. Each has an important role to play, and these should not become confused or intertwined. In too many cases, these functions are merged, hampering economic development and negatively impacting quality.

According to the IATA, cross-border deregulation between just 12 African countries would create 5m new passengers, an annual GDP in excess of $13bn and 155,000 jobs.

The African Continental Free Trade Agreement (AfCFTA) may be the perfect catalyst to harmonise regulation across Africa. We've seen the launch of the Single African Air Transport Market with the ultimate objective of an open skies policy on the continent. Are you confident that discussions are moving quickly enough and how do you see this evolving?

The African Continental Free Trade Agreement (AfCFTA) is a great achievement and a historical step to create a free trade area that covers more than a billion people and a collective GDP of over $2 trillion, including most of Africa's largest economies. By way of comparison, NAFTA and the EU-Japan free trade agreement each cover a collective GDP of around $22 trillion. According to the UN, AfCFTA could boost intra-African trade by 52.3%.

I believe that there is always room for improvement and expedited discussions. I would also like to applaud the respective governments for taking the courageous step forward and hope that the governments that have reservations are able to take into account the long-term benefits of a single market.

You are working closely with airports to develop their offering – be it lounge management, ground handling services, maintenance... Can you talk us through this strategy?

Our vision is to become the service provider of choice for the aviation sector in emerging markets. This is not limited to ground handling, but also includes lounges management, cargo services, line maintenance, airport technologies, training and others.

We also believe that even if we start in an airport or a country with a relatively small service offering, once they experience the value that NAS can bring, we can use that as a platform to grow further.

In Rwanda, for example, we started 10 years ago with a Pearl Lounge of 540 square metres. Today, we have three lounges and a partnership with Rwandair that spans Africa and South Asia.

What about capacity building? Are you finding the necessary skills to help develop your business and for airports to become globally competitive?

Capacity building is one of the challenges in the region. Take Côte d'Ivoire for example. When we launched operations less than four years ago, the Abidjan International Airport served less than a million passengers. Today it is more than 2m passengers with direct flights to the US and an A380 to Paris. This could not be possible without world class airport services that are underpinned by a well-trained staff and management team.

How did we do it? More than 99% of our staff in Africa are African, and this includes our blue-collar staff as well as our management teams, spanning important functions like safety, security, quality, management information systems and others. As part of our staff's career progression, we are trying to encourage more people to rotate across countries. For example, our cargo head in Abidjan is now heading up our operation in Liberia. There are many such examples.

Through our training centre in Kuwait, we offer IATA certified training courses to both new and existing employees. Train-the-trainer programmes ensure we pass on the required skills to local teams for a more sustainable approach to training. On-the-job training and online courses ensure constant development for both our employees as well as those of partner airlines.
By ensuring that frontier market currencies can be traded, Crown Agents Bank is helping to overcome the structural inequalities that weigh on African businesses. Desné Masie met its CEO, Albert Massland, to find out how the bank is using cutting-edge technology to foster growth.

The crucial role of liquid markets

With Africa enjoying unprecedented levels of foreign direct investment, 60% of the world’s mobile money activity and an estimated $50bn in annual diaspora remittance flows, cutting-edge foreign exchange (forex) services and digital payments technology are fast becoming some of the most important aspects of economic and capital market issues on the continent.

But the forex industry, like many other sectors, is characterised by different levels of economic development, market infrastructure and liquidity across the continent. On the one hand, very sophisticated economies like South Africa have highly tradable and liquid currencies. On the other hand, many fragile states have highly illiquid currencies that are rarely traded, with the added difficulty that their economies are dependent on remittances, which can account for around 20% of GDP in some African countries.

A further issue is the continued dominance of the US dollar as a reference currency in trade flows, with transactions often converted into dollars before they are converted into local currency, adding an extra level of cost to transactions.

The highly complex and inefficient nature of global forex markets is yet another structural inequality that drags on African businesses’ ability to scale and internationalise. With these dynamics at play, first movers in improving efficiencies in African forex markets and payments stand not only make significant contributions to economic development and price stability but also to benefit from a clearly substantial business opportunity. A pioneer in this space has been Crown Agents Bank, a heritage bank established in 1833 and, since 2016, a portfolio company in the stable of private equity group Helios Investment Partners. The bank, which has historically facilitated aid and trade, is now reconfiguring its offer in Africa with the acquisition in July 2019 of Segovia, a cutting-edge technology company specialising in frontier market payments. The bank works with central and commercial banks and regulators to improve compliance and banking standards while promoting financial inclusion and transparency. It is fast becoming a major player in global forex.

Crown Agents Bank’s CEO, Albert Massland, is passionate about economic transformation and capacity building on the continent. He explains that the bank’s specialisation is in what the industry refers to as a “frontier market currencies” – currencies that are very illiquid and subject to stringent exchange controls.

“We are very good at Kenyan shillings, but we’re very very good at the Madagascar ariary or some of the smaller economies in Africa, whether it’s Malawi or Sierra Leone or The Gambia and so on,” he says. “For organisations that need to send money or are looking to send money to these countries, the availability of a good price is important, but ensuring that the money is delivered where it’s supposed to be, when you expect it to be, is more challenging than delivering a South African rand.”

The support that Crown Agents Bank provides on getting money in and out of countries is extremely important for investors, particularly where delivery of large projects is crucial. The bank has been working for some time with all the major financial development organisations in ensuring that money moves effectively into the countries where they are running programmes on the ground.

Reducing the cost of moving money

But in the growing and increasingly competitive payments space, the bank is also increasingly working with fintech payment businesses, and has reconfigured its strategy to facilitate the large mobile money flows on the continent.

Says Maasland: “There are a number of fintech payment businesses particularly focused on the diaspora remittances. They are transforming the efficiency of moving remittances into these countries. What we do is sit behind the scenes, converting currency at wholesale rates, not retail rates, thus reducing the cost of moving money in, but we are also working with distribution channels, particularly evolving distribution channels to ensure money gets where it’s supposed to be. For many countries in Africa that’s mobile money.”

Maasland is very excited by these opportunities in Africa. “There are challenges too, but I think it’s very easy to focus on the challenges without really understanding that some of the biggest opportunities over the next decades will be in Africa,” he says.
Crown Agents Bank sees the future of business opportunities across Africa as getting on the bandwagon of improving intra-regional flow, which is very low by any international standards.

"The first building block is financial inclusion," says Maasland. "Without financial inclusion you cannot really develop an economy, because you need mass participation. At the most basic level the population, as a whole, needs to be able to make and receive payments. And from there you need to be able to save money. You need to be able to borrow money and you need to be able to do that very cost effectively."

In Africa, where only a small segment of the adult population has access to simple banking capabilities, the branchless banking brought about by the mobile revolution is driving rapid financial inclusion. Scalability and leapfrogging are being made possible by the arrival of new low-cost digital financial services. Fintech businesses are building on simple receipt and sending of payments by expanding into savings products, lending products and day lending. This brings about transformation, for example by allowing subsistence farmers to start taking their produce to market. Small groups can also get together and save.

Crown Agents Bank is hoping to support these aims with ideas directly from Silicon Valley through its acquisition of US-based Segovia. The company was started by two development economists who were convinced that the cost of moving money from the West into Africa could be reduced and that it would have real development impact. Segovia was trying to work with international development organisations and some of the consumer remittance companies. Crown Agents was introduced to Segovia because it was struggling to get good foreign exchange pricing and delivery to bulk up its transactions.

**The high-tech, high-growth story**

“We were a traditional bank that did swift payments and we did that very well,” says Maasland, “but I wanted to be able to do last-mile delivery... to really ensure that, whether it’s a payment for one US dollar equivalent or 10 million US dollar equivalent, we could convert it into the low currency at a fair rate and then have that money credited where it was due, whether that’s on mobile wallet, in a bank account or potentially other distribution challenges.”

By the time of their introduction, Segovia had already done a lot of heavy lifting around connecting to the emerging mobile money payment systems across Africa and Maasland realised they were trying to tackle the same problem. While the bank already had a lot of the big relationships, it didn’t have the technology. Whereas had Segovia the technology but didn’t always have the relationships.

Maasland looks forward to being a part of this high-tech, high-growth story. “There’s a tremendous entrepreneurial spirit that lives in Africa. If it can be coupled with a core of financial service capability then the chances of rapid economic growth – consistent high single digit, even double digit growth – is very high.”
Africa’s challenges require the new thinking that only young people can bring. Dr Jacqueline Chimhanzi and Monique Atouguia of the African Leadership Institute explain why we need to pay more heed to the voice of youth and how we can make sure it is heard.

Why Africa needs more young people in positions of power

It is undeniable that Africa’s young people are not simply a demographic wave but in fact the entire ocean. They are, to quote Dr Wangui Kimari, “the demographic, creative, labour and political majority”. Africa is, by far, the youngest continent on the globe and is set to remain so for the next 30 years. The average median age on the continent is estimated to be 19.7 years, in contrast to median ages of 30.6 in Asia and 41.7 in Europe.

Given the complexities and challenges the continent faces, there is a need to harness ideas from across the population divide – men, women and youth – to propel Africa forward. While inclusion and diversity policies have largely focused on gender, there have not been similar concerted efforts focused on the youth.

Leadership on the continent must strive to become increasingly more youth-led. Only about 3% of the continent’s population are over the age of 65, yet the average age of African leaders is 77. This puts the average age gap between citizens and their leaders on the continent at about 48 years.

What this represents is a severe distortion of representation and leadership. Despite what many have referred to as a “demographic dividend”, young Africans continue to be marginalised and evidence suggests that this demographic dividend is not being harnessed.

Business as usual isn’t working

Therefore, it cannot be business as usual. The nature of the challenges that Africa faces require a new kind of responsiveness. The demand for new thinking and innovative solutions has seldom been greater and these solutions are necessarily created at the nexus of experience and new thinking which will necessarily be enabled by intergenerational efforts.

But those intergenerational dynamics can be challenging. Reflecting on his own experience, David Sengeh, chief innovation officer at the Directorate of Science, Technology and Innovation of Sierra Leone, says: “What was important was for me to learn how to engage with the age mates of my father and uncles – the societal and cultural dynamics can be very difficult to navigate. What helps with the intergenerational dynamics are the technical contributions you make which make your presence invaluable at the table.”

Theory into practice

The Africa Youth Charter, adopted in 2006 by African Union member states, is a political and legal framework which was intended to enshrine the rights, duties and freedoms of African youth. Specifically, the Charter seeks to ensure the constructive involvement of youth in the development agenda of Africa and their effective participation in decision-making processes.

Despite it being signed, ratified and deposited by the large majority of member states of the African Union, the operationalisation of it has been patchy and extremely slow. There has been a lack of earnest commitment to it and uptake by African Union member states. As we enter 2020, young Africans remain conspicuous by their absence at decision-making tables.

This situation is untenable for several reasons. Firstly, there is a lack of representation as Africa’s key institutions continue to be governed by leaders who do not represent the largely young populations they serve. Generally, the governed want to see themselves reflected in the structures that govern them.

Secondly, current leaders are doing themselves a disservice by not drawing on the large talent pool to help them co-create solutions to Africa’s most press-
We still face serious barriers to having more young people enter positions of power and/or influence. Even when they exist, the entry points and processes for advancement that will attract talented and committed young people are sometimes not well structured.

– Mitoha Ondo’o Ayekaba

And in some cases, the solutions can necessarily only be generated by young people in this technological era.

And lastly, from a sustainability perspective, this lack of inclusivity is actually dangerous. Young Africans do not understand the systems and institutions that define their futures. How then will they inherit structures and processes that they do not understand? How will they inherit Agenda 2063 and other defined priorities if they are so far removed from them?

Current leaders should actually have a vested interest in bringing in young leaders not least to ensure the sustainability of the good work they have started. Cesar Augusto Mba Abogo, the 39-year-old minister of finance, economy and planning of Equatorial Guinea, says that “working in government has given me the opportunity to learn more about the 51-year history of my country and witness, first-hand, the challenges our countries face daily.” No doubt he can only get that valuable experience, vital for continuity, from being within and at the centre of his country’s decision-making apparatus.

Young trailblazers

During our research, we identified a number of incredible young trailblazers who are already occupying senior government positions or positions of considerable influence. This opportunity, they acknowl-
edge, comes from those in leadership positions, their “sponsors”, providing them with the opportunity to serve.

Their achievements in office speak for themselves and suggest the promise and potential of more young people in governance. Dr Jumoke Oduwole is the special adviser to the President of Nigeria on ease of doing business.

Her work is clearly already bearing fruit, as in 2019, Nigeria moved up 15 places on the World Bank’s Ease of Doing Business Index. Similarly, Clare Akamanzi in Rwanda is the CEO of the Rwanda Development Board, which has been credited with making it easy to do business in Rwanda as well as ushering in record levels of FDI and is fast becoming a benchmark organisation across the continent.

It is during this process of working in government that a new crop of leaders begins to understand how policy is formulated and implemented. These young leaders play an important role in debunking ageist misconceptions and developing more innovative and dynamic institutions and policies. When called to serve, they heeded the charge to help build, plan and steer the Africa of their future.

**From outliers to critical mass**

But these young leaders remain lone voices in their various settings and what is actually required is a critical mass – a groundswell of new thinking and new ideas to propel the African continent forward. To that end, a number of things need to happen.

Firstly, getting young competent people into governance should not be dependent on mentors and sponsors – as important as they are. Getting to a critical mass will require deliberate actions which means structures and processes will need to be put into place.

On this, Nigeria offers some best practice for the rest of the continent regarding how to institutionalise such processes and reducing the barriers to entry. The positions of special adviser and special assistant to the minister were developed as pathways for getting technocrats into the government and can be readily replicated across the continent. Young competent Nigerians at national and state levels, such as Dr Jumoke Oduwole and Akintunde Oyebode, respectively, have been the beneficiaries of these roles. Like others, they are appointable but not necessarily electable and have contributions to make in the policy realm without necessarily being politicians.

Secondly, as these young leaders enter the sphere of government and public office – often leaving a thriving opportunity in the private sector – they need to be adequately supported and trained. Formal inductions are needed so that they are not being set up to fail.

Thirdly, for those young people who do not necessarily want to be in public service, there are ways for African governments to leverage their talents and know-how. Governments should set up sectoral advisory councils comprising the best young minds to make inputs into policy, leveraging their experiences at the coalface. If policy is not evidence-based, relevant or appropriate, we are not moving forward as a continent.

Fourthly, African governments need to seriously consider youth quota systems in light of Africa’s peculiar demographic profile. While quotas are controversial, as they raise questions about meritocracy and whether the right people will be appointed, there are ways to alleviate those concerns. The African Leadership Institute is currently developing a platform of young, competent leaders which could be drawn on to help formalise the process of identifying young African experts.

Fifthly, the young leaders themselves need to self-mobilise and support each other by setting up a network of young leaders in governments across the continent to share experiences and learnings. On this, David Sengeh says what has helped him has been the support from his peers, namely other young leaders in similar positions.

In closing, while the AU’s Youth Charter and the AU’s Agenda 2063 provide good policy frameworks, they, alone, are not sufficient. What is required above all is political will. It is up to each country’s leadership to demonstrate significant political will and open up spaces for young technocrats and leaders to move into positions of influence. It is, after all, a win-win. If young people can help governments deliver on their mandates to the people, everybody wins and the government looks good!
Ethiopia’s young and dynamic prime minister, Abiy Ahmed, lauded in 2019 on the international stage for his remarkable leadership and governance, demonstrates the incredible impact young and dynamic leaders can have on the African continent. The young trailblazers we have chosen to highlight here are serving their countries with that same innovation and dynamism, through a broad range of expertise. We are inspired by their service and need to encourage more young people, as well as senior leaders, to take up this leadership mantle on the continent.

**Trailblazers**

1. **Houda Imane Faraoun**  
   Age: 40  
   Minister of Post, Information Technology & Communication, Algeria

2. **Kamissa Camara**  
   Age: 36  
   Minister of Digital Economy and Planning, Mali

3. **David Moinina Sengeh**  
   Age: 32  
   Chief Innovation Officer of the Directorate of Science, Technology and Innovation, Sierra Leone

4. **Jumoke Oduwole**  
   Age: 46  
   Special Adviser to the President of Nigeria on Ease of Doing Business, Nigeria

5. **Clare Akamanzi**  
   Age: 40  
   Executive Director and Chief Executive Officer of the Rwanda Development Board, Rwanda

6. **Cesar Augusto Mba Abogo**  
   Age: 40  
   Minister of Finance, Economy and Planning, Equatorial Guinea

7. **Wandile Sihlobo**  
   Age: 29  
   Member of the Presidential Special Economic Advisory Council, South Africa

8. **Akintunde Oyebode**  
   Age: 40  
   Special Adviser/Director-General Ekiti State Investment Promotion Agency, Nigeria

9. **Mitoha Ondo’o Ayekaba**  
   Age: 37  
   Vice Minister of Health and Social Welfare, Equatorial Guinea
Youth leadership

At the Kakuma Refugee Camp in north-western Kenya and its spillover Kalobeyei Integrated Settlement, over 180,000 refugees from Sudan and Ethiopia, who fled violence and poverty, have found a home.

First established in 1992 following the arrival of the “Lost Boys of Sudan” – refugees from that country’s vicious civil war – Kakuma rapidly breached the 70,000 population it was originally designed for. While refugees have found safety in this sprawling temporary city, education and economic opportunity remain badly constrained, particularly for the young, who grow up with little exposure to the outside world.

A group of ambitious, activist young people convened by the World Economic Forum hope to change that. The Young Global Leaders (YGL), a WEF programme to encourage and nurture the leaders of the future, is making plans to expand opportunities in the settlement. A diverse community of business people, politicians, artists and other professionals under the age of 40, the community hopes to take a refreshing look at problems facing refugees and put forward new solutions.

“Last year we brought a group of Young Global Leaders to Kakuma Refugee Camp in Kenya and we thought, let’s see what this remarkable group of cross-sector people can contribute and build action around,” says Mariah Levin, head of the Forum of Young Global Leaders.

“We’re looking at the issue of migration globally. We’re trying to take these big global issues that we all as leaders should be concerned about, and expose people in our group to them in a nuanced way, so that it’s something they’re emotionally connected to at a deeper level. The group walked away with a clear sense of how much potential there is in refugee settings – economic potential and human capital potential.”

Finding solutions

Every year, the YGL select a new cohort of candidates aged 39 years or younger from around the globe with five to 15 years of recognised achievements, leadership and outstanding professional work experience and a personal commitment to serve society at a local and global level. The candidates enter the scheme for five years. To ensure the highest level of personnel, candidates from the business sector must manage a corporation or division. In Kakuma, this diverse group witnessed the problems first-hand and brainstormed solutions.

“They walked away with a framework called the three Cs [connections, coaching, and capital] to connect refugees to the global economy. Are there new forms of capital that can be unlocked to support refugee economies to grow? How can the Young Global Leaders community, who are not bound by traditional world views – how can their disruptive thinking help us move forward in the ways we approach migration?”

One such outcome is a beta-mentoring platform to connect refugees to the global economy, which was refined in Kakuma and is intended to be rolled out globally in 2020.

“We’re a convenor, we bring people together to discuss big ideas, but ultimately we want them to take ownership. We’re bringing another group back to Kakuma this year to pilot an Oxford-certified training programme that they’ve developed. The participants will receive Oxford certificates and the Young Global Leaders will mentor participants for three months to see if they can help them build businesses that are scalable outside the local context.”

Yet the community is intended to be far more than a well-meaning initiative dominated by candidates from wealthy European and North American nations. The Young Global Leaders are actively seeking African candidates from a range of exciting backgrounds, and have already secured what it believes are promising leaders of the future.

“From across Africa we have hundreds of candidates every year. We are looking for candidates who have ascended to the height of their companies, CEOs or presidents, and the heads of large divisions of global companies. We’ve got the head of the Gabonese sovereign wealth fund. Currently we have the person who founded Flutterwave, the Nigerian disruptor, a documentary film-maker from Kenya and an amazing activist for disability rights. These are the types of people who we believe are changing the world and who we want to honour.”

On a continent where the young are often ignored or sidelined at the expense of veteran politicians or business leaders, Levin believes that the Young Global Leaders can begin to change the paradigm of leadership and encourage the young to charge into a life of energetic public service.

“A lot of the Young Global Leaders are really attactive to this issue and invested in representing a
The Young Global Leaders can begin to change the paradigm of leadership and encourage the young to charge into a life of energetic public service.

Making a difference to the world
That defiant attitude was on display at the Young Global Leaders’ Annual Summit in Dalian, China, in 2019. Two hundred Young Global Leaders from 64 countries participated under the theme of Human-Centred Leadership for Globalisation 4.0.

Youth voice. They’re very invested in seeing a change in dynamic in terms of who is represented and how they are represented. They are certainly not afraid to share their perspectives and see it as their duty to be vocal about their beliefs. We’re launching a year-long sub-fellowship, a boot camp initially, to see if we can get young people more engaged in politics and public life. We recognise there is this polarised discourse that our leaders have an interest in shifting.”

The summit aimed to provide space for leaders to reflect on the leadership required for the next era of globalisation; to connect and share their expertise on critical issues; and mobilise their organisations’ and their individual influence to effect positive change in the world.

“Every year we bring them together for an annual summit but also throughout the year they’re invited to many of our WEF meetings to meet each other and the broader forum network. We also identify areas where we can see collective action from this group of people making a difference in the world. Once they graduate they have access to the alumni community. They’re always a Young Global Leader, even when they’re 60. We definitely keep them in our network more broadly.”

Students make their way to school at Kakuma Refugee Camp in north-western Kenya.
Olam International is one of the world’s largest food and agribusiness companies, operating across 20 countries in Africa alone. Co-founder and Group CEO Sunny Verghese (pictured opposite) explains why he is optimistic about growth on the continent, how Olam is helping to ensure the quality of domestic food production and how it is nurturing African talent.

Africa’s opportunities for growth far outweigh the challenges.
What are the growth opportunities in Africa – and what are the challenges?
There are many indicators that give cause for optimism that Africa will be a global economic growth engine. Six of the world’s 10 fastest-growing economies are in Africa, and the sub-Saharan region itself could generate a GDP of $29 trillion by 2050. What is just as heartening are the strong examples of cooperation and collaboration across the countries in Africa. All 54 countries have signed the African Continental Free Trade Agreement, which at one time looked to be a challenge. Transformative frameworks, such as the African Union Agenda 2063 and UN SDGs, are shifting how decision-makers think and act on inclusive social, political and economic growth. Underpinning this, of course, is a growing pool of young talent determined to seize the initiative for their generation.

As with any other region around the world, Africa has its own challenges. Firstly, we must ensure food security in Africa in terms of availability, accessibility, affordability and adequacy of the food required for the fastest growing population in the world. Africa spends over $25bn annually on food imports and malnutrition costs its economies 3%-16% of GDP each year. Secondly, in terms of sustainability, all regions except North Africa are unlikely to meet the UN SDG targets on time, even if most are on track to reach SDG 13 on climate action.

That said, I believe there is also often a misconception that Africa’s problems are “too hard” to solve. Well to those skeptics I would like to say that Olam was born in Africa and the world has seen what has been achieved by us in Africa and our success in building a global leadership business from Africa. Moreover, we intend to be invested in Africa for the long term. I am confident that the opportunities in Africa far outweigh the challenges.

What specifically makes you optimistic for African agriculture?
I am encouraged by the increasing willingness of African governments to discuss where they are advancing, and lagging, so as to grow together. Forty-seven countries have signed on to the Comprehensive African Agriculture Development Programme (CAADP) that aims to promote agriculture growth by at least 6% annually. It is encouraging that countries like Ethiopia have routinely exceeded that target. I’m also pleased that many private companies including ours are committed to grow responsibly with Africa, rather than doing so in a purely extractive manner.

It is ironic that Africa is a net importer of food even though it clearly has all the endowments and the means for self-sufficiency in most food crop production. Nigeria for example, is the largest consumer of imported rice in Africa. This dependence is only set to increase further and could make it the largest rice importer globally after China. This must change and, in that respect, Africa is the only region where Olam produces direct-to-consumer brands. Our integrated rice farm out-grower programme and mill in Nigeria is also helping to reduce its reliance on imported rice. We can point to our supply chain expertise and broad distribution network across all of these as big positives. To that end, I am pleased that Olam exceeded its goal of producing 40bn servings of micronutrient fortified foods in 2018 in Africa, manufacturing 44.5bn servings last year.

What is Olam doing to nurture talent?
I firmly believe Africa has the talent pool to fulfill its potential, though I am aware it weighs on CEOs’ minds. In a recent PwC survey, 79% of CEOs globally were concerned about the availability of key skills. Among African business leaders, this figure jumped to 87%, with 45% noting that they were “extremely concerned”. That perception must be addressed. After all, by 2035, there will be more young Africans entering the workforce each year than the rest of the world combined.

Laying a foundation for the continent’s current and future workforce requires deliberate action from both the public and private sectors in parallel. The African Development Bank has shown its commitment to an inclusive and youth-focused economic transformation agenda. To make agriculture more attractive, it has invested over $800m in supporting young African entrepreneurs and agriculture in more than 15 countries since 2016, earmarking over $1.5bn annually over the next 10 years. For Olam, our business in Africa touches the entire agri supply chain and we are a major private sector employer. Olam is employing locally, building up capacity and adding value in-market. For example, we run special management trainee programmes in Gabon, Côte d’Ivoire and Mozambique, where some of our largest operations sit. The finance team also continues to build a robust talent pipeline with its Africa Finance Trainee programme, which has been running since 2012.

We also focus on improving livelihoods for the 4.8m farmers in our sourcing network. A major challenge in Africa is raising yields and we are overcoming that by working more closely with smallholders and leveraging technology to connect both the first and last mile of the supply chain, such as through our pioneering Olam Farmer Information System and At-Source platforms.

What kind of people are you looking for?
We are looking for employees who will be inspired by their work at Olam. It is not just about selling more cocoa or coffee but also playing their part in fulfilling Africa’s potential.

In short, we are looking for fellow “Re-imagineers” in Africa to join us in living out our company’s purpose of “Re-imagining Global Agriculture and Food Systems.”
The African Capacity Building Foundation (ACBF) has published a very timely report on the progress – or lack of it – on the road to achieving the Sustainable Development Goals adopted in 2015. Baffour Ankohmeh reviews the report.

SDGs - progress, but still a long way to go

Our years after world leaders adopted 17 Sustainable Development Goals (SDGs) and 169 targets in September 2015, and called them ‘ Transforming Our World: The 2030 Agenda for Sustainable Development’, the African Capacity Building Foundation (ACBF), the African Union’s specialised agency for capacity building on the continent, has issued a new report tracking Africa’s progress on the road to 2030: as one would expect, the conclusion is a mixed bag.

“Life has improved for many Africans in the past 20 years,” the report says, “but there is a growing sense that progress was slower than it could have been and that a business-as-usual approach is not likely to lead to the achievement of the African Union’s Agenda 2063 or the Sustainable Development Goals (SDGs).”

To determine what African countries need to do to promote inclusive, sustainable development within the context of the SDGs, the ACBF led a ground-breaking study that analysed Africa’s capacities and identified areas for strengthening capacity and capacity-enabling approaches for a range of stakeholders, including international partners.

The study led to the new report, titled Capacity Imperatives for the SDGs: In line with the African Union Agenda 2063. A brainchild of the ACBF Executive Secretary, Prof. Emmanuel Nnadozie, and executed by the ACBF’s Knowledge and Learning Department, the report offers policymakers a new approach to development – one that puts Africans in the driver’s seat. It shows how countries can improve people’s lives in ways that are consistent with the ACBF’s vision of an Africa capable of achieving its own development.

Supported financially by ACBF member countries, the African Development Bank (AfDB) and the World Bank, and produced in collaboration with and under guidance from the AU Commission, as well as other organisations including UNECA, NEPAD, AfDB and the UN system in Africa, the report was officially launched in Accra, Ghana, on 26 November at a ceremony presided over by Hon. Yaw Osafo-Marfo, Senior Minister of Ghana.

Extensive survey
In many ways, the report is a call to action by African countries. The study that informs it was carried out in 11 African countries – Algeria, Cameroon, Egypt, Equatorial Guinea, Kenya, Liberia, Mauritius, Nigeria, Rwanda, Senegal, and Zambia. They were drawn from Africa’s five regions and represented different economy sizes, languages, and access to the sea.

A key message of the report is that limited human and institutional capacity in Africa constitutes a serious obstacle to implementation of national development goals. Implementation agencies, sectors, and ministries often lack people with the skills they need to achieve results, and public resource allocation decisions are not always coherently determined.

Most African countries also lack the political will to see national development strategies through to the end, involve too few non-state actors in decision making, fail to fully engage youth and women in implementing actions related to the SDGs, and rely too much on foreign financial support and technical assistance. Also, very little research addresses development challenges, while the alignment of planning and budgeting instruments with the priorities set forth in national development plans is limited.

The report identifies the capacities that African countries need in order to take advantage of the opportunities presented by the SDGs to build economies that can sustain their development aspirations. It offers policymakers a new approach to development which seeks to re-energise Africans with the spirit of working together towards collective prosperity, a common destiny under a united and strong Africa, by building a set of transformative capacities that reinforce a new sense of identity and create a new culture of self-determination and results.

Other key messages emerging from the report include the following:

Developmental goals, like those articulated in the SDGs and Agenda 2063, need to be integrated into both national development plans and shorter-term expenditure frameworks. That is where implementation of development projects actually takes place, as is evident in countries’ budgeting and expenditure patterns.

Government departments should recognise the need to increase private sector participation in the implementation of the SDGs, because the successful implementation and sustainability of development programmes rest on the full participation of stakeholders, including potential beneficiaries, academia, innovators, local communities, entrepreneurs, the business community, industrialists, financiers, investors, service providers, and women and youth groups.

The report found that not all African governments see the SDGs as an opportunity to involve the private sector in their development strategies. Instead, they often rely too much on foreign financial support and technical assistance. Also, very little research addresses development challenges, while the alignment of planning and budgeting instruments with the priorities set forth in national development plans is limited.

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sector and other relevant stakeholders. It therefore recommends that additional efforts are needed to shift perceptions of the SDGs from solely a socioeconomic and developmental responsibility of governments to citizens to an opportunity to engage private business in achieving the goals. The private sector, too, needs to reorient its thinking, the report urges. “Businesses still see their involvement in development largely in the context of their corporate social responsibility activities,” the report explains.

“Instead, they need to see the SDGs as a business opportunity that reconciles the objectives of their core business activities and the developmental aspirations of the communities in which they live and do business. Africa’s development partners have already made this shift in orientation, seeing development cooperation as a way to create business opportunities for the private sector in their own countries. Africa’s private sector needs to do the same,” the report advocates.

**Dichotomy in perceptions**

“There is a dichotomy between what African countries identify as their priorities and what their development partners are prepared to support, exposing the challenge of ownership of the development agenda,” says the report. “Whereas African countries generally favour budget support grants that are disbursed and managed within their own systems, bilateral partners have not yet warmed to this approach. The same can be said for concessional public funding grants, concessional loans, and aid for trade arrangements.”

The report highlights that “more Africans and their governments now believe that the SDG agenda will advance more successfully if it is funded principally by domestic rather than external resources.”

In the introduction of the report, Prof. Nnadozie reminds the continent that “Africa’s transformation agenda requires strong leadership and political vision; effective regional, subregional, and country institutions; competent staff; and inclusive multi-stakeholder collaboration.”

To him, four sets of capacities need strengthening: operational capacity for organisations; change and transformative capacities; composite capacities (planning, facilitating, managing, and financing); and critical, technical, and sector-specific skills.”

As a way forward, ACBF proposes to support more African countries in conducting in-depth assessments of national capacity imperatives for implementing the SDGs. It will do so by coordinating efforts, through joint partnerships, to develop a capacity strengthening programme for African countries for achieving the SDGs within the framework of Agenda 2063. As such, the programme needs support from African governments, the AU Commission, development partners and key organisations such as UNECA, NEPAD, AfDB, and the UN system in Africa.

In the spirit of regional integration, ACBF has pledged to support Africa’s five regional blocks to carry out a comprehensive skills audit to identify deficits in the number of professionals required to promote an effective change and transformation agenda. ACBF will mainstream the needed shift in mindset and move the discussion of readiness and transformation to the top of policy debates.

The Foundation will also emphasise the need for a new tripartite discussion platform for academia, the private sector, and governments on education and employable skill priorities.

“Our mission is to build strategic partnerships, offer technical support, and provide access to relevant knowledge for capacity building in Africa,” Prof Nnadozie wrote in the Introduction of the report. “This report helps achieve that mission by providing countries with a comprehensive set of capacity development priorities for meeting the continental development goals in a way that benefits all Africans.”
Four leading figures from the world of East African business share their thoughts on how integration is progressing in the region in the fields of capital markets, employee mobility, the opening up of key sectors and the implementation of the AfCFTA

Talent key to driving trade and investment

The single biggest business agenda on the pan-African political front last year was the African Continental Free Trade Agreement (AfCFTA). But what does this mean from the private sector’s perspective and what are the implications for a business, both in terms of strategy and talent management?

Throughout the Talent Agenda Series regional HR conferences, Global Career Company in partnership with African Business presented a series of leadership panels exploring the talent challenges facing businesses. At the East Africa conference, Afreximbank, one of Africa’s leading multilateral institutions, hosted a number of its clients to discuss their strategic outlook in what is arguably Africa’s most integrated economic community, that of East Africa.

**Moderator:** Keith, we have four capital markets in the region. What is East Africa doing to integrate, so that we have a much larger, and stronger, regional market?

**Keith Kalyegira, CEO, Capital Markets Authority, Uganda:** The Capital Markets Authority of Uganda is working alongside those of Kenya, Tanzania and Rwanda to harmonise our regulatory framework to be able to operate as one.

We are looking at integrating the systems infrastructure of the security exchanges, at having one depository such that investment across the region is seamless. We want to have all the brokers across the region to be able to exchange information so that they can trade and collaborate across borders.

**Melika, we are hearing lots of positive noise from Ethiopia. What is happening in terms of the opening up of key sectors like mobile telephony and banking, the sector in which you operate?**

**Melika Bedri, CFO, Commercial Bank of Ethiopia:** With the economy opening up, we have to position ourselves for greater international competition. The government is looking to privatise a number of state-owned enterprises and with that, new banks might come to Ethiopia, as well as new types of businesses that will require sophisticated skill sets.

Our bank, the Commercial Bank of Ethiopia, is the biggest in the country, with 60% market share. We are well positioned domestically but to compete regionally we will need new competences and new skills. We have a vision to become a world-class bank by 2025, and that means enhancing our processes and services. As we digitise, for example, we need to ensure we have the technological know-how within our teams. As we move from a closed economy to an open one, that brings in new opportunities but also many challenges that we will need to manage.

With a population of 150m and a young population that is well educated, the East African Community is an interesting market from which to recruit
Akol, we say East Africa is thinking as one, but the realities on the ground appear to be different, especially in terms of staff mobility. In your line of business, in oil and gas, dominated by international players, how do you deal about that?

Akol E. Ayii, Chairman/MD, Trinity Energy: Our vision as a company is to become a domestic player, then eventually a global player, and to always have a mix of nationalities and expertise. The CEO of Trinity Energy is from a southern African country and what we usually do is that for every expatriate that we bring in, we hire two locals to work alongside them, and that is to enable the appropriate transfer of knowledge and skills.

Regional integration is very real in East Africa. When it comes to South Sudan, what is important for government is to develop the local workforce and equip them with the appropriate skills. But with a population of 150m and a young population that is well educated, the East African Community is an interesting market from which to recruit.

Rachel, how then do we drive policy change when it comes to facilitating employee mobility and lifting some of the immigration restrictions that are currently still in place?

Rachel Muthoga, Deputy CEO, KEPSA: This has been quite a contentious issue in the last year.

Looking at the East African region, there was clearly an intention to allow the free movement of both goods and services. But when it comes to implementation, you find situations where nations start to take a nationalistic approach and to close their borders when it comes to people. Unless there is proper free movement of people, we are limiting the opportunity for businesses to expand and work across the whole region.

We have raised it with the presidents of Uganda and Rwanda and we will raise it with the other heads of state. Free movement of goods needs to be accompanied by free movement of people.

The president of Uganda was very much in support of the private sector. He had a very open conversation with us and he said would be willing to lead the charge to ensure that private sector views are prioritised at the Heads of State summit.

Keith, in terms of the year ahead and future developments, what excites you the most?

Keith Kalyegira: I want to see the barriers broken, and that will make it more attractive for local companies to think regionally. That means adopting regional standards. So, an investor looking into East Africa wants to have the assurance and comfort that once they get regulatory approval in one country in the region they will be able to access the entire East African region and, why not, many other countries outside the East African region.

In terms of the area where I work, capital markets, what is interesting is to see saving pools growing, and these pools of capital will need a home. Companies need to prepare themselves to tap into these long-term savings, and use capital markets to finance the expansion in order to take advantage of the opportunities in the region.

Akol, what are the future plans for Trinity Energy? Do you have any exciting new projects?

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Rachel, as regards the African Continental Free Trade Agreement (AfCFTA), are you confident that we will be able to go from policy to implementation in the coming year?

Rachel Muthoga: As to whether the AfCFTA will be effective we all have a big role to play. In terms of talent, what we are trying to do is break barriers. One of these is breaking barriers between academia and the private sector, encouraging a dialogue in order to have a workforce fit to serve the needs of the private sector and accelerated growth.

But it’s a two-way process. Talent also need to up-skill themselves: with technology, knowledge is at our fingertips, with online courses.

We’ve seen that talent can be a deal-breaker when it comes to an investment decision, and it’s critical to attracting FDI.
The UK–Africa Investment Summit is designed to strengthen Anglo–African economic ties by mobilising new and substantial investment to create jobs and boost mutual prosperity. Neil Ford examines the prospects

London starts to take Africa seriously

The UK has perhaps the widest range of economic, political, cultural and historical ties with Sub-Saharan Africa of any non-African state. Yet successive British governments have to some extent taken these relationships for granted. While France sought to cultivate its ties with Francophone Africa and China has rapidly increased its influence on the continent, London has taken a more laid back attitude.

However, the prospect of Brexit triggered a re-evaluation of the UK’s African connections under first Prime Minister Theresa May and now Boris Johnson. With the country’s exit from the European Union seemingly done and dusted, the new Johnson government needs to tie up trade agreements with nations across the world, prompting it to take a more pro-active view of sub-Saharan Africa in the process.

In order to promote economic ties, prime minister Johnson is backing the UK–Africa Investment Summit in London on 20 January. The Summit is designed to strengthen Anglo–African economic ties by mobilising new and substantial investment to create jobs and boost mutual prosperity.

Many big British businesses are already very active in Africa, including banks HSBS, Barclays and Standard Chartered; oil companies BP, Shell and Tullow; British Airways, Unilever, Vodafone, Diageo and GlaxoSmithKline. However, the government hopes to encourage more small and medium sized enterprises to take advantage of the opportunities on offer. London has identified technology, finance, renewables and agriculture as particularly attractive sectors for UK investment.

In early January, International Development Secretary Alok Sharma said: “I want the UK to be the investment partner of choice for African nations, by creating new and lasting partnerships that benefit businesses and people in Africa and the UK alike. UK businesses are already leading the way in investing in Africa.” He cited Diageo’s new hi-tech, environmentally friendly brewery in Kenya, which supports tens of thousands of jobs; and solar power company Azuri Technologies’ pay-as-you go solar energy systems, which are being installed in thousands of off-grid homes, particularly in East Africa.

African attractions
Africa’s growing economic relevance is certainly part of the attraction. Although the continent has not achieved the same levels of growth as Asia over the past couple of decades, average annual growth of 4.6% since the turn of the millennium has made it a more attractive destination for investment. Eight of the 15 fastest growing economies in the world are in Africa.

There is the potential for quicker growth over the next 20 years, with fewer conflicts than ever on the continent, technology offering the potential to revolutionise many sectors and international companies eager to secure alternative centres for manufacturing outsourcing as wage rates soar in China. Above all else, a quarter of the world’s population is expected to be in Africa by 2050.

In August 2018, Theresa May led a delegation of investors to Kenya, South Africa and Nigeria, making her the first British prime minister to visit Sub-Saharan Africa since 2013. It was on this trip that the trade deal between the UK and the Southern African Customs Union (SACU) plus Mozambique was announced. Trade between the UK and the six countries stood at £9.7bn ($12.6bn) last year.

The global director of government affairs at Diageo, Wilson Del Socorro, said: “Diageo warmly welcomes the news of a UK–Southern African Customs Union and Mozambique agreement in principle. International trade is vital to Diageo as it gives us the opportunity to reach more consumers and markets around the world. Africa is an important growth region for Diageo, including export markets like South Africa for Scotch whisky.”

Some African governments, including the Seychelles, Mauritius, Madagascar and Zimbabwe, have already agreed to give the UK the same trade arrangements as it had as a member of the EU. However, it is possible that Brexit could enable African states to negotiate better trade deals with both the EU and the UK. The EU is due to negotiate a new aid and trade deal with the African, Caribbean and Pacific (ACP) countries and so Brussels and London may compete to offer the best agreements.

The UK’s Trade Commissioner for Africa, Emma Wade Smith, has highlighted the benefits of British businesses investing, including generating profits to benefit their shareholders and the UK’s finances through taxes. The average productivity of UK companies that invest abroad and receive overseas
It is possible that Brexit could enable African states to negotiate better trade deals with both the EU and the UK.

investment is about £88,000 per worker per year, in comparison with just £44,000 for those that do neither. She added: “Evidence shows that UK companies that invest overseas become more competitive and productive. They pick up new technologies and local business know-how, which are then brought back to the UK.”

There are also huge benefits to Africa and Africans, as the UK joins other large economies in competing for influence on the continent, promoting trade and helping to finance infrastructure in the process. The bigger the pool of interested parties, the better the deals on offer for African economies. There could be more opportunities to export goods to the UK post-Brexit, including agricultural produce and textiles. African leaders seem positive about stronger economic ties. Following Johnson’s December election victory, Ghana’s President Nana Akufo-Addo said: “We have an opportunity, together, to renew and strengthen the relations between our two countries, focusing on enhancing trade and investment, and scaling up prosperity for our peoples”.

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FDI more than trade
It is odd that the importance of African trade to the UK has actually declined; as recently as 1997, 7% of all African imports came from the UK. Today, just 2% of UK imports in goods and services come from Africa, with oil and gas, gemstones and fresh fruit the three most important commodities at present. Exports to Africa are just a little higher at 3%; by contrast, European trade accounts for 54% of British trade. However, the volume of Anglo-African trade has begun to pick up, increasing 7% in 2018 to £33.1bn, according to the Office for National Statistics (ONS).

There is general acceptance that the UK has been too passive in its relations with Africa. Lord Paul Boateng, the chair of the Africa Enterprise Challenge Fund, told the BBC that “the Chinese, the French, the Indians, indeed Korea, Japan, Germany even, tend to have had a much more proactive response to business in Africa than we traditionally have had. We have a lot of catching up to do if we are to make the most of what is an historic opportunity to recast the relationship between Africa and the UK away from it being seen solely as a philanthropic exercise... to an opportunity that requires investment, that requires risk taking and support by government for British companies."

The UK is also much more important in terms of foreign direct investment (FDI) and London has set the ambitious goal of becoming the biggest G7 investor in Africa by 2022. British FDI in Africa reached £4.27bn in 2016, ahead of France with £38bn and China with £31bn, but just behind the United States on £44.3bn. Trade Commissioner Wade Smith, said: “The type of quality investment that UK firms bring to Africa is vital to drive growth, create jobs and boost infrastructure.” Yet Africa could secure a bigger proportion of UK FDI than the 4% share it currently attracts.

Soft power advantages
The British government will not be able to commit the same level of financial support to Africa as China or the US. but it can make the most of its cultural ties and provide support in key areas, including governance and institution-building. The UK’s big strength is in soft power, including its diplomatic presence across the continent.

Many African heads of state and other senior politicians were educated in the UK at some point, whether at school or university. Many return to the country when they require medical treatment and have second homes in London. Hundreds of thousands of Africans live in the UK and many more have spent time working or studying there before returning to their home countries. British universities attract tens of thousands of African students every year, while the British Council provides a wide network of educational centres across the continent.

English is either an official language or lingua franca over the much of Africa, largely as a result of the UK having the biggest colonial African empire but also because of the global importance of the language. It is used in the two biggest economies in sub-Saharan Africa, Nigeria and South Africa; in some of the most innovative economies, such as Kenya; and in some of the fastest growing, including Ghana. At the same time, most Anglophone African countries have legal systems based on the common law employed in England and Wales.

In addition, the BBC opened its biggest office outside the UK in Nairobi in November 2018 with £289m in UK government funding and it has another big centre in Lagos. An incredible 600 BBC journalists work in or on Africa, half of them in Nairobi, where many African journalists will be trained. The BBC World Service broadcasts in 12 African languages, in addition to English, including Amharic, Yoruba and Tigrinya. The World Service aims to reach 500m people with its programmes by 2022, up from 250m in 2018.

The UK has the second highest aid budget in the world after the United States, at £13.9bn in 2017, with much of that money focused on Africa. Prime Minister Johnson has revealed that the Department for International Development (DFID) will not face the reduced budgets being imposed on other departments over this term of parliament.

Since 2018, DFID’s focus in Africa has switched from short term poverty relief to long term economic development and promoting security. In September, DFID announced £90m of UK aid to support more than £500m of private sector investment in financial markets to help small African financial services businesses and start-ups grow. It is hoped that the investment will create 50,000 new jobs and give 12.5m people, half of them women, better access to financial services.

Financial services
Perhaps the most important area where the UK can provide support is in financial services. As of late 2018, 111 African companies were listed on the London Stock Exchange, while the UK’s Financial Conduct Authority is working with African regulators on developing Fintech regulations. More African bonds are listed on the London Stock Exchange than anywhere else in the world. As the selection of London to host Indonesia’s Komodo bond and India’s Masala bond has shown, the UK’s expertise in local currency financing can help protect projects from exchange rate fluctuations.

International Development Secretary Sharma said: “My team and I have been actively discussing local currency products with governments in Africa. This follows the success of UK aid-backed GuarantCo’s action to help bring the first Ghanaian Cedi corporate bond to be listed on the London market. The UK-Africa Investment Summit will mark a step-up in our efforts to promote access to local currency finance, particularly for African economies, which will give UK-based investors more options to invest in support of Africa’s growth.”

London wants to encourage multilateral development banks to lend more in the local currency of the borrower. In addition, DFID plans to provide support to African countries and businesses to increase the number of first-time issues of local currency bonds, to help them build a track record and show they are financially viable. “This is part of our continuing efforts to increase the number of investors with an appetite for such local currency assets in developing countries – and the financial opportunities they can bring”, said Sharma.

The City of London has an importance in global trade out of proportion with the size of the UK economy. The London Stock Exchange is the fourth biggest in the world, after New York, the Nasdaq and Tokyo, but the City is even more important in other areas. It is the biggest currency trading centre on the planet and is a huge player in the insurance, accountancy, banking and legal sectors. UK and US law and accountancy firms are by far the biggest in the world and four of the world’s ten biggest law firms have headquarters in London: Clifford Chance, Allen & Overy, DLA Piper and Hogan Lovells. Most have comprehensive African operations.
The CDC Group, the UK’s Development Finance Institution, has a global portfolio of over £4.3bn in investments. We spoke to Tenbite Ermias, managing director – Africa, about its plans to grow its African portfolio.

Catalysing funds to solve stubborn problems

DFID has made a major shift in recent years to deploy more development funding through the CDC. Your remit is about creating transformative impact as well as generating returns. What are your impact investment criteria?

CDC Group is an impact investor with over 70 years’ experience supporting the sustainable, long-term growth of businesses in South Asia and Africa. We’re the largest private equity investor in Africa, where we are currently invested in over 700 businesses. In 2018 we announced a £3.5bn commitment as part of the UK’s ambition to become the largest G7 investor in Africa, with a focus on fighting climate change, empowering women and creating new jobs and opportunities for millions of people. We design our investment strategy and portfolio to advance the UN’s Sustainable Development Goals and prioritise these key investment criteria including development impact (reducing poverty, creating jobs and driving sustainable economic transformation), commercial viability and improving business practices in environmental, social and governance matters.

What asset classes are you looking at in terms of investment? Is it debt, equity and what sectors and ticket size?

We are a long-term, patient investor and provide capital flexibly to reflect the needs of the investment. We invest from our own balance sheet in different ways: direct equity, where ticket sizes range from $10m to over $150m – last year we invested $180m in Liquid Telecom to help the company bring broadband to the most underserved markets such as the Democratic Republic of the Congo and Sudan. We offer direct debt, where we can provide long-term debt to both corporates and projects, as well as trade finance and financial institution lending, typically between $20m and $100m per transaction. We’re also Africa’s largest limited partner, supporting 70 funds (nearly 90% of the total) in over 30 countries, typically committing $5m to $150m, often backing first time teams. CDC can invest across all sectors, but we prioritise those that will help further development such as healthcare, infrastructure, manufacturing and financial services.

Multilateral organisations and private sector players are often accused of not taking on enough risk. Is it viable for an organisation like CDC to take on more risk? We fully recognise the transformative role impact investment can play when taking a more flexible approach to risk. We have been incubating a really exciting higher-risk approach to investment – Catalyst Strategies – to deepen and accelerate impact, with a commitment to allocate up to $1.6bn. Our Catalyst Strategies are a way of introducing innovative, higher-risk investment approaches to solve stubborn, seemingly intractable structural challenges in markets that need a bold new approach to drive systemic change. Through our use of catalytic capital, we can seed the establishment of new industries or techniques that aren’t yet commercially viable but have the potential to transform people’s quality of life.

For example, to increase patient access to life-changing medical supplies in Africa we established the innovative financing company, MedAccess, in 2017 to create volume guarantees that lower prices. Its latest agreement, announced late last year, will nearly halve the price of next generation bed nets.

In terms of investment models for Africa, is the current system working or do we need to be more creative and innovative to help close the gap?

It’s clear more effort is needed. We’re doing more by ramping up our own commitment to the continent and by helping to create the conditions for commercial and institutional investors to participate at an unprecedented scale.
THE CITY AT THE CROSSROAD OF WORLD INNOVATION

ENHANCE YOUR INGENUITY

BOOST YOUR PRODUCTIVITY
Tunisia: A hub in Africa for British companies

Around 100 British companies from a variety of sectors are already active in Tunisia. The UK–Africa Investment Summit offers the chance to take the relationship to a new level.

The first UK–Africa Investment Summit takes place in London in January 2020. It brings together around 20 countries from the African continent, including Tunisia.

Philip Parham, the UK’s special envoy for the summit, visited Tunisia in December 2019 to discuss the preparations, not only with members of the Tunisian government, but also with British investors already present in Tunisia and Tunisian innovators.

The summit offers real opportunities for investment and the creation of jobs. The UK is presenting its “unified offer” for Africa, aimed at creating quality jobs, sustainable economic growth, exports and other benefits. Tunisia is using the summit to show off its many advantages: a relatively open market economy, a well-trained workforce, and well-developed infrastructure, not to mention the access to African markets it enjoys through its membership of Comesa, its observer member status at Ecowas and its status as a signatory to the African Continental Free Trade Agreement (AfCFTA).

All this places Tunisia in an ideal situation to become a real production and export hub for British companies trading with the rest of Africa, particularly sub-Saharan Africa.

This is a good thing, and all the more so because the UK has for some years been looking for new opportunities and agreements with Tunisia in areas including healthcare, renewable energies and health tourism. Around 100 British companies from a variety of sectors are active in Tunisia, with investments in the order of 800m Tunisian dinars (€288m) and almost 12,000 jobs created. It is against this backdrop that a number of British officials have visited Tunisia, including the then minister of state for the Middle East and North Africa, Alistair Burt in 2017.

The UK supports investment and growth in Tunisia and the identification of new investment opportunities for British companies. During his visit to Tunisia, Burt announced that the British export credit agency UKEF would be making £700m (£919m) available to British companies in the form of export credit and guarantees to encourage them to invest in Tunisia.

Business communities come together

At precisely the time the UK is preparing to leave the European Union, Tunisia is in a position to offer major opportunities to invest

In October 2019 the second edition of the UK-Tunisia Trade and Investment Forum took in London on the initiative of the Tunisian British Chamber of Commerce (TBCC) and the Tunisian Embassy.

Conor Burns, the British minister of state for international trade, invited the business communities of the two countries to take advantage of the opportunities for trade and investment available to them.

Burns also announced that Tunisia had become the first North African country to sign a bilateral association agreement with the UK. This agreement creates a new legal framework that will govern bilateral relations between the UK and Tunisia post-Brexit.

In short, at precisely the time the UK is preparing to leave the European Union, Tunisia is in a position to offer major opportunities to invest in transport, the food and engineering industries, tourism, green energies, finance, healthcare and education. British investors who take up the offer can rely on a highly qualified workforce who also speak English.
Common interests, joint benefits

How can the UK-Africa Investment Summit bring British and Tunisian entrepreneurs closer together?

Trade relations between Tunisia and Britain are still far below their full potential, but in the past three years we’ve seen a strong mutual desire on the part of the two governments and businessmen to connect, get to know each other better, and identify opportunities for collaboration. This summit allows the two countries to accelerate the positive dynamic in the development of bilateral relations by bringing together the respective private sectors and launching sustainable joint projects.

But more than anything, this summit opens up new opportunities for the two countries to work in partnership using Tunisia as their base to expand across Africa. The role of the Tunisian British Chamber of Commerce is to support this ambition by developing this promising partnership and playing a central role in bringing together the different entrepreneurial cultures. We have an unprecedented window of opportunity for this right now.

For different reasons, both countries need to rethink their economic models and development strategies. Because it is leaving the European Union, the United Kingdom has to strengthen its bilateral partnerships. Tunisia, which has been in the grip of an economic crisis since the revolution, has to be more aggressive in its search for new markets. These strategies complement each other. Take olive oil, for example. The United Kingdom imports it mainly from the southern EU countries. With Brexit, Tunisia will have a fairer chance of entering the British market. Several sectors of common interest have been identified where progress has been made, for example the energy, new technology, finance, health, education and higher education sectors.

Can the barriers of language and business culture be overcome?

Things are changing very quickly. The new generation is much more open to the world. They speak English in addition to French, Italian, Spanish, Arabic and several other languages. They are eager to learn and go abroad. Tunisia has always been a very open country. Young people dream of becoming entrepreneurs, creators of opportunities. We have the vitality and dynamism that characterises many African countries. There is a boom in startups encouraged by the government and a real entrepreneurial dynamism. And Anglo-Saxon culture is one of the most suitable for helping young people to become entrepreneurs and to internationalise. Initiatives are being put in place such as the Investia programme, funded by the United Kingdom, which gives 120 Tunisian SMEs access to non-bank financing via an IPO, private equity or bond borrowing. There is also the UKEF programme, which offers a credit line of £2bn ($2.6bn) for Tunisia. And of course, there is still a lot to do.

How will you convince British investors to come to Tunisia instead of English-speaking countries?

Politically, since the revolution, Tunisia has been one of the most open and welcoming countries on the continent, with the governance and transparency that investors are looking for. Diplomatically, Tunisia has friendly relations with all African countries. Geographically and historically, we are ideally situated to be a regional hub, with significant trade with Europe and all of Africa.

Demographically, Tunisia has a young, very well-educated population that is proficient in foreign languages and trained in the skills necessary for the economies of tomorrow, especially IT. Economically, it is a country that is making itself more attractive to investment and international trade. Being French-speaking, we have easy access to West Africa, but we are also a member of Comesa, which opens up the markets of English-speaking countries in East Africa. And this is a very important opportunity for British companies. At the same time, Tunisia is the ideal place to position yourself for the Libyan and Algerian markets, both for our geographic and cultural proximity and for our experience and understanding of the Western business and North African business markets. It is no coincidence that several countries have temporarily moved their Libyan embassies to Tunis. This is also the case for the regional offices of some large international companies.
Strengthen its economy

The Tunisian Deposit and Consignment Fund (Caisse des Dépôts et Consignations, CDC) is a long term public investor which supports state’s policies and boosts the investment by securing and mobilizing more than 7000 M TND of national savings and consignments. It supports state policies and boosts investment. The CDC distinguishes itself by its business model, mode of governance, investment strategy and risk management policy.
The UK ambassador to Tunisia, Louise de Sousa, has the task of bringing together two countries that have little knowledge of each other. But as she tells Mathieu Galtier, good progress is being made.

‘A predictable political process favours investors’

Why is Tunisia one of the 21 African countries invited to the UK-Africa Investment Summit? Why is Tunisia one of them when it does not belong to Britain’s traditional sphere of influence on the continent?

On 4 October 2019, Tunisia became the first individual country in Africa to sign a bilateral agreement with the UK to ensure continuity of business between our two countries (after the UK leaves the European Union). Both sides have recognised the opportunities that this new relationship represents. For example, the current association agreement between Tunisia and the EU imposes quotas on olive oil. Our new agreement increases the amount of olive oil and other agricultural items that Tunisia can export to the UK.

Also, when I arrived in Tunis in December 2016, I discovered that the main barrier was the lack of knowledge between our two countries. The British don’t think about Tunisia and Tunisians don’t think about the UK when it comes to business.

How can we overcome this lack of knowledge between the two countries?

One of my first decisions was to establish a strong interest in English language education in Tunisia. According to research by the British Council, a good level of English is one of the top skills that businesses are looking for in recruiting Tunisians.

So we set up a project called Teaching for Success Tunisia in partnership with the Tunisian Ministry of Education. The British Council has already run summer schools to train 2,600 primary English schoolteachers across the country and we are aiming to reach out to another 2,500–3,000 primary teachers this winter. Separately, 42 primary English teaching advisers have attended courses in the UK to develop their English teaching methodology and teacher training skills.

We have also created a bilateral higher education commission focused on innovation and employability. We haven’t imposed anything, we just help Tunisia to respond to the market demand. Thus, Actis [a UK investor in growth markets across Africa] has invested in Université Centrale [one of the best Tunisian private universities].

You’ve mentioned education and agribusiness. What other sectors could interest UK investors in Tunisia?

The UK has been a traditional investor in the oil and gas sector. Shell is the largest British investor in Tunisia – the company is responsible for 60% of domestic gas production. Renewable energy is now a developing market, particularly in view of Tunisia’s ambition to achieve 30% of its energy from renewables by 2030. We have companies interested in it such as TuNur [which has submitted an authorisation request to the Tunisian government to build a 4.5 GW solar energy project].

ICT also offers opportunities as Tunisia has highly skilled engineers at salaries far below the UK rate. Big companies could take advantage of this by contracting Tunisian companies with engineers based in Tunisia. However, Tunisian and British companies are mainly SMEs, which could work together. The UK is not only London, we have dynamic SMEs in local hubs in Birmingham, Bristol, Manchester or Scotland.

Tunisia has a list of ambitious infrastructure investment projects including public-private partnerships (PPP) in which we have gained a lot of experience, sometimes through painful experiences. We can help with our expertise. Tunisians are looking for better public services, as they made very clear in
As the UK is leaving the European Union, it is a new market for Tunisia: the second biggest in Europe, the fifth or sixth biggest in the world and only a three-hour flight from Tunis.

Why should Tunisian business consider the UK market?

As the UK is leaving the European Union, it is a new market for Tunisia: the second biggest in Europe, the fifth or sixth biggest in the world and only a three-hour flight from Tunis.

To develop commercial relations, we have the UK Export Finance (UKEF) programme, which offers good support and attractive financing options. In 2017, UKEF doubled the support available for trade with Tunisia to £2bn ($2.6bn). The programme can cover up to 85% of the cost of the project (provided 20% of the investment is from UK companies). Tunisair benefited from buyer credit worth £73.2m for a contract with Airbus SAS in 2016, for instance.

More globally, the Tunisia Investment Authority and the Tunisian British Chamber of Commerce are important partners for helping Tunisian companies to understand how to do successful business in the United Kingdom.

Relations between Tunisia and the UK went through a rough patch after the 2015 attacks in Bardo and Sousse, in which 31 British citizens died. Are things improving?

There were tragedies for both of our countries, but I would point out the impressive way Tunisia did not push their partners away. On the contrary, they turned to us, and we have developed a very close cooperation in security. Our current confidence in Tunisia is expressed in the fact that our travel advice became more favourable in July 2017 and in June 2018. In 2017, 25,000 UK visitors went to Tunisia, but we are expecting 200,000 this year.

Tunisia is still going through a transitional period but it is a democratic country with a predictable political process, which is highly appreciated by UK businesses. Institutions have still to be fully established, but we have recently seen three well-run elections in four weeks (the general election and the two-round presidential election in September...
A changing global trade scenario presents challenges and opportunities, and it is those opportunities that Tunisia is determined to grasp, as Nabil Ben Khedher, the country’s ambassador to the UK, tells Stephen Williams

Tunisia – a 2020 vision

The UK and Tunisia enjoyed higher bilateral trade in 2019. According to official figures from the British government, trade increased by 25.4% in year to June 2019. There is a huge scope for growth, says Nabil Ben Khedher, Tunisia’s ambassador to the UK.

There are two main reasons for Ben Khedher’s optimism. These are the signing of the African Continental Free Trade Agreement on the one hand, and the UK’s decision to leave the European Union on the other.

In 2018, Tunisia’s main imports from the UK were machinery and transport equipment. Tunisia’s exports to the UK were in the main miscellaneous manufactured goods although the country is the world’s largest exporter of dates and second largest exporter of olive oil.

Traditionally, Tunisia’s main trading partner in Europe has been the old colonial power, France, which records about 10 times as much bilateral trade with Tunisia as the UK. But Ben Khedher believes that the signing of a trade and political continuity agreement between the UK and Tunisia, in October 2019, ensures that British businesses and consumers will benefit from continued and increased trade with Tunisia after the UK leaves the EU.

It provides, among other trade benefits, tariff-free trade of industrial products together with liberalisation of trade in agricultural and fisheries products.

“We understand that the potential is definitely there,” Ben Khedher says, “and we will be working on three sectors that we have identified, namely agri-business, textiles and ICT products. As a member of Comesa, and with excellent relations with other African countries, we feel confident we can provide a hub for investment in the North Africa region and sub-Saharan Africa – as well as within Tunisia itself.”

The Jasmine Revolution of January 2011, which Ben Khedher describes as Tunisia’s democratic revolution, heralded a new era for the country. As Ben Khedher points out, of the 3,000 foreign companies operating in Tunisia, not one chose to relocate and many have expanded. They kept faith in the country and the people. Perhaps they recognised the highly skilled work force.

Win-win development

It is not simply physical trade that Ben Khedher has in mind. “I also know that the culture of entrepreneurship in Tunisia is very strong,” he says. “And the highly educated work force is extremely competitive in terms of salaries.”

So Ben Khedher believes that Tunisia’s human resources are a valuable asset, in as much as Tunisia can offer internationally competitive consultancy services.

“Let’s take fisheries, for example – we have multilingual experts, who speak very good English, French or Arabic, who could cooperate with British companies to help other African countries develop their own industries. We can look at working together in Africa in what diplomats call a triangular cooperation proposition. We can also call this win-win development.”

The threat of terrorism could well deter overseas investment into Tunisia. However, Ben Khedher points out that the UK government has lifted the travel warning it previously imposed on his country and Tunisia has worked closely with the G7 to identify and counter threats. Nor should the Tunisian security services be underestimated in this regard.

Tourism, always a pillar of the Tunisian economy, has recovered since the Sousse shooting outrage in 2015, and the UK’s biggest budget airline, EasyJet, has given the country its vote of support by resuming flights to the country. And, as Ben Khedher explains, Tunisia has always adhered to European standards, and this makes the country a highly attractive country for investment.

New opportunities in Africa

“Tunisia has consistently had a strong African policy,” Ben Khedher says, “but this has not always materialised in concrete projects or trade. But now, government is looking to new opportunities, opening up new embassies and encouraging new airlinks to the rest of Africa. I am very positive about Africa’s potential and I am extremely grateful to the UK government in organising this UK-Africa Forum to bring this potential to realisation.”
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Progressive laws, supportive government programmes and the dynamism of the sector are making Tunisian ICT an attractive destination for international investors, as Mohamed Fetah Krichene, general manager of Technopole Sfax, explains.

Taking a lead in ICT

Technopole Sfax is one of the biggest and most innovative science and technology parks in Tunisia. It is located in Sfax, which is the biggest industrial city of Tunisia and has one the best universities in the region, rated among the top 1000 universities in the world by the Academic Ranking of World Universities.

The 60-hectare technopark has a state-of-the-art telecoms infrastructure, with a high-quality network that allows local and foreign investors to be connected with any place in the world.

A 20-hectare campus includes three higher education institutions with around 5,000 students while a 1-hectare digital research centre provides support for researchers and institutions as well as the EU’s Horizon 2020 project.

It also includes a dedicated facility for businesses and startups with a Fab Lab, an incubator, a co-working space and an excellent network of partners to provide all necessary services for entrepreneurs and investors.

Dynamic sector

The information and communications technology (ICT) sector is a priority sector in Tunisia. According to the latest available figures, it represents 7.2% of Tunisian GDP and employs approximately 80,000 people. It is an innovative and dynamic sector and a vehicle for the development of other economic sectors.

To strengthen the development of this sector, Tunisia has implemented three national programmes since 2016. Digital Tunisia 2020 aims to make Tunisia an international benchmark for the digital field and ICT an important lever for socio-economic development. This programme includes developing the IT infrastructure of the country, computer sciences and technoparks.

The Smart Tunisia programme is intended for companies in the offshoring sector, acting as a single point of contact for companies and foreign investors.

And finally, a new investment law – the Startup Act – has created a whole ecosystem to support the development of startups, providing a lead in a region where entrepreneurs still struggle with old regulations that prevent the growth of startups.

Investment opportunities

All these programmes offer excellent opportunities for foreign investors in the ICT sector in Tunisia. They will find a well-trained and experienced workforce with a good reputation worldwide. In 2019, in conjunction with the Tunisian British Chamber of Commerce and the British Embassy, we supported several initiatives aimed at creating bridges between Tunisian and British ICT companies and bringing them closer together, but a lot of work still needs to be done.

As a public–private partnership, Technopole Sfax has developed dedicated services for British ICT companies willing to invest in Tunisia as well as for Tunisian startups and SMEs wishing to work in the British market.

We believe that Brexit is an opportunity to strengthen these relations and develop a more sustainable relationship between Tunisia and the UK in the ICT market.
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The focus is on an investor-centered approach

What is the role of the TIA?
The Tunisian Investment Authority (TIA) is a public institution with a private management mode. Its role is to attract and facilitate investments in Tunisia.

Our talented investor services managers mentor, accompany and assist local and international investors at every stage of the investment process in all sectors.

To put it simply, our role is to help Tunisian and foreign investors set up in Tunisia and above all to help them develop their reinvestment operations. For this, the investor needs a partner/facilitator with wide-ranging, effective powers who can lighten the procedures and facilitate the steps necessary for the creation of projects.

What role does the TIA play in supporting investors?
The TIA has successfully launched a major support and modernisation project for the digitalisation of investor services. The goal is to improve the efficiency of administrative procedures related to investments, reduce processing times and simplify the registration and creation of projects.

In Tunisia, everyone is aware of the practical importance of digital in the decision-making and development process. It is for this reason that we at the TIA now consider digitalisation a philosophy, a state of mind and an irreversible process.

For example, today, investors can go to our website, create an account and request all the services that the TIA offers. The TIA teams act as advisers, as we are the partner of choice for investors. As a result, reliable, practical information is provided that helps decision-making.

And that’s not all. The TIA is involved in all phases of the project, speeding up the process of obtaining authorisations if the investor needs them. Sometimes, even if the administration is silent, the TIA is called upon to respond to the needs of its customers.

All this means that today investors can count on us, because we share with them the objective of making a success of their project whatever its nature (creation or growth), whether they are Tunisian or foreign.

What have been your flagship initiatives?
I would mention four: harmonising and simplifying procedures; digitisation of services for Tunisian and foreign investors; efforts to grant authorisations; and the realisation, during our first year, of 33 declared investment operations of 2.3bn Tunisian dinars, which will create more than 14,000 jobs.

How can the TIA use the opportunity provided by the UK-Africa Investment Summit to attract British and African investors to Tunisia?
Our participation in the UK-Africa Investment Summit is aimed at raising the profile of the priority sectors in Tunisia, where we can do business. We intend to seize this opportunity to make our British partners more of the facilitation role that the TIA plays across the entire investment value chain and get them to study the various business opportunities that Tunisia offers in the context of PPP projects or in the form of foreign direct investment.

To this must be added the opportunities that Brexit represents. As a prelude to this, Tunisia and the UK signed an association agreement in 2019 to further boost trade and investment between our two countries.

Tunisia’s location in the southern Mediterranean gives it an undeniable advantage as a regional platform that can also serve as a gateway to markets in sub-Saharan Africa.
‘Innovative financing to support SMEs and tech’

What is Tunisia’s Caisse des Dépôts et Consignations?

How does it work?

The Caisse des Dépôts et Consignations (Depots and Consignments Fund – CDC) is a public institution created in 2011 to support Tunisia’s economic and social development. As a guarantor of national savings, the CDC mobilises, protects and grows more than $2bn. These private resources come from regulated savings funds, deposits and other resources, through various networks such as the Tunisian Post Office or dedicated platforms.

The CDC acts as a long-term investor serving the country’s public priorities and policies. Through its unique economic model, its mode of governance, investment strategy and risk management policy, the CDC plays the role of a trusted third party by stimulating investment.

Our top priorities are infrastructure, innovation, renewable energy and development of SMEs. We take a commercial approach to investments and have developed a streamlined approval process. Once an investment is made, we work with investee companies and funds to identify opportunities that add value.

The CDC’s financial results for 2019 and its investment achievements are encouraging. More than $150m have been invested in 20 projects, 18 operational investment funds, nine mutual funds, a portfolio of 11 listed companies and a significant contribution of more than 12% to developing the financial bonds market.

Created in France in 1816, the CDC model has been adopted in similar institutions in different countries such as Italy, Brazil, Portugal, Belgium and Quebec and has expanded on the African continent to Morocco, Senegal, Gabon, Mauritania, Tunisia, Niger, Burkina Faso and Côte d’Ivoire.

How does the Tunisian CDC differ from a development bank or a sovereign wealth fund?

A growing number of states interested in encouraging the mobilisation of domestic resources are relying on institutional investors, such as pension funds, insurance companies, sovereign funds and Caisse des Dépôts.

The important point is that not all of them have the same objectives, resource collection mechanisms, operating procedures and therefore the same capacity to invest. As a result, not all of them are fully adapted to finance infrastructure projects, which require long-term resources.

Unlike the Caisse des Dépôts, development banks do not have regulated deposits but generally issue long-term bonds in line with the duration of their assets. They have resources that consist mainly of long-term loans issued on international markets, a high financial rating and a guarantee from the state in return for their mission in the public interest. They can obtain low-cost financing and then lend on advantageous terms. The Caisse des Dépôts are also different to sovereign funds because they manage private funds while the sovereign funds manage public funds.

The fundamental difference is the mechanism of resource collection, which allows a much broader and more sustainable mobilisation of domestic resources.

Like pension funds, insurers and sovereign funds, the Caisse des Dépôts are vectors for allocating savings to growth projects. In the African institutional investor landscape, the Caisse des Dépôts model seems to have the greatest number of comparative advantages in financing infrastructure projects, particularly social ones.

What is the CDC’s role in supporting innovation?

The CDC is a major shareholder in Tunisia’s technology parks and an important support for SMEs. It has been a pioneer in supporting innovation through its direct investment in competitiveness clusters and six technoparks in Tunisia: Novation City in Sousse, BioTechPole Sidi Thabet, Technopole Sfax, PolyTech Gabès, Technopole Borj Cedria and CIT Medenine.

In addition, the CDC has played a key role by investing $130m in the creation of startup firms. The CDC also makes a positive contribution in order to support SMEs through the development of private equity. It thus promotes the interests of companies involved in innovation. We encourage British investors to come and invest in our technoparks as a springboard to conquer the African and Arab markets.

What is the main role of the CDC in promoting PPPs?

As an important actor in developing PPPs in Tunisia, the CDC has acquired an expertise in preparing and monitoring PPP projects. We launched a seed line for PPP projects in 2018 aiming to help institutions prepare and structure viable infrastructure projects. The objective is to create attractive projects for public and private investors.

Does the Tunisian CDC have partnerships with other institutions?

In its beginnings, the Tunisian CDC was more oriented towards its sister institutions in the French-speaking world, almost all of which follow the same model. There has been cooperation with the World Bank since 2015. CDC draws on global best practices in risk management. As a financial investor, CDC is exposed to a number of risks, including financial risks and operational risks.
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Long neglected by investors, Tunisia is making up for lost time with its flourishing startup ecosystem and new laws that have created a more attractive business environment. Mathieu Galtier reports

Why take an interest in Tunisia if you are a British investor? At first sight, the picture is not very appealing: a small market (population 11.5m) dominated by France, which represents more than a third of foreign direct investment (FDI) excluding energy; high unemployment (15.3%); a trade balance in the red ($6bn in 2018); not to mention the inconvertible Tunisian dinar. For Ahmed Dhouib, senior vice-president of the North African office of United Golf Financial Services (UGFS), specialised in asset management, to not look beyond these macroeconomic data would be a mistake: “Africa is the last untapped vein to explore, especially in the field of venture capital where Tunisia is very attractive.”

Even if, in Africa, the country occupies a modest 15th place, with FDI of little more than $1bn in 2018 – out of a total $46bn for the whole of Africa – it is starting to make up for lost time. FDI grew by 18% compared to the previous year, two and a half times faster than on the continent in general. It is the industrial sector that is doing the best, with a contribution of $375m due to the arrival of Chinese companies.

One of them, the giant automaker SAIC has signed an agreement with the investment holding company Meninx to put up a factory that plans to export vehicles around the continent and into Europe. The country can count on some considerable competitive advantages: proximity to Europe; skilled labour (10,000 engineers graduate every year) that is inexpensive (the minimum wage is equivalent to $144 per month); the short time needed – roughly two weeks – to create export companies; a low rate of corporate tax (10%); and an exemption from VAT on goods imported for re-export.

Below: A woman at work in a German-owned factory. FDI is growing fast in Tunisia.
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**Potential for profit**

Against a bleak global backdrop – FDI fell by 13% in 2018 – Tunisia is thus doing far more than just standing still. Dhouib says that at the Invest in Africa conference in London in 2019 “investors were fully aware of the potential of Tunisia and of its profitability. The flourishing ecosystem of startups is watched particularly closely by the City, which is a major hub for venture capital.”

This is even more the case when the country can boast success stories in some of the most popular sectors for foreign investors in Africa, such as agribusiness, where food processing firms Vitalight and Agriland stand out, and fintech and big data, with companies like Barac and Datavora.

The leader in the sector with a stake in 60% of startups in the country, the North African branch of UGFS is currently negotiating with a British financial institution and a technology company to become involved in the launch and the management of a fund. The company, with capital from Bahrain and Kuwait, is also in discussions with the telecommunications giant Vodafone to bring it in as a technical partner.

The recent appeal for big British businesses and institutions – trade with Tunisia grew by more than a quarter between mid-2018 and mid-2019 – stems mainly from two measures: the Startup Act and the Transversal Law for the Improvement of the Business Environment.

**New laws pave way for investment**

The first of these, one of the most liberal in the world, gives investors, among other things, full tax relief on the sums invested, an exemption from capital gains tax and a fund to guarantee against liquidation of the startup.

These measures also apply to startups created by foreigners present in Tunisia. Apart from this attractive legislative arsenal, Tunisia also boasts cutting-edge digital infrastructure: mobile connectivity that is the second most efficient on the continent, according to Global Index Speedtest, and the presence of 43 incubators (in comparison, Morocco, with three times the population, has only 25).

The Transversal Law, passed in April 2019, opens up even greater potential for investors. It provides a legal package that includes five- to 10-year tax holidays, assistance with setting up and a facility for the repatriation of profits in foreign currency, all of which can be accessed by means of a simple online registration.

Repatriation of profits had been a major obstacle for foreign investors: with the ongoing decline in the Tunisian dinar (which has lost 40% of its value in sterling terms since 2010) and the administrative complications and the time required to transfer money, investors used to see a fair proportion of their profits simply disappear.

Aware that this was a significant measure, UGFS has set up two funds: one that should see the light of day in March 2020, and another for end 2020, both of which take into account the provisions of the new law. This expected influx of venture capital should also help to mitigate one of the major obstacles to investment in startups in Tunisia – the lack of big ticket funding.

There then remains the issue of culture: is Tunisia ready to see City financiers on its doorstep, with their methods that are quite different from Tunisian traditions, which are based mainly on French practices? Dhouib is not concerned: “We are fully prepared to take on board British know-how in terms of standards of governance and risk management.”

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**Tunisia boasts cutting-edge digital infrastructure, with mobile connectivity that is the second most efficient in Africa**

Above: Tunisian women engineers. Female engineers are more common in Tunisia than in the US.
SMEDI offers highly medical care assistance in Tunisia, to patients from Europe, Africa and the Middle East. Over the past years, SMEDI has become the major medical facilitator in Tunisia.

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It is an irony of political leadership that you often start at your most popular but least capable, and end at your most capable but least popular. Because all leaders learn on the job.

I did and therefore now with my Institute try to shorten the ascent up the learning curve for today’s leaders. I came into government in 1997 full of enthusiasm and optimism with a significant mandate from the people and large majority. But I swiftly found that the skill set that brought me to power was largely redundant when it came to governing. One was about persuasion; the other was about getting things done.

Over time, I realised that the core challenge was implementation; turning the great vision into the practical reality. And I found that even the sophisticated UK system was excellent at managing the status quo but poor at changing it.

So, in my second term, with the experience of my first I created entirely new structures which treated the business of government like any other business.

I created the Prime Minister’s Delivery Unit (PMDU), the first of its kind. It was critical in driving the significant reforms my government achieved in education, health, crime reduction and elsewhere. It also enabled us to embed and incentivise an evidence-based culture across government.

Here, then, are some key insights for leaders and their top teams to consider when coming into office:

**Prioritise**

**Try to do everything and you will do nothing.**

The President’s aspirations for their country will set the agenda for the whole administration, so they must pick ones which are politically relevant and “citizen-centric” – and stick with them through to full implementation. By selecting just a few, specific priority goals, leaders signal to the rest of government, investors, other external stakeholders and the general public what they care about most.

**Get the personnel right**

**Obvious but true: it’s about the quality of the people.**

Leaders need a top class top team: a Chief of Staff who can bring organisational effectiveness; and in each unit capable, motivated people. The Chief of Staff helps to structure their Office, selects and supervises staff, mediates access to the President, and manages information/action flows between the President, Cabinet, other central government agencies and the rest of the world. The Chief of Staff needs exceptional management skills and excellent political instinct – but they must not be someone playing politics. The team as a whole should have the full confidence of the President, and most importantly should be ready to tell the President what they may not want to hear.

**Invest in an efficient Private Office**

The Private Office makes sure the President’s time is used effectively (diary management); manages the flow of quality information when they need it; and ensures decisions are acted upon in a timely manner. It’s also the President’s point of contact, not only for the rest of government, but also key stakeholders, so it must be staffed with people who are efficient, agenda-driven and discreet.

**Structure the President’s office to govern effectively.**

Beyond the private office, the wider President’s office should be structured around the three key functions of the presidency: driving the national development agenda; helping the leader to focus on a long-term development agenda; overseeing national policy and strategy formulation and monitoring the progress of priority policies across government; managing the President’s political capital, by building consensus among the political establishment to drive major reforms with political implications.

**Be strategic in choosing the cabinet.**

Members of the cabinet not only administer their respective ministries or agencies, they also drive the President’s agenda, and the cabinet’s effectiveness is a key factor in ensuring the pace and quality of its delivery. When choosing cabinet members, Presidents may have to balance party politics with ensuring effective delivery, but regardless of this, Presidents should put their most effective people in charge of their priority portfolios.

**Focus on delivery**

**Roll out a system to drive implementation of key priorities.**

Achieving the government’s priorities requires a delivery function which designs, manages and monitors those activities which generate successful outcomes. An effective delivery function will also alert the President, and cabinet, if outcomes are not on track and suggest mitigating strategies.

**Balance difficult long term reform with quick wins.**

Presidents should seize political momentum at the start of a new administration and take action that demonstrates a change in direction. The best time to pursue difficult reform is at the start of a new government’s electoral cycle, where political capital is high and the next election distant.

**Remember to communicate.**

**Embed communication and citizen engagement as core functions.**

It’s all too easy for a new leader to default to responding to events as they occur, with proactive communication becoming an afterthought. Presidents need a strong, strategic communications function to deliver proactive, strategic communications which explain their vision and agenda to the public, creating feedback loops along the way, and incentivising sustained delivery at pace across government.
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