

# Ride the wave of African free trade

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## COMMENT



The UK-Africa Investment Summit's Sustainable Infrastructure Forum was held in London from Monday January 20 to 22 at which leaders, dignitaries and representatives of many African countries met with the British Prime Minister, Boris Johnson, along with foreign secretary, Dominic Raab, the UK's international development secretary, Alok Sharma and, possibly in one of his last royal appointments, HRH Prince Harry.

Africa is a "booming continent" with "staggering levels of growth," said Johnson during his opening address. "Look around the world today and you will swiftly see that the UK is not only the obvious partner of choice, we're also very much the partner of today, of tomorrow and decades to come."

The presidents of Ghana, Nana Akufo Addo; of Kenya, Uhuru Kenyatta; of Mauritania, Mohamed Ould Cheikh el Ghazouani; and the African Development Bank President Akinwumi Adesina, along with Alok Sharma, all addressed the plenary panel discussion on 'Sustainable Finance and Infrastructure – Unlocking the City of London and UK financial services for growth in Africa.'

President Kenyatta, who rang the opening bell at the London Stock Exchange (LSE) to mark the launch of Kenya's first-ever green bond on the LSE, made the case for innovative and sustainable investments in energy infrastructure. "We all must think out of the box in terms of energy ... to ensure we produce more green energy," he said before launching a sovereign green bond of US\$41.45-million for use in building environmentally friendly student accommodation in Kenya.

On UK-Ghana partnerships, President Nana Akufo-Addo said, in a world where Africa's wealth is undisputed, "the City of London can play a significant role in bridging Africa's huge infrastructure gap ... and the LSE can be a pivot in the new relationship with the continent. Indeed, one in four consumers will live in Africa by 2030," he said.

Getting to the business end of conference on the Tuesday morning, African Development Bank President Akinwumi Adesina announced a new US\$80-million infrastructure financing partnership between the UK's Department for International Development (DFID) and the African Development Bank. "The continent's \$68 to \$108-billion infrastructure investment gap per year is massive, but it depends on how you look at it. Either the cup is half full or half empty. To us, this is a \$68 to \$108-billion opportunity," he said.

"Since joining the Bank in 1983, DFID has been a lead supporter of the African Development Bank. It's strong and consistent support for the African Development Fund has helped us to support the de-

velopment of low-income states, especially the fragile states," he continued.

Describing the impact the work has had on infrastructure in the past four years, he noted that 18-million people had been connected to electricity, 101-million to access to improved transport and 60-million people to improved water and sanitation.

"Without any doubt, DFID and the UK government's investment in the African Development Bank pays off and delivers huge impacts in Africa," he said before introducing the idea of framing the infrastructure spending gap as a demand-based opportunity for financing ... "and the opportunities are many: from railways to ports, airports, water, sanitation, ICT and energy," he suggested.

Speaking later that day at a symposium co-organised by the All-Party Parliamentary Group for Africa under the theme UK-Africa Trade and Brexit, Adesina said that Africa was on the cusp of unmatched economic transformation and that the UK must engage in a partnership of change.

"The Africa of the 21<sup>st</sup> century is very different... new and more confident," he continued, arguing that the UK should be a significant trading partner. "The reality, however, is that the UK's trade with Africa is trending downwards. From a \$49-billion peak in 2012, trade decreased to \$30.6-billion by 2018," he noted. This against a backdrop of projected business-to-business and consumer-to-consumer expenditure of \$5.6-trillion by 2020, and a food and agriculture market worth \$1-trillion by 2030.

He highlighted the obvious advantages of trading under the African Continental Free Trade Agreement, which, as of July 2019 when Nigeria signed, now consists of 54 African countries; represents a market of more than 1.3-billion people; a gross domestic product of \$2.5-trillion; and is the world's largest free trade area since the establishment of the World Trade Organisation.

The continent is home to eight of the 15 fastest-growing economies in the world. By 2030, 42% of the world's youth will be African, resulting in a substantial workforce and a huge number of potential consumers.

"Africa has a fabulous future," said Sharma in his concluding remarks, before announcing five partnerships to mobilise private sector investment in quality infrastructure on the continent. "Together, let's do more to accelerate sustainable infrastructure investments in Africa," said Adesina.

Who could disagree? But to make it happen, real investors need to commit real money. Those that do stand to gain, as do the new wave of younger, more confident and more ambitious modern Africans. □

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