

# Fostering Economic Growth Amidst Uncertainty: Africa's Strategic Partnerships with the Global Community

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## **Abstract**

This paper assesses the transformative impact of global economic trends on Africa's economic performance, focusing on strategic partnerships shaping the continent's growth amid uncertainty. Tracing the shift from post-independence protectionism to the liberalization era, the analysis reveals how globalization, policy reforms, and regional cooperation initiatives such as the African Continental Free Trade Area (AfCFTA) have redefined Africa's trade, industrialization, and socio-economic landscape. Case studies of Rwanda, Kenya, Ethiopia, Ghana, South Africa, and Nigeria illustrate divergent experiences in leveraging technology, infrastructure investment, governance, and economic diversification to foster resilience and inclusive development. The paper highlights both the opportunities and challenges arising from Africa's position in the global economy, emphasizing the critical role of strong institutions, effective governance, and sustainable partnerships with global actors including the United Nations, African Union, and BRICS nations. Policy recommendations advocate for enhancing trade policies, institutional reforms, and human capital development to align economic growth with the Sustainable Development Goals (SDGs), thereby securing Africa's place in an increasingly interconnected and uncertain world.

**Keywords:** Africa, Economic growth, Globalization, Strategic partnerships, Trade liberalization, Regional integration, African Continental Free Trade Area (AfCFTA), Infrastructure development, Governance, Foreign direct investment, Sustainable Development Goals (SDGs), Institutional reform, Economic diversification. Technology transfer, Global economy.

## **1. Introduction**

The past four decades have seen a remarkable change in the structure of Africa's international trade. After the colonial era marked by Africa's reliance on a single raw material or cash crop and dominated by preferential trade agreements, decades of trade protection, especially after independence, were followed by harsh Structural Adjustment Programs (SAPs) that coerced African countries to liberalize their economies. By 1995, all African countries had signed on the GATT, and trade protection was in general, reduced. All the same, trade with virtually all African countries has shifted from trade done with domestic African manufacturers through state owned or semi state owned corporations to direct and exclusive procurement from European manufacturers and suppliers (F. Adebayo et al., 2019). Globalization, or increasing economic integration between countries around the world, which has manifested itself through four interrelated trends: increasing international trade and capital flows, decline in trade and capital

restrictions, increasing cultural integration, and strong growth of multinational firms and global markets, has been one of the major forces behind the changes in the structure of trade. Globalization is largely an outcome of economic policy changes in the world's major economies. An increasing number of countries have undertaken external and internal liberalization of their trade, capital and foreign exchange regimes, leading to widespread integration of their economies with global markets (O. Ekeocha et al., 2023). The objective of this paper is to assess the impact of recent trends and changes in the global economy on the performance of the African economy. The paper is organized as follows. Section 2 reviews trends and changes in Africa's economy over the past decades, with a focus on its growth and structural transformations. Changes in the structure of Africa's trade over the past four decades are analyzed in Section 3. Section 4 summarizes the survey findings on the impact of these changes on the African economy. The paper ends with some concluding remarks.

## **2. The Importance of Strategic Partnerships**

The start of the 21st century heralded renewed hope in global and regional structural transformations for Africa. This heralds a new phase in the quest for national rebirth, social reconstruction/regeneration, and state and nation-building on the continent. However, growing globalization and its attendant economic, social political and environmental pressures on national economies, the reform and transformation efforts by African stakeholders, go on in the absence of other powerful, far-reaching mechanisms which can assist in speeding them up, foremost among which is a supportive global environment. Massive global integration challenges growing poverty, deprivation, marginalization and exclusion of parts by country units in the international economic system. Africa and Africa's share in global economic output, exports and foreign direct investment inflows have shrunk further. IntraAfrican integration has not gained momentum relative to the improvements in Latin, Amerindian and Caribbean, East-Asian and Central and Eastern European integration. The benefits accruing from it have not been inductively discovered, felt and perceived (F. Adebayo et al., 2019).

The present dire state of African economies is a legacy of many years of policy neglect, violence, subjugation and domination, and ecological aggression and rape by scrupulous inner and outer actors. From the perspective of the dominant economic paradigm of the post-Second World War era, Africa is handicapped in the international economic development context. The challenge ahead is for Africa to intelligently incorporate the positive elements and forces of growing global economic integration and use them to enhance socio-economic and political development on the continent, while at the same time keeping the adverse elements and forces within tolerable levels via appropriate policy responses, and institutional and structural adjustments. This is vexatiously difficult, if not impossible, if the evolving global political economy does not recognize primordial inequalities between African and other countries, and does not cooperate with Africa in alleviating them and maximizing win-win situations for both in the era of continental economic globalization.

The graduated development in the North and its attendant ability to control and dominate the globalization process and product has made it difficult for Africa to embark on the globalization process. Those concerned need to appreciate that African models of globalization are not being excluded. Although nations the world over have embraced economic globalization, they hold differing models, indicating that they can use their models without jeopardizing their interests and aspirations. Serious deliberation, therefore, has to begin on one of the most difficult, all-embracing, attractive and sine qua non conditions for Africa's integrated development. Proposals are offered for structural changes which, if politically

implemented and institutionally carried out, will permit the devising of an “enabling environment” for Africa to use a correctly adjusted model of globalization for its development.

Africa should prioritize strategic partnerships with the global community and fight for an enabling environment to support industrialization. Opportunities abound in the fight against climate change, which will define the next development agenda. The global community is at a crossroad with three choices: the diplomatic road, war and the hobbling policy of containment. Africa’s aims must be plausibly coherent and compatible with a diverse and congested global landscape of interest, resource, strength, competitiveness, opportunity and capability.

### **3. Rwanda: A Model for Economic Resilience**

The Republic of Rwanda is a landlocked small state in east-central Africa. Rwandans often refer to their country as the “land of a thousand hills,” reflecting its rolling topography. It has an average population density of around 450 people per km<sup>2</sup>, which is amongst the highest in Africa. The population is expected to reach around 14 million people by 2030 and will probably rise to 26 million by 2050. Over 90 percent of the population derives their livelihood from agriculture, primarily on smallholder plots. Rwanda has a small diamonds and gold stock; there is limited oil exploration. The renewable energy sector is still very underdeveloped. Hydropower is the main source of electrical energy, but the installed capacity of around 160 megawatts can only meet 50 percent of Rwanda’s peak demand, and outages and rationing frequently occur. The Government of Rwanda (GoR)’s growth strategy, Vision 2020, targets the growth of the services and knowledge economy sectors with means like the development of the Kigali Financial Centre, the Kigali Technology Park, the Kigali Presto, the creation of an ICT Hub, and free wireless internet hotspots across the capital (Chandra et al., 2007). Meanwhile, Rwandans, who are sometimes referred to as “the Swiss of Africa,” have a long tradition as traders from time immemorial. Income inequalities between Hutus and Tutsis rose sharply and were magnified by a rapid demographic growth. Growing tensions culminated in a violent massacre of about one million people within the span of a few days, the downfall of the Hutu-led Government in 1994, and the exile of millions more Hutus. Current President Paul Kagame was the commander of the still ruling Rwandan Patriotic Front. Rwanda, a model for good governance (Mann & Berry, 2015).

#### **3.1. Post-Genocide Recovery**

Burundi, a small fragile economy, went through sporadic civil war since its independence in 1962 during which rampant insecurity had adverse impact on the country’s social and economic development. As a consequence of the war, which ended in 2005, many of the socio-economic indicators downwardly spiraled. However, despite of these odds, Burundi, over the last seven years has been undertaking efforts to stabilize the macro-economy, restore a relatively friendly environment conducive for competition and investment, and formulate and implement a host of business-friendly policies and institutions (Nganou & Kebede, 2012). This paper employs an integrated poverty-growth-inequality framework to analyze the stylized facts and sources of growth in Burundi, and identifies a few broad-based sources of sustained growth that can be pursued to foster pro-poor growth.

Burundi is gifted with fertile land, favorable weather conditions, and relatively educated population. The economy is enormously endowed with plentiful wood resources. However, vital EU and American niche markets cannot be exploited as these markets are controlled by Asian exporters. For decades, the lack of access to appropriate, relevant and affordable technology, and limited availability of outside market outlets have rendered the owners of productive assets de facto poor, perpetuating poverty in the country. These

and other factors perpetuated by poor governance have continued to impede human, financial, physical, and institutional development in the country (Mann & Berry, 2015). However, with the removal of the all-pervasive ban on questing permits granted to intervene in the seizure of ownership and collection of delinquent debts, which have been providing legal impunity and protection for identified interferences for some decades, bureaucratic and administrative impediments have started to dwindle significantly, increasing the numbers of economic actors and leading to the commencement of economic development. These efforts have been complemented and magnified by policy measures aimed at diversifying production and markets, and reducing the reliance on rain-fed agriculture. Spurred by infrastructural development and favorable exchange rate policy, production in the agriculture, manufacturing, and services sectors has been expanding rapidly.

### **3.2. Investment in Technology and Innovation**

Technology has become integral part of growth strategies of nations and firms, thereby influencing nations' competitiveness and sustainability. Nations continuously seek to exploit technology in their quest for competitive advantage and development. Considering the resources currently available to most Africans, chief amongst them, an enterprising people, it is imperative that African countries exploit technology to promote their economic development, enhance their competitiveness and attract partners interested in investing business ventures. Firms, on the other hand, seek state-of-the-art technologies as an effective means to stay ahead of their competitors in their quest for profit maximisation (Amankwah-Amoah et al., 2018). Africa's immense resources are expected to attract foreign firms to transfer technologies that would foster its industrialisation and overall economic development.

This expectation is not reflected in ongoing technology transfers. These transfer activities are gradually moving to East Asia and Latin America, where more medium and high tech goods are produced through indigenous technologies or through joint ventures with foreign firms. Africa remains marginalised in this respect, especially in export diversifying and enrichment technologies, evidenced by its foreign instead of indigenous innovations in informed gathering technologies. This marginalisation has dire consequences for Africa, such as a weak bargaining position as an international market participant; primitive value and pricing of its raw commodities; missed opportunities for spillover benefits and imitation in industries where technology transfers are evident; and restricted possibilities for technology advances in goods being produced.

With the inclusion of firms into the prospect of achieving developmental goals, the exploitation of technologies becomes a surer avenue, because through competition, ideas flow, experimentation takes place, innovations are spawned, and hence new industries and firms emerge to engage in new pursuits. Supported by favourable government policies, these activities culminate in economic transformation and development of the nation. Many reforms and policy changes considered to spur economic growth and development in African countries have been fruitless, thus the urgent and dire need to re-chart the terrains on which efforts towards economic growth and development would be directed. Technology exploitation is a new terrain to consider.

New ideas and methods emanating from creative thinking have been described as technology. Exploitation of these ideas meekly implies acquisition of them through imitation or building on prior inventions and discoveries, or a combination of this with inward-looking research and development efforts to intentionally produce new inventions. It involves the conversion of accumulated scientific knowledge into new goods and services through a system of requisite resources linked in a production process directly to the goods and services.

#### 4. Kenya: Leveraging Regional Trade

In January 2020, Africa embarked on an ambitious plan to improve trade relations across the continent. The African Continental Free Trade Area (AfCFTA) is the world's largest free trade area by number of countries, covering over 1.2 billion people across Africa. AfCFTA is a African Union (AU) Agenda 2063 flagship project aiming to create a single African market. It was established through the adoption of the AfCFTA Agreement and the Protocols by the 18th Assembly of Heads of State and Government of the AU in January 2012, and it came into force on May 30, 2019. On December 5, 2020, the first trade under the AfCFTA commenced. With regard to trade facilitation measures under implementation, 54 NPOs had been formally designated to collect and disseminate trade facilitation information through the AFTRA platform (Basil Ouma, 2022). However, stakeholders hoped to see the AfCFTA revamped because of the existence of several gaps.

It is widely accepted that trade is an effective vehicle for economic growth and poverty reduction. Regional trade agreements, including those at the continental level, have been powerful drivers of an increase in global and regional trade. Nevertheless, such agreements present both opportunities and threats. While there is a need for African countries to liberalize trade in goods and services, safeguard themselves from discrimination and trade diversion, stimulate intra-African trade, and generate development gains, there is also a need to ensure that even marginalized countries, nations, and communities will benefit. Finally, there is a need to secure international support for the AfCFTA's implementation through full and effective compliance with obligations to assist developing member states to adapt to the new regime.

The AfCFTA is significant for Kenya's vision to be a newly-industrializing, middle-income country providing a high quality life to all citizens by 2030, in which their agricultural sector will grow more competitive in economic development through the nurturing of value chain development based on synergies within the EAC. The AfCFTA is characterized by high level of ambition across the area of goods, services, investment, and competition, with significant possible benefits for export growth, GDP growth, and employment both on aggregate and at a disaggregate level. In addition to controls and procedures aligned with the World Trade Organization Agreement on Trade Facilitation, the AfCFTA Protocol on Trade Facilitation originates from issues to which African countries committed to addressing in the Doha Round. Kenya is well-positioned to leverage the AfCFTA. Major export products to the AfCFTA region in the first half of 2022 comprised of tea (24.7 %), meat and edible offal (11.6 %), cut flowers (11.0 %), soda ash (8.4 %), and refined petroleum oils (5.1 %).

##### 4.1. The Role of the East African Community

The East African Community (EAC) is an intergovernmental organization comprised of five East African states: Kenya, Uganda, Tanzania, Rwanda, and Burundi. The organization was revived after collapsing in 1977 due to political disagreements among its member states. Its revival was motivated by the long-felt need for economic integration for social, cultural, and political harmony. Countries from the East African region realized the need to come together in order to efficiently combat the spread of interests such as trade, health, and communications. The process of economic integration is an evolutionary one moving from an initial preferential cooperative network to a full scale union incorporating common economic institutions and a single economic policy. Cooperative economic arrangements have a more dynamic impact on the future cooperation of countries than on their past cooperation (Ochieng & Jonyo, 2015).

It is believed by the "theory of economic integration" that regional cooperation in one field of economic activity creates interests and pressures to regional cooperation in other fields of economic activity. There is no single model of integration. Each integration body has a unique structure and a different aspect of

integration is emphasized. There are however classification of economic unions depending on the extent of integration and the scope and content of economic integration. The East African Community is not in any way different. The level and scope of integration in the East African Community varies from co-ordination of policies, approximation of laws to harmonization of the business environment. Integration is on course but some have theorized the ways it has journeyed and milestones it is straddled over time. A dangerously unstable dance with the past is how some have interpreted the kind of integration that the East African Community has settled for (M. Kivuva, 2014). The feared dualism rooted in history appears to be replicated on the political platform within the EAC. Each of the member states is still dominated by colonial boundaries and legacies. It is still untold on whether the member states have learnt a lesson/date from the collapse of the previous East African Community. However there are some indicators that point to a more cautious approach to the new EAC.

#### **4.2. Agricultural Exports and Food Security**

Commodity prices in international markets are at an all-time high. Generally, it must be welcomed given that, although these products price rises have effects of cost increases, they also allow for terms of trade improvements. More broadly still, these high prices reinforce and multiply the concern for poverty reduction and food safety in Africa. It affects directly and severely import-dependent countries regarding wines, oils, valorized cereals and fish. More indirectly, they impact on the domestic supply of corn, sorghum, millet, etc., which prices are increasingly correlated. This view is widespread among NGOs but circles of researchers are not exempted from it. They nevertheless believe it is often biased, even erroneous; the stakes are mainly monetary and may (virtually) be articulated. Certain prices increases are welcomed, concern for food safety has necessarily to widen, the interest of inputs impact as well as economic growth is challenged from the established paradigms and some model-based and empirical alternatives are proposed to settlement the seeming contradiction between observing facts and economic paradigms (Bricas & Broutin, 2008).

It is possible to show that trade liberalization and structural adjustment programs implemented since the 1980s have raised important issues (Bryceson et al., 2010). Their mode of operation and an all-inclusive implementation have, in many cases led, to a food supply chain that has become less efficient and closely linked to low international prices, to a fall in export-oriented crops production. Moreover, concern for food safety and maybe for poverty engendered by the current context seems to bolster this replication of agricultural trade liberalization experienced since the early 1980s. Isolating facts as global prices increases promotes such hypotheses; there is a neat ensuing logic.

#### **5. Ethiopia: Infrastructure Development and Growth**

Ethiopia's long-standing economic growth dating back to the 1990s has spurred extensive investment in the construction of public infrastructure sectors. Increases in investments in infrastructure are mainly meant to provide services and capabilities to sectors considered to have a major role for faster growth, both directly and indirectly. Enormous investments have been made in recent years on the expansion of network electricity in cities and towns, transport to cities, and the purchasing of trucks for the transport of cash crops, which are expected to majorly stimulate the agricultural and industrial sector of the economy. In recent years, rapid economic growth has happened in the country in the various sectors of the economy, such as agriculture, industry, and the service sectors. Much literature is devoting about infrastructure development or vice versa economic growth involving a single country, multiple countries, and selected countries over a selected period on development of infrastructure through climate change consideration.

However, it is silent on the investment made on infrastructure development measuring some subset of those indicators and how much growth these economic activities have triggered on the economy. The study aims to fill the gap with econometric analysis measures some of the major infrastructural investment indicators with real Gross Domestic Product (GDP) (Marozva & Lindelwa Makoni, 2018).

To achieve this end, time series data spanning 23 years ranging from 1994/95 to 2016/17 is preyed from national statistical agencies and their appendices. Data on government capital investment on road, energy, transport service, telephone service, African road network length, electricity consumption, and revenue derived from petroleum were collected from MoFED, Ethiopia and compiled using the defined indicators. Data on real GDP is collected from National Bank of Ethiopia and Central Statistical Agency. Cointegration and correlation analysis were employed to find whether a long run relationship existed between real GDP, road investment, energy investment, transport investment, and communication investment infrastructure (Eseta Kumeshe, 2013). The results from the Engle-Granger cointegration test revealed that there is a stable long run relationship among the variables. There existed long run causality between GDP and energy investment, transport investment, and government capital investment on road (with the fact that this road length entry variable may not mark previous investment).

### **5.1. Public-Private Partnerships**

Public-Private Partnerships (PPPs) have become a global phenomenon in many social and economic sectors. They are manifesting as economic strategies to allow deeper involvement of the private sector in the economy. This pursuit of partnerships comes against the backdrop of considerable resignations from government roles in the economy, consequently raising important and complex questions. It is hoped that PPPs will offer immeasurable social and economic transformation to improve living standards for all citizens. However, on the whole, PPPs have not yet reached their intended marks.

Instead, they have created new uncertainties about the role of the State and the nature of the economy in Southern Africa. The Gulf States have a long history, mostly in energy and post-conflict reconstruction, of successful State-Enterprise partnerships that contribute largely to their national development. Western nations have effectively used unyielding financial muscle to leverage private sector involvement in large-scale natural resource extraction pursuits and mega infrastructure investment in Southern Africa, and elsewhere, to the antithesis of their economic transformation objectives and continued underdevelopment of the target countries.

Like all human initiatives, PPPs are valueless, but by their virtues, they hold the promise of adequate social and economic transformation priorities in the Southern Africa Development Community (SADC) region. If implemented according to best practice, with comprehensive stakeholder engagement in ownership and implementation, carefully designed covenants that transparently profess investment rewards and punishments, with rigorous monitoring and accountability regimes enforced by an independent regulatory agent, PPPs promise robust delivery. But these best practices must be enforced in content, intent, and spirit.

There is robust evidence to suggest that numerous conditions must be met for optimal social returns to PPPs to be delivered. There must be transparent, equal access to sound project information, with an unequivocal presentation of risk and returns for all stakeholders to mitigate disparities of information in the public sector in SADC. All enterprises must comply with the broadest definition of corporate governance: alienation of decision-making powers must not advantage any stakeholders over the other stakeholders.

## 5.2. The Role of Foreign Direct Investment

Foreign Direct Investment (FDI) has consistently been a primary contributor to both South Africa and Africa's economic contexts. It is essential for meeting current challenges and uncertainties to build and foster a co-owned, sustainable, and resilient future. Importantly, it must be clearly distinguished from other forms of investment, such as portfolio investment, mutual funds, and exchange-traded funds. Furthermore, the definition of FDI must also include those over which a controlling share or rights exist. This encompasses not just the operation of a business, but also its administration or any shareholding role therein. FDI comprises mergers and acquisitions, amalgamations, the establishment of companies, and direct capital investment through retained funds in businesses already foreign-owned. Investment only qualifies as FDI if the investor, whether an individual or a corporation, does so with the intention of influence and control a company or a collective of companies. This rules out shares or participations in South African- or foreign-owned companies and ensures that only mergers and acquisitions, establishment of new firms, and direct capital through active owner-investor participation count as FDI. FDI can also take two forms: equity stocks or shares; and debt. The best known and most important is equity investment, where the controlling party's share(s) of the voting rights are considered. Ultimately, it is best described as cross-border investments of a continuous and enduring nature, made by a resident entity in one economy, country, or jurisdiction with a view to establishing a long-term interest and significant degree of influence or control over the managerial policies of an enterprise that is resident in the host economy, country, or jurisdiction.

## 6. Ghana: Political Stability and Economic Growth

Ghana became the first sub-Saharan country to achieve independence leading to a period of political and economic turmoil that dominated the post-colonial history of most African countries. The recent past has seen the most stable period that has also led to a remarkable degree of economic growth. As the country moved further away from the days often labeled as the lost decade of the 1990s, optimism about the future increased but expectations became inflated too.

Ghana is perhaps the best known and the most described of all African countries. It seems to have succeeded, at least to some extent, in the quest for development. Nigeria, the most populous country in Africa, could not repeat Ghana's early success. Neither could Kenya, the most important country in East Africa, achieve Ghana's stability. Although comparison with very different countries like Botswana and Mozambique may seem to be somewhat unfair to Ghana, it is still remarkable that despite the fact that all of these are relatively small countries by African standards, or in the case of South Africa, all the way up to the international stage, Ghana had to deal with a similarly imposing neighbour. While in the case of the two West African countries, the counter-factual disaster of civil war there was not the case with Ghana, there has recently been a legitimate fear of political rupture in the wake of a contested succession after nearly three decades of rule in the face of declining health of the then president.

Nothing of this happened or changed; rather Ghana was described to have reached the limits of viability and development policy compliance. Major macroeconomic setbacks occurred, especially in 2006 and 2007, as Ghana was coming nearer to the cleavage point of the anticipated middle-income country status. Many of these new developments were unexpected, notably the oil discoveries in the mid-2000s and the harvest of the crop in the early 2010s. Despite inflation being in double digits during most of the 1990s, by the late 1990s this situation had significantly changed, and people had started to wonder whether Ghana had succeeded in taming the 'beast' of inflation (Baker, 2016).

### **6.1. Democratic Governance and Economic Policies**

Many assert that the economic problems of Africa possess political origins. They point to a lack of political accountability and argue that economic reform and the renewal of growth depend upon political reform and competitive electoral politics. In particular, we focus on the policies of its governments and on the institutions that influence their policy choices. Many reasons have been offered for Africa's poor growth performance. Still others point to political factors and emphasize the quality of governance in Africa. Case studies lend support to the last set of arguments. In both Nigeria and Ghana, military governments engaged in the wholesale looting of the national treasury. In Nigeria, the government of General Abacha diverted over \$2 billion of Nigeria's export earnings from the oil industry to private bank accounts abroad (Humphreys & Bates, 2010).

Most African countries had been forced to adopt market-friendly policies in a context in which policy choice was dictated by a shift in the balance of power in the world. Countries pursuing market-sustaining policies faced improved terms of trade. Bad policy choices were penalized by capital flight, cultivation of informal exchange markets, and so on. Advisers and the press focused on corrections. In other investment-starved countries, internal policies introduced by civil servants fearful of the consequences of civil unrest emphasized public signaling. Budgetary reallocations favored non-import replacements. An African lender complained about inappropriate adjustment practices when 90% of food aid went unrecorded by the central bank (Oby Obiorah, 2014).

### **6.2. Natural Resource Management**

Africa has abundant natural resources with the potential to drive its economic growth and development. However, these resources have not been leveraged for the continent's transformation as they have been used to enrich elites whereas the majority of the Africa's population remained impoverished. As resource-rich countries look to develop the linkages between the resource extraction industries and the non-resource economy, they must overcome a number of challenges which can vary in importance from country to country. The evidence from Botswana, Ghana, Mozambique and Zambia of poor performance in both the oil and gas sectors and the mining sector. The first set of papers provide a case study on the efforts to build linkages in each of these sectors, reviewing the main opportunities and constraints, and drawing lessons for other resource-rich developing countries. The second set of papers focuses on different aspects of mineral resources available in Africa: diamonds, oil, gas and copper. The papers draw on a range of relative case studies exploring how successfully Africa has used these precious resources (Kaplinsky et al., 2011). The interviews of mining industry executives were completed in January 2010 to gauge client views on the appropriateness and value of a comprehensive report on linkages to be authored by the Bank. The industry executives were asked a series of questions covering the definition of linkages, expectations of local content in client-developed projects, understanding of the Bank's role in the context of client extractive investment, and potential avenues to share knowledge on this topic. The purpose of the interview was to workshop ideas around the contents and expected scope of the comprehensive report, as well as to obtain insight into the potential user read of the work. The group consisted of regional-based resource investment executives, as well as two specialized econ-development-focused executives. As such, there were a range of views expressed on the topic. Overall excerpts provided were distilled to capture observer expectations of a report of this breadth and scope along with practical suggestions on workstream prioritization.

## 7. South Africa: Bridging the Development Gap

Since the end of apartheid in South Africa, the country has been a significant recipient of aid. Total assistance is at around ZAR8bn a year, which includes ZAR2.9bn in bilateral commitments. South Africa's main bilateral donors are the UK, the EU and the Netherlands. In January 2011, as part of the 2011–2015 strategic development partnership, the UK Department for International Development announced it would phase out its assistance by 2015. Finding this surprising and very significant, the Department cited various reasons for South Africa's changing status, chiefly that it is now regarded more as a donor than a recipient. The result of this change in status has raised questions about what happens to the global South Africa's ODA contribution of ZAR540m, which is greater than the rest of the region combined (Grobbelaar & Chen, 2014).

The South African Treasury undertook an extensive review of the country in its first decade of democracy. The 2006 report was a turning point. This report concluded that South Africa's ODA was very much of the larger donor kind comparable with countries such as Sweden and Norway. This includes 7 per cent of gross national income going towards regional development. Much of South Africa's regional development assistance is better understood as part of Southern cooperation. The post-Cold War period might be called the "Southern co-operation" phase, articulated in the UN Buenos Aires Plan of Action of 1978. The BRICS partnership allows South Africa to re-engage with countries such as Brazil and Cuba on new terms that are not dominated by former colonial, neo-colonial or apartheid history, but are based on common recent experience of exclusion, marginalisation and criminalisation in international affairs.

Consequently, South Africa identifies with the global marginalisation of the African continent and its concerns in relation to non-UN development assistance institutions. To this end, South Africa and its Development Partnership Agency can appeal to its BRICS and G20 partners to contribute to the regional global public goods agenda. African countries expect a bridge-building role from South Africa. This expectation is not just due to South Africa's diplomacy. As Africa's most diversified and developed economy, South Africa occupies a unique position in the international development debate. It is in an important group of powers in the future governance structure of the global system, along with countries such as China, Brazil, India and Russia.

Africa's "fifth" BRICS informs South Africa's diplomacy and development partnerships. Yet, it is also a country under a national international spotlight. South Africa is expected to contrast its unique realities with those of the advanced countries; to show understanding of and solidarity with the conditions of the majority of countries; and to advocate the need for creating an "architecture of automation" of inclusive development paths based on sustainable industrialisation and employment generation. That said, South Africa is under extensive scrutiny. Even small missteps can generate strong reactions in the print and digital media, and/or produce significant institutional repercussions. Thus, South Africa treads a careful but pivotal path in the diplomatic realm.

### 7.1. Economic Diversification Strategies

Since the resumption of the three decades of continued Economic Growth in Africa, the overall diversification pattern is positive but also nuanced (Ben Hammouda et al., 2006). At a higher level, a new wave of export diversification, complemented by a range of new production sectors is underway for a significant group of countries. This includes some of the continental giants, but not Zimbabwe, which despite its past diversification is being adversely affected by a shrinking public sector and a collapse of mineral exports. At the commodity or product level, the overall diversification pattern hides heterogeneous evolutions. New products or industries are being targeted in transforming food processing, leather

manufacturing, and high technology exports; and those that are being displaced are of low individual impact. However, significant structural rigidities in the production of the traditional commodity-extracting sectors are witnessed. Indeed, although the overall share of exports of beverages, foot wear, and manufactured goods is increasing, these have remained low at the individual level.

Notably missing in the development of the recommended architecture are the measures and rules needed to deepen and support the intra-regional diversification process. For the latter to be inclusive, Joint Industrial Committee mechanisms to manage and implement Regional Trade Agreements in export sectors should also be devised. Intra-regional trade has to be similarly encouraged with measures to facilitate exports, enhance market information, and stem the tariff escalation roadblock. Moreover, a keen eye is required in keeping the diversification and traction process on track in the shadow of the current draught of emerging protectionist and unilateral trade measures. The fundamental and technical evolution of both the macro-global and growth-diversification trajectories, the new map of factors, and the new recommendations proposed here can be the basis for the re-appropriation and the ownership of the agenda by Africa.

## 7.2. Social Challenges and Economic Solutions

A snapshot given by Lincoln highlights that it is important to appreciate both the growth and the challenges of Africa. This is particularly important for global corporations seeking to build business in Africa who are still reeling from the socio economic political shocks. Africa is endowed with far reaching resources which can provide raw materials and even diversifying beyond commodities. are rivalling for a stake in Africa as seen through the buying up of local banks. This creates an interesting dynamic as investment opens avenues for rapidly growing banks trying to control the value chain and build scale whilst also permitting hedge funds scope to enter the private equity market bidding uncharacteristically high rates for stock in banks. Increase in regulatory oversight means that the finance investments mostly great traded or private equity must work closely with management tools to extract value. The recent interest shown by Asian companies in Africa provides an alternative in terms of capital investment. Africa socio economic political problems however persist. The informal sectors' continued dominance limits possibility for tax revenues. Infrastructure gaps constrain economic growth and access to base health. The consequences of marginalizing the poor, continued scale and such as HIV, exacerbated by declining international funding assistance are fanned by growing regional disparities. As evidenced in Kenya, elections increasingly divide communities all too often resulting in violence as opposed to celebration of democracy (F. Adebayo et al., 2019).

Financiers and businesses are on one side of the management equation whilst on the other are researchers economists and advisers on the socio economic political growth landscape in Africa (Amankwah-Amoah et al., 2018). Often acrimonious debates ensue between financiers and advisers in challenging assumptions as to the ability of nation states to weather the storms and forces with personal firms facing. Somethings are hopeless impossible or irrelevant. Some of which have been raised previously in the plenaries have validity in thinking about how firms will develop in Africa. All must come to term with this key issue: as firms adapt to serving consumers and accessing resources in Africa's economy what changes are likely in the nature structures and behaviour of corporate Africa? An African view in thinking about business and economic growth in the context of key worries concerns issues and challenges driven mostly by socio economic, political malaise, will dramatically differ from outside views or more narrowly focused global views.

## 8. Nigeria: Navigating Economic Challenges

Since 1973, Nigeria's economy has been 100 per cent dependent on oil exports for its foreign exchange and domestic revenue. The fluctuating prices for crude oil in the world market have had severe and debilitating impact on the economy. Another major challenge to the economy is the persistent trends of the Nigerian economy in total GDP growth rate, oil GDP growth rate, non-oil GDP growth rate and GDP growth rate less oil (Obamuyi & Oladapo, 2016). Extreme low oil output in the 1990s has made the economy vulnerable to outside shocks. Consequently, the economy is single sector-dependent.

Nigeria's government should diversify the economy by guaranteeing a government-mandated price, and encouraging Nigerian farmers to plant more oranges and pineapple crops for juice production. Nigeria faces socio-political crises such as resource mismanagement, poverty, unemployment, insecurity, corruption and slow economic growth. Though Nigeria is endowed with abundant natural resources, the economy is underdeveloped. Different governments have come to power, abandoning economic programmes set up by predecessors. Politicians, civil servants and individuals have profitably cornered public resources for their personal aggrandizement.

Economic reforms have been announced by the Governments of Nigeria to develop the non-oil productive sector of the economy because of the dwindling oil revenue. The performance of the government, which is invariably the allocation and management of the country's wealth in the past has not been faith-driven as it took no cognizance of national criteria for allocation of rural and urban areas. The public and fisheries resources are wasted, invested and consumed rather than prudently managed to grow the economies fruitfully. Agriculture is the mainstay of the economy but is faced with many challenges such as land degradation, population growth, inefficient marketing of agro produce, lack of modern technology and urbanization. Population growth has added pressure on land and the environment.

### 8.1. Oil Dependency and Economic Diversification

Historically, Crude Oil was discovered in Nigeria in 1956 and production began in the early 1970s. The discovery of crude oil has contributed to the economic growth of Nigeria, making it the highest earner of foreign income, the highest share of total national revenue at both federal and state levels, and accounting for over 80 percent of total exports at the moment. However, since 2008, crude oil prices began to nosedive, which is very detrimental to the economy of oil exporters like Nigeria. Lower oil prices have increased concerns about the sustainability of government budgets and reduced foreign currency inflows to oil-exporting states. Because of its mono-economic dependence on oil, Nigeria's economy has faced severe challenges. In one of its policy recommendations, the National Economic Management Team urged the need for economic diversification into agriculture, manufacturing and other sectors (Chinecherem Uzonwanne, 2015).

With regards to oil dependency and economic diversification, Nigeria ranks among those nations in the world that are most richly endowed in terms of deposits of natural resources. Nigeria has a large endowment of renewable natural resources, which include abundant groundwater resources not only for agriculture, irrigation and food production, but also for domestic needs throughout the nation. The Rivers Niger and Benue are the main sources of fresh water which are intersections at Lokoja. Nigeria is also endowed with abundant insults, coal, diamond, clay and metallic minerals. Nigeria is blessed with enormous deposits of onshore and offshore reserves of crude oil, natural gas and gas-to-liquid. However, attaining the desired level of economic diversification continues to prove very difficult. Africa's economic development has been very slow. Scholars posit that Africa's great potential of economic growth has not been matched with economic development. This inevitable fact has based the small size of its economies,

which have hardly changed, especially with regards to SSA. Also, it has challenged the continent's place in human society. African countries have neither suffered the fate of failing completely nor achieved the ideal state of developed economies, like countries in North America, Western Europe, Southeast Asia and Oceania.

## 8.2. Youth Empowerment and Job Creation

In Africa, youth empowerment and job creation are important for achieving sustainable development that reduces poverty, inequality, and unemployment, and promotes inclusive growth. By investing in youth empowerment and job creation, Africa could benefit from the demographic dividends with increased youth labor force participation, income-earning opportunities, productivity, and economic development. A broad range of policies and interventions can potentially influence economic and welfare conditions, skills, confidence, and aspirations of young people and shape their decisions related to education, training, employment, entrepreneurship, and pro-social behavior. However, strategies targeting the same objectives and groups may have a different impact and success in long-run job creation.

In Africa, youth empowerment, education attainment, skills development, and access to employment opportunities are important determinants of youth labor force participation and income-earning opportunities. More education attainment, vocational skills, and entrepreneurship opportunities have important pathways in creating good jobs and welfare, while pro-social skills improve labor market outcomes. However, agrarian or non-agrarian wage jobs may not have a significant impact on economic development and poverty reduction in Africa (NWAObi, 2013). A mix of policies and interventions that target youth empowerment and job creation has improved labor force participation and labor market performance across countries. Active labor market policies that emphasize matching, wage and demand subsidies have a positive but modest effect, while policies that expand youth agency are effective in improving labor market outcomes.

The education job mismatch is an important challenge for Africa, and poor education quality has been alternatives to youth agency (Amsler et al., 2017). Formal job creation is marginal in Africa, mainly due to slow economic growth or structural transformation. Currently, self-employment would provide a near-term alternative to youth agency. On-account jobs cannot be easily formalized, despite two out of three self-employed youths being artisans, traders, or farmers, with lower monotonous unskilled self-employed youths than in Asia. Despite a large pool of informal jobs, Africa has strict labor regulations limiting the formalization effort. Therefore, investing in innovative, productivity-enhancing technologies with second-generation reforms in labor, product, and financial markets is important.

## 9. Lessons Learned from African Countries

The state of African countries' economy is very poor, small, vulnerable, and heavily dependent on the primary sector. However, there exists the alarming issue of economic growth with employment. Substantial sections of the population are unable to realize and follow such services. Economic growth has become more elusive for countries in Africa's social, political, and economic development. No time has been characterized by the rapid transformation seen today in post-colonial societies. Globalization is one of the most important contemporary phenomena shaping the world today. It is generally understood in a narrow sense as the growing linkages and interdependence between national economies via global and regional trade and capital flows. This market-driven globalization is also multidimensional, multi-purpose, complex, dynamic, and multiform (Cyril Mshanga, 2016). It accentuates the forces of liberalization, deregulation, and privatization of economies, which leads to economic growth with

solidarity, equality of opportunity, equity, and justice. However, traded-based globalization has an adverse effect on societal development. It has been shown to be an unequalizing process with growing disparities between and within countries.

The initial conditions of the countries in Africa made them more vulnerable to dependency, marginalization, and economic and human poverty. Subsequently, the design and implementation of structural adjustment programs made it impossible for many countries in Africa to achieve a reasonable level of economic development, maintain macroeconomic stability, and address serious social problems. This meant that economic growth occurred without improvement in social and economic development. Within the politically defined borders of Africa, states are extremely poor in human, infrastructural, technological, institutional, monetary, and financial resources needed to meet the growing challenge of globalization. There is little local ownership of resources, and these failings have rendered African economies incapable of following an inward-oriented development philosophy. However, if sovereignty lacks a definable basis in power to shape the processes of development, post-colonial order is at best an empty shell; allegations of sovereignty could be merely rhetorical stratagems (F. Adebayo et al., 2019). From this point of view, there is the need to rebuild states in Africa. In the new reconstruction, decentralized developmental states that are invested in accountability, transparency, and state capability need to be forged to ensure national ownership of programs, policies, and resources while fostering popular participation and control of the processes of development and reproduction of societies. The tough question is whether help could be provided in forging a development philosophy and a viable strategy that takes into account the true state of the countries in Africa, the global and regional order.

### **9.1. Best Practices in Economic Partnerships**

Competition among national economies is now global. The East Asian states who constitute the most dynamic economies in the world are those who understood the impact of globalization early on and embraced the changes in the environment. For future development, Africa needs to develop partnerships with the West, Japan, and China. This can be allied to competitiveness, co-destiny, and East Asian development. The panel recommends Africa's proactive involvement, innovation, ownership, and creativity, political sincerity and accountability to the political economies of these states. The participation of business associational groups is also recommended. It is hoped that in the year 2020, all African regional states would not only have turned the page on poverty and underdevelopment but also would have become development partners of the East Asian Pacific rim and the G-7 states.

Well before independence and even after independence, attention had been given to development planning in Africa, but unable to jumpstart the economic growth of the continent. Meanwhile, competition among national economies is now global. The East Asian states who constitute the most dynamic economies in the world are those who understood the impact of globalization early on and embraced the changes in the environment. As the global economy becomes knowledge driven, behavior and views of Africa are also becoming framed. The challenge ahead is for Africa to develop partnerships with the West, Japan, and China. Offer compelling case studies for a proactive involvement by all concerned. Explain the elements of ownership, creativity, and innovation, which have been lacking in previous efforts. Without innovative ownership, only model localities would emerge. Political sincerity and accountability are essential, unlike before, when corrupt criminal enterprises bedeviled elsewhere.

### **9.2. Challenges and Opportunities**

With fast urbanisation and rising levels of wealth, Africa represents a significant market opportunity, providing scope for widespread development. However, entering the African market carries risks: the

underdeveloped and unreliable nature of the infrastructure systems, volatile economies, changing political climates, and ill-known macroeconomic paradigms. Geographically and politically, Africa is large and fragmented, with 54 sovereign nations often with differing languages, cultures and economic systems. The continent is home to numerous ongoing armed conflicts, all of which provide significant burdens in assessing macroeconomic prospects as perspectives must adjust to deal with poorly understood risks (Amankwah-Amoah et al., 2018). On the upside, investment opportunities abound across the nominally unpressurised continent from off-the-beaten-path mobile networks in Tandale, Dar es Salaam and commuter rail in Lagos and historically and aesthetically significant sites in the cradle of mankind, Tanzania. Statistically, Africa may be an underinvestment opportunity as stock market indices for Africa represent <2% of the world's weighted assets, but overall indices appreciate faster than the MSCI World and the S&P 500. Such opportunities, however, come hand-in-hand with significant cross-border investment risks. Beyond agreements with nominated regulators, the relevant operational foundation for many services would be subject to nationalisation in some countries.

### **10. The Role of International Organizations**

The smooth functioning of the global economy is likely to be challenged by the uncertainty about developments in global currency markets triggered by the US changes in interest rates, international oil prices, escalation of trade tensions, and the distortive effect of national trade policy interventions. In Africa, the challenge will be to maintain a positive growth momentum while confronting these external threats. This means putting in place the right policy mix that would help the private sector to invest, create jobs, and develop regional markets (F. Adebayo et al., 2019). The current environment calls for rapid steps to reform, in order to seize the opportunities for export diversification and growth offered by the changing global external environment.

A central and most urgent step is to remove macroeconomic distortions hampering investment in agriculture and agro-processing as a path for rapid growth and poverty alleviation. Based on comparative advantage and good agricultural potential, the competitive development of agro-processing industries should be a policy priority. To aid the diversification of exports into high-value-added, dynamic-world markets, it is important to allow exchange rates to move further toward more realistic market levels and to eliminate tariff peaks and non-tariff barriers on exports as a means of building up the necessary infrastructure. National policies should also focus on improving infrastructure and the quality of institutions, targeted public investment implementing incentives for the private sector, and aggressive actions in labor markets to enhance the acquisition of skills. The importance of investment in human capital to socio-economic growth is well recognized. Human capital development is centered on investments in education and health.

The countries of Africa will need to counter the pressures upon them as a result of significant structural transformation taking place in China and India. This is a major restructuring of globalization with large obstacles emerging to impede free trade in goods, services, capital, and labor. Globalization is now under attack and extreme nationalism may have an unbelievable logic to it. While India and Africa are destined to find each other in due course, the imprint of globalization is under threat and Africa, incapable of capturing its growth potential amidst significant structural transformation taking place in China and India, runs the risk of being left out.

### 10.1. Support from the United Nations

The UN has acknowledged a major role in bringing the international community together for policies to foster peace, stability, and security in Africa. It is committed to taking an active part in the African Union's efforts to maintain peace, stability, and security on the continent. In line with the UN General Assembly's resolutions on the prevention of armed conflict, the UN continues to assist the AU in enhancing its conflict prevention and peacebuilding capabilities (F. Adebayo et al., 2019). It also supports the AU's efforts to enhance its operational capabilities to carry out effective and timely humanitarian response operations, by facilitating the establishment of a framework for coordinating international support, assisting the AU Commission in developing relevant strategies, and enhancing the capacity of the AU's Peace Support Operations Division. The UN believes that investing in development is key to achieving sustainable peace in Africa. It is finalizing a UN integrated strategy for the Sahel, linking humanitarian, development, and peace efforts, and drawing on a new framework on resilience in the drylands. Since 2001, the UN has provided US 90 million to 15 programs in four countries in the arid and semi-arid areas of the Sahel. It has launched the Sahara Initiative aimed at enhanced cooperation with regional organizations in Trans-Saharan security. It has established the Global Counter-Terrorism Agenda to tackle opportunities for terrorist recruitment across Africa.

While the deepening of democratic governance remains a priority, the AU's peer review mechanism has opened the way to a more constructive engagement on these issues with its member States, and the UN emphasizes the need for universal ratification and effective implementation of the relevant international conventions, instruments, and protocols. Continuing close cooperation with subregional partners, particularly in West Africa, is deemed essential in supporting national efforts to address the scourge of coups d'état, unconstitutional changes of government, extra-judicial killings, and impunity. The UN Security Council and the General Assembly recognize that the effective fight against terrorism in Africa must be based on a wide-ranging approach focusing not only on security, but also on addressing the underlying social, political and economic grievances which promote the recruitment of new terrorists.

### 10.2. Partnerships with the African Union

Development partnerships have become an essential part of the African Union's relations with other Southern and Northern actors. Over the past five years, the AU has worked on a range of new partnerships and significant developments have taken place. One is the second five-year phase of its partnership with the European Union. Furthermore, the Tunisian revolution in 2010 and the Arab Spring that followed it has changed the multi-faceted dynamics of North-South relations for the African continent. Countries have re-shaped their approaches to the African continent and there has been a growing awareness of political developments in Africa (F. Adebayo et al., 2019).

The rise of the BRICS countries and their attempts to address imbalances in Africa's multi-lateral relationships with other states has led to the conceptualization of a partnership framework with these countries. Similarly, the AU has worked on a more proactive policy engagement with the Gulf countries. The heightened interest from the Gulf countries represents a trend towards the diversification of development partners. The follow-ups to the First African Growth and Opportunity Act Forum held in Washington in 2014 have been fruitful and gathered momentum. On the financing side there have been new AU initiatives in harnessing financial resources including a Private Sector Forum (Rodriguez Yong, 2016).

There has been an unprecedented level of attention to African issues by development partners. An important part of this is the importance of the African Union. The Union had perceived itself, at least in

the past, as an organization that would not lend itself to actions like conventional international organizations. The ruling of the International Criminal Court against President Kenyatta of Kenya and President Al Bashir of Sudan is perceived by the AU as an assault on African sovereignty. This construct is not new but has continental political and socio-economic ramifications.

## 11. The Impact of Global Economic Trends

Global economy has witnessed some high growth in the 21st century, which is supported by technological progress, growth of global financial sectors, trade liberalization, among others, and globalization has looked sustainable. Indeed, India and China were identified as the new economic Gods and their growth seemed everlasting.

This vision became blurred since mid-2007 as the turbulence in the sub-prime market took off to deliver destructive waves, starting from the financial market to the real economies and spilling over across the shores of the oceans. Some economies collapsed under the financial Tsunami, while many others have been dramatically affected by it. Advanced economies are experiencing one of the longest recessions ever and growth has been averted in many emerging markets and developing economies. The recent trend in oil, metal, and food prices is indicative of waning demand in advanced economies and a crippled world economy. For sure, this will have a real impact on African economies (Cyril Mshanga, 2016).

Currently and for the first time during the global depression, Africa's growth could not outpace the world average in 2009 and other emerging markets and developing economies. Events in the past few years testify that Africa is slowly but progressively being integrated into the global economy arena. However, this continent along with islands continues to be the least globalized in terms of trade channel and intensity. The uncertainties surrounding Asia continue to linger, mainly around the growing tensions between China and Japan linked with the territorial dispute known as Senkaku Islands in Japan, which is part of the Diaoyu Islands claimed on by China. The growing economic tensions and protests within India and changing policies by the new leadership entered a new phase as well (Oby Obiorah, 2014). While such geopolitical trends are noted and linger on, their consequences on economic affairs concerning this continent remain ambiguous.

### 11.1. Effects of Globalization on African Economies

The advance of globalisation from 1989 has radically changed the equity of wealth distribution, investment and income growth between countries (Oby Obiorah, 2014). Today, overall world output is growing faster than population and wealth is permanently shifting to a new financial order centred on emerging economies, particularly in Asia and the Middle East, the rest of the world being generally worse off. Depending on how success is defined, this may be the most utopian or dystopian time in history. Most developed countries are in debt crisis while untold numbers in emerging countries are attaining unprecedented levels of wealth and lifestyle improvements. Asset inflation for those fortunate enough to own property, shares, bonds or commodities has created impressive apparent stability. Uniquely for Africa in recent memory, equities markets are growing and Africa's GDP is up.

So rapid and noticeable are the changes that opposition groups are doubling their inquiries about business opportunities in the continent, able to tap into otherwise financially seductive deals. Media reports in the past six months portray new opportunities for business, good times ahead for industrial growth and positive shifts in global trade, whether export-based for economic growth in Africa, or as importation pay-offs for receptacles of raw materials and commodities to offset concerns about energy or food security. Within the years up to 2008, economies in Africa were reported as growing strongly as a century on from

slaughter, piracy, exploitation, genocide and colonialism. Intangibly speaking, in the dizzying rush to embrace growth in call centre investment, outsourced processing and raw-material mining or manufacture, a potentially definitive moment for the continent slipped through the “noise-trap” being neglected.

The “turbulence” in Africa's economic crisis on Africa was cushioned by her limited involvement in international capital market deals, more so fixed income, bonds taking time to gain footing and less integration to globalisation. The downturn in the global market and the reduction in incentive for Africa to access credit may discourage investors to increase their exposure to the continent. The amount of losses suffered may be huge, but they were not centre-stage or of a type which a thousand equations could calculate ad infinitum. Similarly, whatever is unquantifiable may not matter much at global scale or attract donations, international meetings, conferences or the bureaucratic hoops for “international development”. China depends tremendously on African exports, 120 million people may be thrown into poverty overnight. Africa’s trade is “nose-diving” and may worsen as advanced economies choose cheaper holiday destinations and import less. Nevertheless, ever so often, reassuring signals emerge from the continent, such as the fragility of monoculture. More people today are living in absolute poverty than thirty years ago, but the number is also greater than ever.

### **11.2. Adapting to Global Economic Shifts**

The need for African economies to quickly adjust to global economic downturns or opportunities is a key issue in debates over the future of economic development in the region (Cyril Mshanga, 2016). Economic rapid growth seems to be the continental stand throughout the door of globalization. In the last decade, world media and related information channels devoted much energy and presence to aggrandizing the fact that ‘Africa is the next frontier for business and industry’ correct? Progressive African governments and leaderships have been raved, praised and idolized for carrying out necessary improvements and reforms (Oby Obiorah, 2014). In-depth discussions were centred on, now combinable with, this fundamental hope, how to quickly turn discoveries into mega prosperity. Individual African countries are engaged in organizing, re-organizing, guaranteeing and emphasizing ultimate commitment to profitably delivering transport, power and concessionable access to resources or services to the layout of bandwidths, or to devices quicker than others. Individual businessmen by exploitations of footages have invested attentively with expected paybacks.

Media reports further hinted at a situation grandeur and luxury being reserved and built preposterously for guests few are expected to attend. Enthusiastically anticipatable hosting global events are fated not to be underestimated which should transpose nations quite further in a leap frog scheme. All these efforts must, however, be cautionarily tagged with self-sufficient framed questions of sustainability or social embedding. The global economy is shifting to a downturn that has engulfed developed economies, wakened and threatens potential powerhouse economies and is expected to slow, although not at all with equivalent magnitude, growth in developing countries like Africa. There are already minute variations in the size of the spread and effect of the crisis with embarks of movements in media reports around new terms like stimulus packages or unhappy controversies. Interest rates and equities are plummeting, mortgages and credit available are gravely and seriously curbed, production is deeming out and markets are anticipated to digest and arbitrate prices.

### **12. Future Prospects for Africa's Economic Growth**

High expectations for Africa's economic growth arise from a favorable environment brought about by soaring oil and other raw commodity prices as well as the growing competition among global players to

secure access to vital African resources. As a result, GDP growth in Sub-Saharan Africa, with the promising oil-rich areas of the Gulf of Guinea, is forecasted at an optimistic average of five per cent a year during period 2006–2010 (Kohnert, 2008). Africa is thus on the way to become a promising new investment destination. Expectations of a flourishing Africa have been dampened by realism about Africa as a difficult environment; by worrying forecasts of a pandemics-ridden continent; and by pessimism about Africa as a lost cause.

Nevertheless, as players such as Nigeria, Ghana, and Kenya, recent net oil exporters and important cocoa, gold and diamond producers, have managed to use the newly gained leeway of rising oil prices – in comparison with earlier debt relief granted by the Paris Club countries – to jointly raise independent funds for long term investment. Major African countries have, by the previous dramatic deterioration of the Gulf States landscape, been forced to explore new avenues of international relations owing to the relevant fallout negative patterns of capitalist development; loss of competitiveness; an arms race; capital flight; or felt as being disadvantaged in the quest for a new geostrategic equilibrium diminished Western strength. Others like Uganda and Mozambique have profited from the top interests of Asian superpowers in the quest for vital resources and unexplored emerging markets (Mensah & Özer, 2016).

Africa's positive and negative elements for the realization of the hopes arising from soaring raw material prices are put into consideration by – inter/and intra-regional or bilateral – cooperation agreements; ambitious programs; and conference declarations. Africa's favorably disposed issues are: soaring oil prices as well as other raw commodity prices; threats concerning resource scarcities and climate change. Simultaneously, several issues have been prioritized which are perceived to be threats or weaknesses of the continent. North African and Euro-Mediterranean cooperation (despite some misgivings of the former); negotiations over an African Continental Free Trade Area; renewed attention and resources for the empowerment of Regional Economic Communities; and advances to establish and to strengthen other institutions such as the African Investment Bank or the African Monetary Fund are cautiously optimistic effects of the current fortunes of Africa.

### **12.1. Emerging Markets and Investment Opportunities**

The resolution of African policymakers to take advantage of new opportunities for development has been highlighted at this critical time. Africa has emerged as one of the most promising regions to invest in over the next decade. Emerging markets represent strategic opportunities in the continent as well as challenges. Africa can help meet the world's demand for resources at a time of prolonged global commodity shortage. Sub-Saharan Africa's abundant arable land, clean water, and climate well-suited to agriculture positions the region to become a future breadbasket, addressing growing food insecurity. A young and fast-growing population can fuel the world's labor supply. Africa can leverage this demographic dividend through strategic investments in education and health. All these create a strong motivation for Africa to become part of the global community and share the benefits of its natural resources. The continent is in the thick of globalization and will be confronted with all its challenges and pitfalls, potentially gravely compromising its chances of development. At the same time, it provides an opportunity to deliberately lower the risks associated with economic specialization and setting up trade networks globally (Nwaobi, 2006). Long-standing inefficiencies in providing economic support to investors in the business environment can finally be met head-on. Investors looking for new opportunities present the government with a unique chance to address the impediments to having its share of investment, actively supporting investments in new sectors and commodities with new human resources capacity needs in the continent. A concerted effort to address inflation stability, infrastructure, and investment climate surface factors of

concern is needed. This can be implemented incrementally by establishing credible policies based on new realities facing the government and developing institutionally viable schemes to attract FDI to the remaining sectors of the economy. Long-standing initiatives such as the IMF's private sector development strategy can finally provide Africa with policy choices in a world with fewer restrictions on the movement of capital (Cyril Mshanga, 2016).

### **12.2. Sustainable Development Goals (SDGs) Alignment**

Within the context of the United Nations' 2030 Agenda for Sustainable Development, most member States commit themselves to a vision of achieving "sustainable development in all its economic, social and environmental dimensions." It requires a comprehensive new agenda covering all three sustainability dimensions, which should include post-2015 economic and environmental goals and targets as well as social development goals and targets, ensuring a balanced approach across these three pillars. Furthermore, "also relevant to all targets" implies that there is a new insistence on not just the right to development and an equitable international economic order, but an international development agenda not only to address the governance dimensions of economic globalization and achieve policy coherence among all actors, but also with a markedly developmental and redistributive dimension aimed at maximizing synergies as well as the spill-over effects of growth (R. Lueddeke, 2015). These developmental aspirations would include comprehensive structural reform and the global inclusive development agenda to address asset inequality as such, rather than merely resource inequality. To fill this wide gap in governance capability, adequate global institutions are needed. "The SDG targets address the responsibility of governments at all levels for their own national policies and international cooperation." In examining global SDG mechanisms, this paper needs to focus on those directly concerned with global governance. Three sets of mechanisms need particular attention: a universal peer review mechanism for voluntary commitments, international networks of action for forensic review, and a global review body with a legal personality and supporting global accountability mechanisms. Other measures such as shadow reporting and civil monitoring will not be covered (Mlambo-Ngcuka & de Silva de Alwis, 2019).

### **13. Policy Recommendations**

Africa is still failing to match the high and sustained growth rates of Asia. In the last decade, it all now seems nice that Africa was the last frontier of the world's emerging markets and that this was Africa's century. Population growth in Sub-Saharan Africa has averaged around 3%, whereas GDP growth in SSA has averaged around half that level at around 1.5%. And with population growth accounting for the large bulk of the growth in GDP per capita of around -2% for the region, it can be concluded that nothing at all of significance happened to the standard of living of residents in SSA countries over the decade. So, not much to brag about Africa.

Africa should seek to improve its ties to the BRICS. Japan and Russia are braced for a protracted effort to secure the allegiance of African leaders. Africa should hedge its bets and maintain a balanced array of trading and investment partners. Despite robust demand from emerging markets, Africa continues to be mostly "a doughnut" in which the fruits of demand are not felt on the ground.

Successive global financial crises have reignited fears and apprehensions of the vulnerability of economies on the African Continent. There is a widespread perception that economic prospects from the past will be further dimmed by new realities embedded in Africa's heightened exposure to global financial volatility. Consequently, the focus here is on Africa's exposure to pandemic outbreaks, security crises, governance crises and food and energy price shocks.

Some public costs were kept down on the “free-ride” hypothesis as fiscal revenues from commodity exports were underwritten by various exporters, smoothing global financial jitters. Emerging market economies and developing countries were engaged in the “de-coupling” hypothesis as their share of world markets was set to increase.

Swathes of African countries, often commodity rich but with scant human capital, were branded as “frontier” economies and expected to yield yields a decade ago superior to those that prevailed on the continent. By the end of 2014 a continent that appeared to be in its economic Spring was seen again more as a “lost” continent beset by new uncertainties worse than those encountered during the 1990s. Treasury officials in G20 countries will need to redouble efforts to set up ministries of finance on the African continent with low public sector debt burdens that wish to reform policies abandoned prior, to reduce reliance on external financial institutions and strengthen oversight over liquidity.

### **13.1. Enhancing Trade Policies**

#### Enhancing Trade Policies

Africa’s involvement with the rest of the world is primarily pursued through the avenue of strategic partnerships. The Global Community comprises all other countries with which Africa can have partnerships with a unique approach and interest. These partnerships are seen both in terms of their collective and bilateral perspectives. Africa sees its own and the global community’s approaches toward these partnerships to identify common goals for deepening Africa’s involvement with the global community. As captured in Agenda 2063, Africa seeks development that is sustainable, cyclical and inclusive in trade, commerce and investment. This reflects Africa’s broader need for growth which it shares with the rest of the world. To achieve this in view of the continent’s unique histories, structures and capacities, Africa believes that the most appropriate starting point is the creation of an all-inclusive African society characterized by good governance, democracy, rule of law, human rights, dignity, justice and equality. It envisions a peaceful and secure continent, an Africa with a strong cultural identity, a common heritage religion and values, an Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, an Africa where development is benefitting from the most data and learning institutions, and an Africa having global competitive edge in terms of science and technology.

The Global Community’s policies apply through the existence of an inter-relational system between countries requiring collective evaluation of policies to identify enhanced measures to the mutual advantage of both Africa and the Global Community. This is considered from within Africa’s Goal 2063 of development that is: cyclical, inclusive, sustainable as envisaged in SDGs, green as envisioned in UNFCCC-Water Framework Convention, Disaster Reduction and Pandemic By-Laws; and an Africa with resilient and well-connected in terms of: infrastructures, information, communication and technology (ICT), trading, trading regulations and processes, and institutional mechanisms. Overarching Goals of development provide Africa with the capabilities needed to enhance its trade policies with the Global Community as continent, sub-regions and also as individual countries. As post-El Niño, a recession rapidly ensues for Africa with wider disparities in the economic situation of its countries and between and within the regions (Misbau Rabi, 2018).

The ensuing volatility in commodities, currency and equities should be well anticipated and policies should be set to smooth them more effectively. On one hand, national economies should not be required to conform to higher frequency regional or continental policies in terms of need, timing flexibility and operating domain. In this newly existing combination of relatively steady global trade and a self-induced

volatile situation, recession is expected to be hardest felt in all-inclusive markets (the continent as a whole), where losses would be incurred in gross sales prices, weights, margin and diversification of products produced and marketed. Competitive disadvantages would be intensified in countries that still depend on unreliable data, assume traded principal routes, harvest singular commodities and have inefficient custom authorities. An inclusive spirit with strong commitment from countries who have capabilities to better overcome periodic volatility is also needed to deepen Africa's strategic partnerships with the Global Community.

### **13.2. Strengthening Governance and Institutions**

A common condition in Africa is environmental, political and socioeconomic turbulence that arise from disastrous natural phenomena, terrorist and related attacks, the onset of pandemics, policy changes, civil wars and the high vulnerability to shocks to the world economy among others. The recent COVID-19 pandemic and the Russia-Ukraine war and its repercussions on the world economy have radically changed the way business is done on the continent.

Africa has an enormously rich endowment of natural resources — minerals, metals, arable land, forests, pasture, and a wide variety of flora and fauna. Development efforts are thwarted by corruption and other poor governance practices, suboptimal or weak institutional rules, and bad policy choices. Poor economic performance, instability and civil wars are the result of this in a significant number of African countries. Other poor premiums are high macroeconomic volatility, suboptimal foreign direct investment (FDI) inflows and no or low sustained economic engagement with high income countries and Asia (O. Ekeocha et al., 2023).

The debilitating state of governance and institutions in Africa affects all facets of economic life, especially the life chances and wellbeing of the poor. Poverty and its severity have been aggravated by the worsening economic fortunes of Africa following the COVID-19 pandemic and subsequent Russian invasion of Ukraine with resultant rise in global disharmony and uncertainty leading to disruptions in the flow of essentials worldwide. The negative economic impact of the COVID-19 pandemic and the Russian invasion of Ukraine on a thriving world economy have implications for Africa in terms of national balance of payments problems, soaring import bills, food insecurity due to poor domestic production and diminished availability of food imports, and a slowdown in the rates of economic growth or outright economic decline.

### **14. Conclusion**

In the face of growing global uncertainty, resource-poor African countries have to grapple with an adverse set of global factors that combine to wrest a part of their low growth dividend. Political correlations arising from the Arab Spring revolts have induced middle eastern countries to apply to Africa as a convenient escape wheel from economic and power decline at home. Apart from the traditional players like western states and the historically established actors from the world economic core, new actors from the middle east like Saudi Arabia, Qatar and business run establishment entities like Ethio-Djibouti Ports & Free Zone Authority, stateless rise of the likes of Jirong Mining Instrument and the continent heading the nation-state returnees like Uganda, Sudan in part in water-land grab with an agenda to create modern agriculture based economic growth have picked up in a region that has long resisted outside intervention (F. Adebayo et al., 2019). In this regard, understanding the broad thrust of Africa's response to the political economic vicissitudes currently fermenting in the global political economic theatre is decisive in determining Africa's prospects and pace of G-2050. The overview when assessed in the light of the activities and the substantive set of drivers and induced opportunities would also contribute to placing Africa's partnership

engagement with the world to harness economic globalization, mounted on similar purpose but different tectonic.

Accordingly, three broad factors could be held responsible for the ongoing scramble for Africa, noted in pass with the next three subsequent constructs further fleshing out the content. The global financial crisis and a violent intensification of the regular upswing-downs of the business cycle induced policy disequilibria that put under pressure growth engines in the Asia-oceanic peripheries, shifting attention to Africa. An overturn of global political economic power relations, characterized by the slow/partial rise of the south/ rapidly proliferated cross-regional cooperation efforts and chiefly an erosion of western actors' traditional critical edge and diminishing instruments of ways and means add to the attraction of Africa as a game-controlling like wetland. Finally, Africa, with a long suffering and violent domination of the terrestrial "full view" north pole part of the globe's center of influence, is edging dominantly towards losing within the land-locked and rough seas "blind" antipode polity the opportunity advantages held in part due to environment, wealth, and number.

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