

Political leaders and economic decision-makers from across Africa attended the Africa 2017 Forum in Sharm el Sheikh, Egypt, in December. *African Business* looks at some of the highlights of the event.

## Africa 2017 Forum sets strong development agenda

The Africa 2017 Forum – held in Sharm el Sheikh in early December under the high patronage of President Abdel Fattah Al Sisi of Egypt – brought together seven heads of state and numerous political and economic decision-makers to discuss regional integration and job creation in Africa. Participants established partnerships and affirmed the forum's theme of "Driving investment for inclusive growth".

The key narratives emerging from the public and private sector were the need to consummate African integration, to harness the power of entrepreneurial youth and to make the most of Africa's growing investment climate. Speaking on the first day, President Sisi said: "Our priority is to support young entrepreneurs, especially those who come up with smart and innovative solutions in health, education and basic services."

"The youth of the African continent are the future; you are our competitive advantage; you are the source of our wealth; we emphasise our will to support you and to be behind you to realise the ambitions of a brighter future on the continent."

During the same session, President Paul Kagame of Rwanda added: "The enormous wealth we have on the continent in terms of natural resources is outstripped by our human capital. Invest not only in youth entrepreneurs but also in the environment which helps them do what they are able to do to raise their game."

### Fuelling startups

The World Bank estimates that there now 200 innovation spaces across the continent when in 2010 there were just five. Tech startups and their associated financing methods will be a key driver of GDP growth

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in the future, and Africa 2017 recognised this importance by opening with a Young Entrepreneurs Day.

Ben White, founder and CEO, VC4Africa, pointed out how African economies are exhibiting some of the largest growth rates in the world and European and North American angel investors are keen to get involved. His organisation has linked up more than 60,000 venture capitalists with African startups in 159 countries and he stressed the need for platforms to work hard to make visible the number of African entrepreneurs.

He argued that is no lack of talent in Africa: only a lack of visibility and its associated barrier to attracting finance. A subsequent session gave 18 young entrepreneurs the chance to pitch their ideas to business leaders. Omar Sakr, founder and CEO of Nawah-Scientific, an online platform which links up scientists to analyse samples, won the competition for best pitch and was rewarded with an entry to a training programme at Stanford Business School.

In terms of policy, the Egyptian government has shown its commitment to the startup ecosystem at the highest level, and has introduced a new investment law that grants tax and customs duty exemptions for any business working in tech free zones.

### Cross-border trade

Intra-African trade was on the agenda in almost every session at Africa 2017. A continent-wide trading zone has the potential to enhance export competitiveness, create employment, contribute to economic diversification and reduce vulnerability to global shocks. However, intra-African trade currently hovers at just 13%.

Although a Continental Free Trade Area (CFTA) was adopted by the African Union as policy in 2012,



President Abdel Fattah Al Sisi of Egypt (above left) and President Paul Kagame of Rwanda (left) both addressed the Forum.

little has materialised and many in the private sector have instead picked up the mantle.

“We are seeing a lot of corporates who are becoming intra-African champions, who are starting to tackle the borders and difficulties that we used to see, and we are doing everything to support these champions,” said Amr Kamel, executive vice-president of Afreximbank, at a session on financing cross-border infrastructure and trade.

For Kamel, companies like Elsewedy and Dangote are able to accommodate the high tariffs associated with cross-border trade, and in so doing can establish tangible trading routes between African nations.

Showing its commitment, Afreximbank signed a \$500m export support agreement with the Export Development Bank of Egypt on the sidelines of the forum. The loan is aimed at supporting exports and investments by Egyptian businesses to other African countries.

Prince Randy Koussou Sogan, founder and CEO of Black Lion Holdings, argued that Africa struggles to fill its infrastructure gap due to lack of bankable and well-structured projects. Sogan’s investment management firm specialises in impact investments, and he disclosed that while being able to raise \$12bn in funds he could only deploy \$3bn due to a lack of decent projects.

Isabel dos Santos, chairwoman of Unitel, posed a different problem. She argued that the risk premium for investors in Africa is accentuated by an unclear regulatory environment that changes from border to border. Cross-border headaches can be circumvented, she argued, by first building a strong team in the country of origin and then working with local partners to navigate the nuances of the local market.

Mohamad Talaat of Baker & McKenzie added that Africa needs legal harmonisation at a continental level and pointed to regional bodies as the answer. On that front, a Tripartite Free Trade area was established in 2015 between the East African Community, the South African Development Community and the Common Market for Eastern and Southern Africa, signalling at least some movement towards the implementation of the CFTA.

Many look towards Paul Kagame as the soon-to-be AU chairman, believing he will make some progress with one of Africa’s biggest setbacks.

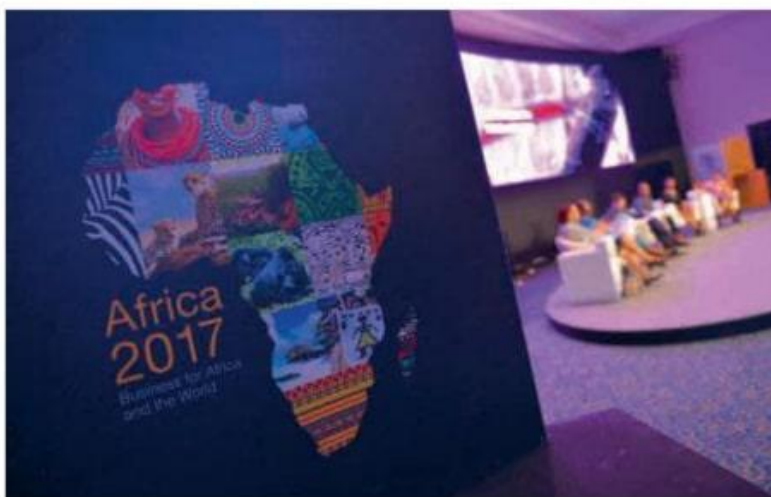
### China-Africa

China-Africa discussions also featured heavily throughout the forum. With other Asian players entering the African market, it is clear China-Africa relations are changing and African nations and businesses are querying how to get the most out of Chinese

investment and the One Belt One Road initiative.

Helen Hai, CEO, of the Made in Africa Initiative, argued during a China-Africa panel that China's success was premised on its ability to have a clear strategy and to execute it regardless of obstacles in the way. "African countries must be clear about what they want from China," she said. Local conditions may also present significant opportunities for Africa in the next few years, she added, as rising labour costs are likely to see 85m jobs exported from China. "If Africa can capture those jobs it can enjoy the same economic transformation that China had."

However, Carlos Lopes, former executive secretary of UNECA, warned that robots and automation, not Africans, could replace many jobs that move out of China and that other regions would also compete for the kind of jobs that Africa seeks – those at the lower



end of the value chain.

"A few African countries will make it, but not all," he said. "This huge move to get jobs can be elusive if we are not fast enough in creating opportunities. The window is closing very fast. We need to move quickly and do so in a way that is commensurate with the interests of China's strategy."

Hai also argued that as China moves away from manufacturing towards services, Africa should follow China's development model and aim to become a light-manufacturing hub. However, in a separate panel debating the role free zones played in rapid economic development, panellists discussed the pros and cons of adopting another country's development model.

The Forum's Young Entrepreneurs Day brought together startups from across the continent.

"Every country has a different path of development, you cannot compare Rwanda to Indonesia. You have to look at the state of your country's growth, how much people are making and what your competitive advantage is," said Kelvin Tan, secretary general of the Africa South East Asia Chamber of Commerce.

For him utilising and understanding competitive advantage was what Africa could learn from China, not the need to become a manufacturing hub.

While African approaches to Chinese involvement differ, a strong consensus was reached regarding the need to coordinate efforts to make the most out of Chinese investment and technology transfer.

Tom Collins