



A time for Africa

Amidst a rapidly changing geo-economic order, India is doing well to focus on the continent during its G20 presidency



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FOR DECADES NOW, Africa has been characterised as the world's "final frontier" for business. As experts introspect on existing global trade practices, perceptions of Africa as a valuable market for investments need to widen still. We must look to the region as a contributor to a more inclusive and stable international economic order. Encouraging investments in Africa is no longer a question of expanding businesses alone, but of diversifying supply and value chains to create an assured and relatively shockproof international economy. An indisputable component of this is the regional economic integration of the African continent.

Africa is home to 30 per cent of the global mineral reserves, 12 per cent of the world's oil and 8 per cent of its natural gas. It will account for over half of the world's projected population growth of 1.7 billion people in 2050, comprising a young workforce, a growing consumer base and rising disposable incomes. Global businesses would do well to recognise, support and leverage such benefits in the course of unlocking robust value chains.

Under its presidency of the G20, India has made a historic leap, with Prime Minister Narendra Modi strongly vocalising the need for the membership of the African Union to the group. Aligned with the Government of India's vision for heightened inclusion and participation in the Global South, a Business-20 (B20) Action Council, 'African Economic Integration: An Agenda for Global Business', was established this year.

Translating Africa's vast potential into gains implies a coordinated effort from the global community, including governments, businesses and civil society. At present, Africa contributes less than 3 per cent of the total share of global manufacturing and trade. Thirty-three of the world's 46 least developed countries lie in the continent, many of which are landlocked. Under the B20 umbrella, the Action Council on African Economic Integration identified and studied five key priorities to catalyse its economic integration, with the support and initiatives of G20 countries and businesses.

As Chair of the Action Council, I have witnessed the enthusiasm to prioritise a long-term African agenda throughout the deliberations. Representing the global business economy, and chiefly the African business community, the Action Council has assiduously crafted practical recommendations to effectively ensure lasting momentum on furthering regional economic integration of the continent.

First, human capital outcomes across health and education need to be strengthened. Like India, Africa's population represents an enviable demographic dividend, underscoring the pivotal role that the African youth will assume in its economy in the years to come. Capturing these capabilities requires sharp focus on enhancing healthcare and education outcomes. The African Development Bank states that funds to the tune of \$26 billion are required yearly to sustain healthcare expenditure in the continent. As per the World Bank, each additional year of schooling is estimated to accrue an 11 per cent increase in earnings for boys and 14 per cent for girls.

Here, we examined how private investments can be brought to these sectors so

as to empower the youth and children in Africa with quality skilling, education and access to healthcare. An integrated economic structure would offer pooling of resources, knowledge sharing and frugal transfer of innovative education and healthcare techniques.

Second, invigorating agriculture and food systems assumes significance, particularly given that about 70 per cent of the African population is employed in the agrarian sector. Farming in the region is characterised by small and subsistence land holdings. The gap in the availability of finance and key inputs such as fertilisers and seeds leads to low productivity. Moreover, value addition stands at low levels and most agri products are exported without being processed. We recognised the need to train and educate farmers and increase mechanisation, along with the introduction of sustainable value-added businesses in the sector. Combined with better access to inputs and credit lines, the interventions can yield impressive results in Africa.

Three, like all emerging economies, African nations must supplement resource-based activity with industrial activities that facilitate higher productivity. The African Union's Agenda 2063 articulates the necessity of manufacturing-based industrialisation in better utilising Africa's rich natural resources. Empowerment of micro, small and medium enterprises through better access to finance and improvements in access to electricity is a corollary to this goal. This, we observed, can be achieved over time through easier intra-continental trade, policy harmonisation and harnessing natural endowments in renewable energy.

Four, the African Continental Free Trade Agreement (AfCFTA) represents a landmark initiative that was realised through trade facilitation measures. AfCFTA, when fully implemented, will increase the competitiveness of economies across the continent, boost integration with global value chains, and attract investments. Trade facilitation must be accelerated through technology and implementation support from G20 nations.

Finally, putting these recommendations into action requires a solid logistical foundation. Digital and physical connectivity are the arteries of a healthy economy. The construction of roads, railways and air links to connect the vast expanse of the continent must be stepped up with enhanced private investments. My first-hand experience of working in Sub-Saharan Africa for more than a decade has exemplified the incremental value in accelerating digital connectivity — be that in communication, or in proliferating modernised financial inclusion, education and healthcare. Attractive financing models, policy uniformity and regulatory certainty will only lend strength to a foundational digital economy — cutting across formal and informal sectors, offering new avenues of growth and employment.

The socio-economic payoff from increased African participation in the world economy cannot be overstated. Amidst a rapidly changing geo-economic order, India's focus on Africa is timely. In the larger scheme of things, India and Africa represent a past that is the veritable history of civilisation, and indeed, the history of economic relations. Today, the regions have metamorphosed into a reality where India stands as one of the world's fastest-growing, large economies, while Africa is being increasingly highlighted as an engine for equitable and sustainable growth.

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